

Date: January 7, 2013

To: City Council

From: The Boards of Directors of Friends of Sunset Park, Santa Monica Mid City Neighbors, Northeast Neighbors, North of Montana Association, Pico Neighborhood Association, Ocean Park Association, and Wilshire/Montana Neighborhood Coalition

Re: Agenda item 5A Development Agreement Process Changes & Housing Compliance

The Sheer Volume and Amount of Development Called for Under the 38 Development Agreements Submitted Since LUCE Requires a Halt in the Process to Determine Where We Are as to LUCE Benchmarks and Capacity and Compliance with LUCE Goals.

All Neighborhood Groups are troubled by the extraordinary number of Development Agreement applications (“DAs”) filed in our City in the 2-½ years since LUCE was enacted. 8 DAs have already been approved; 32 more are now pending. More are likely to be filed weekly as the result of the Expo Line project. Virtually all of the 32 pending DAs seek Tier 3 height and density maximums without a sufficient showing that they are entitled to be Tier 3 rather than Tier 2 or Tier 1 (“as of right”).

We believe that the critical issue here isn’t how to better process DAs: It’s whether given what’s in the pipeline we are rapidly approaching the maximum development levels called for under LUCE over 20 years, particularly with respect to new housing units. And the fundamental policy issue that we have to address at the same time is whether all of this new housing that is being proposed does what we need it to do: redress the jobs/housing imbalance and provide needed affordable and workforce housing required by LUCE.

We strongly disagree that there should be any sort of separate, expedited track for these mixed-use housing projects primarily in the downtown (CEQA exempt) or that the City Council should stand on the sidelines while these DAs are being processed. We think without appropriate oversight LUCE requirements will simply not be met.

Instead, we urge you to take a step back and direct the Planning Staff to conduct an accounting of the total amount of proposed residential, retail and commercial units/square footage including administratively approved projects and projects issued building permits since LUCE was enacted. This accounting should also indicate whether pending projects being filed as Tier 3 actually provide all 5-community benefits specified in the LUCE when the application is submitted. If they don’t there’s no need for staff to process them as though they “might” become Tier 3 through negotiations.

Until that inventory and report is complete (and approved by the Council), all processing of Tier 3 Development Agreements in the Downtown and Bergamot areas should cease. This is the only way to know, for example, if our housing and Affordable Housing Production Plan (AHHP) and LUCE housing limits have been or are close to being achieved.

The Elephant in the Room – LUCE Housing Policy & Limits

Looming over the tsunami of Development Agreements overwhelming the Planning Staff is the lack of a coherent master plan for housing to address the jobs vs. housing imbalance that is being applied to these DAs. Of the 32 Development Agreements 25 are for projects that combine commercial use with apartments and condos. In the downtown core, 19 of the 20 projects are for mixed-use with housing near the coming transit line. In Bergamot, all 4 pending projects include mixed-use housing. The supplemental staff report lists a net of 3,395 of housing units in the pending Development Agreements. But, this does not include the 539 units in the 8 Development Agreements approved since the LUCE adoption in 2010, or the additional 200 affordable housing units in 4 code compliant projects administratively approved. If we take these together, as we must under LUCE, our City is processing over 4500 housing units, which is very close to the 4900 benchmark LUCE adopted. And the number is undoubtedly higher, since it doesn't include any other administrative approvals for as of right housing as to which permits have already been issued since LUCE.¹ In effect, *17 of the entire 20 years of projected housing units could be approved in just the first 5-year period.* Once the City approves the maximum housing benchmarks called for under LUCE and studied in the LUCE-EIR, the City cannot simply continue to process DAs that are inconsistent with LUCE. There's a reason why we have general plans that provide development levels– to manage the amount of development over a 20-year cycle so that our community can reasonably accommodate and plan for it.

The plethora of housing units contains a troubling preponderance of studio and one-bedroom units at market rates. The LUCE policies mandating workforce and affordable housing are not met by these projects. Only 6% (33 of the 539) units approved since the LUCE took effect in 2010 are workforce or affordable housing. As the Draft Bergamot Area Plan staff report notes, a survey of Santa Monica workers shows an affordability gap between the \$2,000+ rents being asked and the \$1,000 to \$1,700 workers are willing to pay. If we're approving too much housing at market rates, we will attract a lot of new residents who work outside our city.

¹ We also want to extend our thanks to resident and professional engineer, Armen Melkonians for his report of the draft Bergamot Area Plan which includes a detailed analysis of all new net housing construction in Santa Monica, not only DAs involving housing units. If staff verifies his numbers, we will have reached the 20-year LUCE benchmarks of housing units with what is being built or awaiting approval now since 2010.

In the downtown core, 2 developers account for most of the proposed development agreements. NMS has 8 projects and Century West/Cypress Investments has 5 plus 2 already approved. Mixed use Development Agreements that involve the same developer and the same type of housing in one small geographical area should require a cumulative study of all of their projects. The study must include how the housing meets or exceeds the city's Affordable Housing Production Program (AHPP), traffic impacts and enforceable mitigations. Otherwise, once again, the City has no way of enforcing its own LUCE transportation policy of no new net pm trips through suitable traffic mitigations. And as stated above, Council oversight has never mattered more.

Downtown Specific Plan & Bergamot Area Plan

The Downtown Specific Plan has been in progress for a year and is expected this spring according to staff. In light of the glut of housing proposed for downtown and Bergamot, it is imperative that both the **Downtown Specific Plan and Bergamot Area Plans be completed before any more Development Agreements are approved** so that the plans can inform the process. We urge the City Council to amend the Municipal Code chapter 9.48 to require that in areas of the City in which a specific or area plan has been initiated or in which the LUCE requires that preparation of a specific or area plan, that plan must be in effect before a Development Agreement in that area may be processed. In particular, the Plan must address housing policy near the transit stations and the overall mix and type of housing needed in Santa Monica. *This is a policy decision and cannot be left to developer preference or chance.*

Lastly, the issues of DA projects that might be entitled to priority and the timing of such projects are premature. It must be a result of public input to City Council and commissions in keeping with the priorities and goals established in LUCE for further developing Santa Monica. Revenue to the city is not the first priority in a city like Santa Monica that is flooded with DAs and doing well. The fact that 32 current DA projects are proposed is a clear indication of the desirability of building here with the associated revenues that follow. *The city can and should select only exceptional projects that squarely meet the requirements set forth in LUCE as to Tier 2 and Tier 3 and as to the specific needs of the community.*

While we think processing DAs is not the highest priority, we have discussed recommendations for improvements to the Development Agreement process once processing of agreements is resumed in an attachment to this letter.

We urge you to consider and to implement the recommendations we have made before tackling the staff recommendations as to different DA processing requirements.

Sincerely,

Friends of Sunset Park Board
Zina Josephs, President

Santa Monica Mid City Neighbors Board
Gregg Heacock, President

Northeast Neighbors Board
Tricia Crane, Chair

North of Montana Association Board
Albin Gielicz, Chair

Ocean Park Association
Jim Lawson, President

Pico Neighborhood Association Board
Wes Thompson, Co Chair

Wilshire/Montana Neighborhood Coalition
Alin Wall, President

Attachment: Development Agreement Process Improvements

Cc: Rod Gould, City Manager
David Martin, Planning Director
Marsha Moutrie, City Attorney
Planning Commission
Architecture Review Board
Santa Monica Coalition for a Livable City
Armen Melkonians

Development Agreement Process Improvements

We expect a revised Development Agreement process that prioritizes the Downtown and Bergamot Area Plan over any Tier 3 agreements and affords the City Council, Planning Commissioners, Architecture Review Board, and residents the time to thoughtfully consider the options that will shape Santa Monica for the future.

1. All Tier 3 Development Agreements downtown and in the Bergamot area should be put on hold until after the Downtown Specific Plan and Bergamot Area Plans have been finalized and zoning has been changed to be consistent with it. These Tier 3 DAs should then be required to conform to the Downtown Specific and Bergamot Area Plans and show how they specifically meet all 4 of the community benefits criteria in order to be considered Tier 3 projects under LUCE.

2. A traffic Study or a pro forma study using standard trip generation rates must be completed for all projects regardless of CEQA status. Forecasting traffic impacts and either (a) mitigating the impact or (b) rejecting the project are the only way to meet the *LUCE goal of no net new PM trips*.

3. Community meetings regarding the proposed project between the developer and residents must include:

- (a) a list of proposed Community Benefits, as required by LUCE, presented at the meeting,
- (b) a clear description of Tier 1 or “by right” height, density and mass,
- (c) a clear description of how Tier 2 or Tier 3 project components exceed the Tier 1 parameters,
- (d) a map of the area of the proposed project showing already built and proposed projects nearby with their relative height and mass.

The developer’s meeting report must go to the designated Neighborhood Organization at the same time as city staff for comment. This will result in a balanced report of the meeting(s) with input from both developers and residents.

4. Planning Commission, Architecture Review, and City Council meetings need to allow 10 – 15 minutes for designated Neighborhood Organization comments when proposed projects are presented. This will allow a coherent alternative plan or desired changes to a project presented by elected representatives of the residents. Public input after the presentations will not be affected, but will likely result in fewer speakers.

5. Architecture Review should be earlier in the Development Agreement process with the Commission addressing issues of mass, scale, articulation and height. Meetings of the Planning Commission and Architecture Review should remain

separate with Architecture Review following the Planning hearing. City Council would then hear the proposed project last in a “float up” that would require the developer coming to Council with changes requested by Planning and Architecture Review Commissions incorporated. If the Council has other changes, the project cannot progress to Development Agreement negotiations until their changes are incorporated and brought back in a second “float up”.