

CITY OF SANTA MONICA

CITY COUNCIL MINUTES

FEBRUARY 22, 2023

A special meeting of the Santa Monica City Council was called to order by Mayor Davis at 6:07 p.m., on Tuesday, February 22, 2023, at City Council Chambers, 1685 Main Street, Santa Monica, CA.

Roll Call: Present: Mayor Gleam Davis
Mayor Pro Tem Lana Negrete
Councilmember Phil Brock
Councilmember Oscar de la Torre
Councilmember Christine Parra
Councilmember Caroline Torosis
Councilmember Jesse Zwick

Also Present: City Manager David White
City Attorney Douglas Sloan
City Clerk Denise Anderson-Warren

CONVENE/PLEDGE

On order of the Mayor, the City Council convened at 6:07 p.m., with all members present. Mayor Pro Tem Negrete led the assemblage in the Pledge of Allegiance.

CONTINUED ITEMS:

8.A. Study Session on Implementation of 6th Cycle (2021-2029) Housing Element Programs, was presented.

Recommended Action

To ensure that the City of Santa Monica remains in compliance and consistent with its approved 6th Cycle Housing Element of the City's General Plan, staff recommends that the City Council discuss and provide direction on the policy questions presented in this report regarding the Planning Commission's recommended amendments to the following:

- Land Use and Circulation Element of the General Plan;
- Bergamot Area Plan;
- Downtown Community Plan, and
- The City of Santa Monica Comprehensive Zoning Ordinance, Santa Monica Municipal Code Chapters 9.01 to 9.52,

City Council is also being asked to discuss and provide direction on the following:

- Amendments to the General Plan Land Use Designation Map and the Official Zoning Map for Consistent Designation of Parcels;
- Amendments to the Zoning Ordinance for Consistency with State

Law Updates related to Housing Production and Minimum Parking Requirements; and

- Minor Clarifying Amendments to the Zoning Ordinance.

Questions asked and answered of staff included: is it possible that HCD could de-certify our Housing Element if the city submits something that is not considered in compliance; does it take approximately 30 days to hear back from HCD; explain how requiring a 15% inclusionary across the city increases the amount of housing, and has that been tested; why are we lowering the amount of affordable housing; on 2.C. aren't we still reducing the amount of affordable housing more; what is our citywide requirement for affordable housing for each income level in the RHNA; 1.J. and 4.A. why are Ocean Park and Pico excluded and are there upzoning for those zones; is empty ground floor retail being considered in specific areas or is this citywide; is there a percentage of empty ground floor vacancies that would justify making the change; did the Planning Commission recommend Main and Montana; explain the downside and upside of the Downtown tier system; how many projected projects become administrative projects with the elimination of the downtown tier system; was there a look at how it would impact residents if the 90,000 square feet with review before the Planning commission, instead of the 1 acre with administrative review; is the 1 acre requirement to suffice HCD to eliminate the public hearing process; was analysis done on the 5/5/5 on Pico and Ocean Park; what about the displacement of the units and those tenants; why does the state care about us moving more building towards administrative review instead of a full public process; do most of the downtown project qualify under the Tier 1 projects; if we required higher than 15% inclusionary housing, how likely would the city be able to justify a higher number; which yield would create more affordable housing in the city; are any of the overlay in the Pico Neighborhood from the IZO included; what has been the success rates on the city's rights to return for tenants; has there been any studies done on the impact that moderate and medium rate housing has made on the Pico neighborhood; are we retreating from having higher heights in the downtown area; aside from commercial, what else can be considered non-residential; is there anyway to ensure these developments have more open space; collectively are planners doing the best jobs we can for the residents who live here now as well as the city in the future; is there any solution to increase the amount of affordable housing, and decrease the height of those projects; what impact can be perceived for small businesses due to upzoning; if we pose a 20% inclusionary number, we will probably get less housing; did we lose funding for a year because we were not in compliance with our housing element; if we fall out of compliance can we also be sued by an individual; regardless if we decide to go with the 1 acre or 90,000 square feet limitation we would not be affected by the Housing Accountability Act; is there any rationale as to why we would treat the downtown housing projects any different than housing projects around the

rest of town; if we didn't upzone the neighborhood commercial zones, would that invoke AB 2011, which would allow commercial zones; where is lot consolidation allowed in the neighborhood commercial zones; Program 2.C. if a fee is paid, then raising the limit beyond 5 units would increase the amount of units being built; could the percentage change to a 100 unit requirement to qualify as the definition for a housing project; is the commercial on the ground floor for the entire ground floor, or just the frontage; would going above 15% inclusionary housing move more housing outside of downtown; for the SB9 implementation, why is there such a big difference between the staff and Planning Commission's recommendation; does charging SB9 fees hinder housing production; where does the fees paid to Affordable Housing fund go and how much is it currently; if the goal is 47 additional ADU's a year, how are we incentivizing homeowners to add units; are there currently no incentive for moderate income housing; where did the 33% number for moderate income housing come from; why is there a 10,000 sf lot required for the SB9/ADU consideration; is there a conflict of interest for any Councilmembers who may own property or are landlords when they vote on these matters; could the fees be split, take out the affordable housing fee, but keep the other fees; isn't it naïve to think that people moving into the city won't need parking; what kind of impact will the reduction of minimum parking requirements have on the residents; where does moderate income housing expand in the city; with all of the incentivizing to build ADU's, how many ADUs are really being creating as new affordable housing; what are the tenant displacement protections; is there any assessment as to how moderate income housing would affect rents in the city; can housing be built in neighborhood zones without upzoning; does suspending the IZO for Neighborhood Commercial cause the city any risk to not be in compliance; and, what happens if we have a compliant Housing Element, and someone submits a project, that is not in compliance.

Considerable discussion ensued on topics including, but not limited to: whether or not the administrative approval threshold for housing projects in the Downtown be changed from 90,000 square feet project size to a site size of 1 acre, consistent with the remainder of the city; expressed desire to support small businesses in the Neighborhood Commercial zones; would like to increase the inclusionary requirement to more than 15%, but not interested in killing any projects; concern that the calculations for moderate housing income numbers would still limit the amount of units built; there won't be any moderate income units being built unless there are some incentives and tax credits, but worth saying yes to this initial step; some people will still have cars, and reducing parking minimums is not an incentive; reducing parking minimums only provides people options on whether or not they want to pay for parking; not giving developers any sort of incentive to build more single units by reducing the parking requirement; if you're choosing to pick an apartment that has no parking, you shouldn't

be able to buy a parking permit; the market will determine the parking needs, so parking minimums are not required; maybe create a fund for parking to provide for families to access if they don't have a car; maybe create night time parking in the empty parking lots at the parks for families; in the name of equity, and advancing our city to reduce cars, minimum parking requirements should be expanded throughout the city; concerned that without parking maximums some vehicle storage and dealerships could expand; would like to eliminate the affordable housing fee, but retain the Transportation fee, Rec & Park development impact fee and childcare linkage fee; Neighborhood Commercial zones need to be discussed; we need to send a letter to HCD to ask questions about the Housing Element with regards to the Neighborhood Commercial Zones; the displacement of businesses needs to be addressed in the request letter to HCD; there's some things that can be done to protect small businesses, that doesn't include reneging on our promise to HCD; zoning date should be the same as the Housing Element deadline; all for protecting small businesses in the city;

The following Policy questions from staff received unanimous approval by consensus of Council:

Policy Question #1

For consistency with the remainder of the city, should the definition of a housing project in Downtown be amended to allow up to 33% non-residential floor area consistent with the Housing Accountability Act?

Policy Question #2

For consistency with the remainder of the city, should the definition of a "streamlined" housing project that is eligible for administrative approval in Downtown be amended to allow up to 25% non-residential floor area?

Policy Question #4

For consistency with development standards established for housing projects outside of Downtown, should the tier system in Downtown be eliminated for housing projects?

Policy Question #5

In light of public comments from housing developers and the Planning Commission expressing concern regarding increased development/construction costs and State law parameters (AB1505) related to inclusionary requirements that exceed 15%, should the affordable housing requirement for Downtown housing project be lowered from 20% to 15% consistent with the remainder of the city?

Policy Question #6

In addition to what is already required for Main Street and Montana Avenue, should ground floor commercial also be required in the Neighborhood Commercial zones on Pico Boulevard and Ocean Park Boulevard?

Policy Question #7

The MHO Overlay was originally applied only to half-mile from the Expo Stations. Should the MHO Overlay be expanded citywide instead excluding R1 and OP1 zoning districts?

Policy Question #8

Should MHO Projects allow some percentage of market rate units?

Policy Question #11

Should SB9 projects be incentivized through development impact fee waivers to include the Affordable Housing Fee, Transportation Impact Fee, Parks & Recreation Development Impact Fee, and Childcare Linkage Fee?

Councilmember Brock proposed amending to eliminate the affordable housing fee but retain the other impact fees. This question, with the change was unanimously approved by consensus of the Council.

Other questions agreed upon, but not by unanimous consensus of Council included:

Policy Question #3

Should the administrative approval threshold for housing projects in Downtown be changed from 90,000 square feet (sf) project size to a site size of 1 acre, consistent with the remainder of the city? Councilmembers Parra, Brock and de la Torre voted no on this question.

Councilmember de la Torre stated he voted no because he doesn't see keeping the current process as a detriment to the downtown.

Councilmember Brock stated he voted no because looking at the Gelson's project where residents had one meeting where they didn't feel heard or understood and they didn't feel that anyone gave a damn about their neighborhood.

Policy Question #9

Expanding on AB 2097 and for ease of implementation, should minimum parking requirements be eliminated for all housing projects, alterations/additions to multi-unit buildings, and ADUs citywide, except for R1 zones? Councilmembers Parra, Brock and de la Torre vote no on this question.

Councilmember Brock stated he voted no because he feels this is an equity and diversity issue for those who are lower income to be able to advance their status and jobs over time.

Councilmember de la Torre proposed pursuing a Housing Element amendment from HCD, according to approved procedures laid out by the state, for amendments to ensure a compliant Housing Element. The amendment should be limited to maintaining existing zoning standards in the city's four Neighborhood Commercial (NC) zoning districts, but may include other adjustments directly related to Neighborhood commercial districts that support goals of the amendments. Staff shall work with the

Planning Commission to refine the redlines for the amendments and develop appropriate arguments and documentation as HCD might need in order to ensure full consideration of the issues raised by the Planning Commission, that they get due consideration. The Planning staff shall return to City Council with amendment proposals within 60 days. The redlines relative to Neighborhood commercial districts, in order to maintain Housing Element compliance. To adopt an Interim Zoning Ordinance (IZO) to suspend the NC up zoning until October 15, 2023.

Councilmember Torosis, seconded by Councilmember Brock, proposed a substitute motion go approve the Staff recommendations as set forth in the already certified Housing Element, including the Neighborhood Commercial (NC) up zoning. The City will then be in full compliance with its Housing Element obligations plus direct staff to then pursue an amendment to the Housing Element and to send a letter to HCD asking if we don't upzone the Neighborhood Commercial can we still remain in compliance.

Councilmember de la Torre, proposed a friendly amendment to send the letter for review to the Planning Commission subcommittee to get input before it comes back to Council. The motion was not considered friendly by seconder. The motion was unanimously approved by voice vote by all members present.

AGENDA MANAGEMENT

The Mayor asked if the Council would like to continue the remainder of the Housing Element to the February 28th meeting to allow proposed additional amendments to the Housing Element. The vote was approved by the following vote:

AYES: Councilmembers de la Torre, Brock, Parra, Mayor Davis
 NOES: Councilmember Torosis, Mayor Pro Tem Negrete
 ABSTAIN: Councilmember Zwick

ADJOURNMENT

On order of the Mayor, the City Council meeting adjourned at 1:18 a.m.

ATTEST:

APPROVED:

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Denise Anderson-Warren
 City Clerk

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Gleam Davis
 Mayor