[redacted]

From: Holly Osborne [redacted]
Sent: Tuesday, July 9, 2019 1:03 PM
To: Ma'Ayn Johnson; Regional Housing
Subject: Fw: Letter to RHNA for July 22 Meeting

Dear Ma'Ayn:

This is Holly Osborne, a private citizen from Redondo Beach, and I in no way represent anybody in the Redondo Beach City government.

However, I have been coming to all the RHNA meetings, have a PhD in engineering (from that "other" LA city university), and a PE License in California.

Let me get right to the point. I have the following questions I would like your researchers to answer. (I will provide the reasons and the details after the questions.)

1. How many "vacant" units do we have in **San Francisco**? By vacant I mean:
   a) totally vacant
   b) unavailable because they are used as Airbnb's
   c) unavailable because they are used as a *pied-a-terre* by rich businessmen.
And of the totally vacant, and *pieds-a -terre,* how many are American owned, and how many foreign owned.

Same questions for Los Angeles. (I would expect that the answers for San Francisco be "worse" than LA, but it would be useful to verify that.)

2. How many "vacant" units do we have in **Los Angles**? By vacant I mean:
   a) totally vacant
   b) unavailable because they are used as Airbnb's
   c) unavailable because they are used as a *pied-a-terre* by rich businessmen.
And of the totally vacant, and *pieds-a-terre,* how many are American owned, and how many foreign owned.

The reason I am asking is that **these "vacant" units take property off the market for residents for our citie**s. This has been a problem in other cities in the US, and in other places in the world; and other places have dealt with this by **banning foreign investment and/or creating a *pied-a-terre* tax**. You should be dealing with this problem (and understanding it) before trying to solve your RHNA shortfalls by allocating extremely high RHNAs to our local cities.

A related problem, due to the pressure of foreign investment, is that builders are tempted to build more luxury apartments for the purposes of investors having a place to "park" their money, rather than build more modest apartments that "regular" residents could afford to live in. This in some places has also been dealt with by a tax on the luxury apartments. It seems to me that cities should pressure, by zoning and controlling the FAR (actually lowering the FAR per unit) so that cheaper units would have to be built. Developers are not going to be doing this on their own.

OK: Here are some of the articles that I have read, and a quote from the article indicating the issue. (These are only a sample, to illustrate the points. **I would hope that your experts would have a complete access to data bases**, and could more easily compile the information needed to answer the questions I posed at the beginning.)

A. This article and quote on **New York City** is from **April 2019** (the link follows)

"Wealthy out-of-towners are distorting New York City's housing market and harming its neighborhoods. In just the last three years, **the number of uninhabited investment properties increased by 20,000 in New York City. They now comprise 2.1 percent of all the city's housing**. (This figure includes properties used for short-term rentals, like Airbnbs.) In a city with a vacancy rate that is half the national average, that is not a trivial share, especially in the neighborhoods where they are clustered, such as Manhattan's Upper East Side. "

[Pied-à-terre tax died for ridiculous reasons]

Pied-à-terre tax died for ridiculous reasons

For all the relief among mass transit riders at having secured congestion pricing as a revenue stream, absent ad...

B. This next article is about **San Diego** from June 2019:

"The San Diego Housing Commission took a first step Friday in what could lead to a tax on property owners who keep their homes vacant for more than six months a year, possibly freeing up potential rental property.

"Housing Commission President and CEO Rick Gentry said called the proposal an excellent idea.

"Benvenuto said if a study in conducted and finds a large number of units in the city are being held offline, the **agency could look at ways to make them active housing or levy a fee to be determined later to help fund affordable housing**.

"Houses may be empty because they are secondary homes or were bought as investments by out-of-area real estate speculators. **Studies in Vancouver found Chinese investors had spent billions to buy houses that were left empty.**"

And here is a link to the entire 2019 article:

https://www.latimes.com/housing-commission-considers-tax-on-vacant-homes-story.html

C. Here is another article about New York (July 2011), and also mentions Charleston, S.C. I have highlighted some quotes, first:

"The construction of luxury housing, especially condominiums, has exploded in the last decade, and the market for high-end apartments has rebounded. Manhattan continues to attract foreign investors seeking a haven.

...Wealthy out-of-towners have always had pieds-à-terre and unused investment properties in the city. **What is new is how many.**

In a large swath of the East Side bounded by Fifth and Park Avenues and East 49th and 70th Streets, **about 30 percent of the more than 5,000 apartments are routinely vacant more than 10 months a year because their owners or renters have permanent homes elsewhere**, according to the Census Bureau's latest American Community Survey.

Some other cities are concerned that too many out-of-towners buying up desirable homes will deaden neighborhoods and deplete any street life: **Charleston, S.C., has subjected second homes to higher property taxes than primary residences**."

Here is a link to the whole 2011 article about empty apartments from the New York Times:

More Apartments Are Empty Yet Rented or Owned, Census Finds

D. This is an international problem. The following articles mention Vancouver, Paris and New Zealand.

This first is about Paris, from 2017:

"While Vancouver has gotten tons of attention with its 15 percent tax on foreign buyers, as global housing prices skyrocket and precious apartments in coveted cities sit empty, more and more local governments are taking similar measures to discourage pied-a-terre investors. The latest headline-grabbing move: Paris has enacted an eye-popping 60 percent increase on property taxes for absentee homeowners, as Mansion Global reported in late January.

"Previously, owners of second homes in the French capital had already been paying an additional 20 percent tax on top of the usual property taxes, but nevertheless, the *Telegraph* reports that non-resident homes in Paris rose by 43 percent over the past 15 years, while owner-occupied homes rose by only three percent in that same period. Non-resident owned homes now account for around 10 percent of the city's apartments, amidst a chronic housing shortage that mirrors problems facing cities across the globe. (H/T to Better Dwelling for alerting us to the story.)"

Here is the link, from March 2017::

https://www.brickunderground.com/buy/Paris-60-percent-tax-empty-apartments

E. One last article: New Zealand is banning foreign investment on homes entirely (**from Sept. 2018**):

"In August, partly in response to Americans gobbling up swaths of prime real estate, New Zealand's government banned foreigners from buying homes, with the restrictions set to take effect in coming months."

Okay, Ma'Ayn.

If other countries can ban foreign investment in homes, entirely, and if other cities, both American and international are implementing "pied-a-terre" taxes, shouldn't the RHNA committee at least have studied it?

Thanks
Holly