



City of Santa Barbara

HOUSING TASK FORCE (HTF)

MINUTES

SEPTEMBER 13, 2017

1:00 P.M.

David Gebhard Public Meeting Room
630 Garden Street

SantaBarbaraCA.gov/HousingTaskForce

CALL TO ORDER: Chair White called the meeting to order at 1:02 p.m.

ROLL CALL:

Bendy White, *Chair*
John Campanella, *Vice Chair*
Cathy Murillo
Jason Dominguez (Absent)
Sheila Lodge
Michael Jordan
Don Olson

STAFF PRESENT:

George Buell, Com. Dev. Director
Scott Vincent, Asst. City Attorney
Renee Brooke, City Planner
Deirdre Randolph, Com. Dev. Programs
Supervisor
David Rowell, Housing Project Planner

CHANGES TO THE AGENDA: None

GENERAL BUSINESS:

A. Chair opened public comment at 1:02

Hearing none, public comment was closed.

B. Approval of the minutes of the Housing Task Force meeting of June 7, 2017.

Olson: requested change of last name spelling on page 4

Lodge: requested change on page 2 statement from "prefers projects that are all residential, not mixed use" to "prefers projects that are all residential, not mixed-use, to improve the jobs-housing balance"

Motion: Murillo/Olson

Approve the Minutes, as amended

Motion carried by unanimous voice vote

C. Announcements: None

SUBJECT ITEMS

I. New Task Pursuant to Council Action on August 15, 2017 Council Actions:

A. That staff initiate an ordinance limiting AUD units to 125 annually, excepting therefrom Affordable units; and

B. That Housing Task Force devise a ranking/scoring system for AUD applications

Buell: presented subject item and recapped AUD amendments approved unanimously by City Council on August 15. Referred to examples of ranking/scoring in Agenda Packet.

Campanella: asked for clarification on implementation of the 125 unit cap.

Chair: wants AUD housing to better accomplish City objectives in terms of affordability and serving the workforce. The annual 125 unit cap is more than the average annual growth over the past 20 years. Chair's view is that developers should compete under scoring system to provide for the City's goals. Wants to know what other tools are available for scoring to accomplish City's goals.

Olson: The cap and projects in the pipeline is a concern regarding the timing.

Chair: cap should be at permit phase if ordinance becomes law

Olson: believes that State Law regarding an application deemed complete requires the City to carry forward the project. Requested clarification on State Law.

Vincent: there is a requirement on subdivision applications to carry the project forward and **he will research the question regarding other projects and the building permit control issue.**

Murillo: the Housing Task Force is directed by Council to determine where in the pipeline the cap will be implemented. Wants a fair solution on cap implementation and determine an effective date. Affordability is most important component of scoring criteria

Jordan: if ordinance changes, do projects in pipeline have to adhere to new rules?

Vincent: normally yes, but Santa Barbara has been more accommodating on this issue.

Jordan: wants a reasonable way to handle projects in the pipeline. City pushed developers to provide AUD projects and City is now pulling back. City should honor its commitment. HTF needs to provide a ranking system and timeline clarification. How would the mechanics of implementing a cap work?

Buell: this whole scoring system we are creating is wide open within legal constraints. He shared examples of other community ranking systems and use of cap.

Chair: shared growth management experience in the City of Montecito

Buell: shared growth management experience in San Clemente and will provide a link to the program

Campanella: proposed changes to ordinance needs to be guided by the General Plan and the State Government Code. HTF needs reasons to meter out that are good enough to stand scrutiny with HCD and the State. When designing a cut-off point to implement the cap it must be fair. Wants staff to provide numbers on applications that are deemed complete. There has only been one building permit issued on a high priority overlay project in the past 18 months. Therefore, the pipeline is moving really slow and wants to know the real impact of AUD production.

Rowell: provided update on Nexus and Economic Feasibility Studies and how they might provide guidance when implementing a cap and a scoring system. Recommended waiting until the studies are complete before finalizing any AUD Ordinance Amendments. Suggested that with the passage of AB1505 and the completion of the Studies would allow for implementation of an AUD inclusionary ordinance on rental projects that could address affordability

Murillo: is there a legal requirement for an appeal process?

Chair: an applicant could appeal the score received on the project.

Jordan: what is the enforcement mechanism if we decided to restrict some market rate units to be made affordable units through the scorecard?

Vincent: may be a problem if overweight affordability in any scoring system. However, using AB1505 and an inclusionary ordinance applicable to rental projects will allow affordable units, including moderate income.

Murillo: State Street AUD Projects should be exempt from cap.

Buell: City Council asked the HTF to look at the downtown area and make recommendations

II. **AUD Growth Management Program:** Vincent

A. Legal Framework

- 1) State Law: Statutes and Case Law
- 2) General Plan Provisions
- 3) Update on Pending Legislation

B. Program Effective Date(s)

- 1) Explicitly determine how to handle any surplus applications received, or approved, each calendar year.
- 2) Applicability of annual limitation to AUD projects for projects currently under review

C. Possible Evaluation & Ranking Criteria

Vincent: a growth management measure can be adopted under the City's police power if it is reasonably related to public health, safety and welfare. When appealed, the review asks whose welfare is being protected. The proper test is if an ordinance relates to welfare of those it significantly impacts. This question is applied regionally and not just to the City. If the City adopts a growth management ordinance under Government Code 63.6 it must consider regional housing needs and balance these needs against public services needs of residences and resource availability, i.e. facility constraints. What are the constraints the City is addressing by the cap? When a City adds a government constraint such as a cap, the burden of proof is on the City to justify. Any adopted ordinance must be consistent with the Housing Element, General Plan and State Planning Laws. The City must show the ability to accommodate RHNA requirements.

Jordan: will ADU production assist with RHNA numbers because there are about 5000 units.
Vincent: ADU production counts but also need to meet various income level requirements. It takes a variety of housing products to meet RHNA requirements.

Lodge: if economic environment is such where no one builds what happens to RHNA numbers?
Vincent: the City has to demonstrate capacity. If a cap is instituted, the City has to justify that the City will still meet RHNA numbers.

Vincent: the City cannot be held responsible if economic conditions result in low or no production as long as there are no government constraints contributing to the issue.

Chair: is there a list of health and safety issues that could be used in the scoring of projects (i.e. traffic)? Constraints could be used to justify pacing of projects.

Public Comment:

Baker: point system should make affordability the number one priority and wants a AUD production limitation

Fredericks: wait for the results of the studies before implementation of any cap and scoring process. Look at fairness of units in pipeline. Affordability should be number one in the ranking system with a graduated point system for the level and percentage of affordability.

Reitz: What is the goal? Limit growth or promote affordability? Should use KMA study to promote affordability. The 125 unit cap at permit level is the same as implementing a building moratorium. Any scoring process of projects should be known and certain. Not fair to implement a limit midway through a process, especially using deemed complete. Maybe consider a sunset on the 125 unit cap.

Murillo: is construction on lower State Street with incentives possible?

Reitz: projects can be built with proper incentives on State Street either new or refurbishing existing structures.

McCammon: purpose of cap is to provide pause and should not be a fixed number. Priority systems cause a process to slow down. Affordable housing to workforce should be the goal and achieved with inclusionary ordinance. If the City misuses the cap and develops the wrong projects this could create a big issue. Focus on the Central Business District housing revitalization and on one location at a time.

Cearnal: City is afraid that there is no affordability. There was a rush to develop due to the 250 limit on AUD high priority overlay and the solution is not to have another limit. This cap will cause a moratorium. For affordability wait for the Nexus Study and use inclusionary ordinance. We [developers] will not build with uncertainty. Design Review Boards and Planning Commission are a point system review. Developers cannot afford to wait. Pipeline is not flowing very fast. Building codes require very nice projects. We all want affordability and more incentives on State Street would be helpful.

Gott: AUD was passed on a premise it would provide Middle Income housing not Upper Middle Income. Renter's Area Median Income in Santa Barbara is very low and cannot afford target. AUD needs to target Moderate Income and Middle Income up to 150% of AMI. If you reduce the project's profit, the land costs will go down and improve overall affordability. Most projects have high ceilings which adds to the costs. Information regarding this was submitted to the KMA consultant. A list of criteria for scoring was provided to the HTF.

Rution: what if filling City's RHNA requirements it is impossible to provide affordability? This is one of the purposes of the studies.

Peterson: number one focus is on affordability. Ranking should look at percentage of affordability. Upfront cost is very high so the pipeline should be treated fairly. Inclusionary In-Lieu fees are not equated to the true costs of development and may be used as a mechanism to get out of producing affordable units.

HTF Members Discussion:

Murillo: agrees HTF should wait for the studies to make recommendations regarding the cap to go into effect and any scoring system. Pipeline should not be subject to cap. What is the percentage of units actually built?

Brooke: about 1/3 based on historical averages but AUD might be different.

Chair: of projects that receive permits what is the percentage that get built -- close to 100 percent.

Olson: all projects in the pipeline should be exempt from the cap

Campanella: the 250 unit cap on AUD and the communication that any project deemed complete could continue through the planning process, caused the high production spike. Lack of certainty will create a problem. Still need rent information on AUD projects. The regional impact on RHNA numbers is important. The City committed to 4100 units out of 5500 on the south coast. Using the KMA study with rental inclusionary is a good idea. What percentage of affordable units in a

project would make it exempt from the cap? Once a project has affordable units there are other benefits being provided that need to be considered.

Lodge: need to review the origin of AUD and the 250 cap was created to pause and reevaluate. The Nexus Study combined with the passage of AB 1505 will allow rental inclusionary. When AUD was adopted this tool was not available. We should apply affordability to projects in the pipeline.

Jordan: only cap exemption being discussed is affordability. Projects in the downtown area should be considered for an exemption. The pipeline issue should be resolved now to avoid another "gold rush" of projects. Jordan's ranking priorities are affordability, parking, bulk/mass and displacement consequences. Secondly, I am in favor of looking at issues such as downtown, open space and all residential projects in a ranking system.

Chair: requested formal definition of deemed complete?

Brooke: the definition of deemed complete is "when a project is to be placed on the agenda for project design review"

Chair: several more topics for the HTF to discuss at future meetings. Discussed the history of Santa Barbara planning and the impacts of growth. Are neighborhoods being overwhelmed? The final decisions to modify AUD will require compromise. Need to create units that address affordability and State Street. AIA is doing a workshop on October 21 on this issue. HTF needs to look at the geography of AUD, the outer areas are creating more conflict. Supports cap at building permit level. The City needs to be creative with downtown parking and use public lots.

Murillo: concerned about empty storefronts on State Street. Need to bring housing to State Street and add this issue to the HTF agenda. Does not support the cap and wants to make a motion to exclude projects in the pipeline from the cap.

Campanella: second the motion

Jordan: there is a cap required by the Council vote. What does in the pipeline mean? Where do we start cap? May cause another gold rush of projects.

Murillo: requested assistance on where to add cap

Campanella: we need to know the legal consequences of a cap.

Vincent: the details of the cap and scoring system need to be defined before determination of legal defensibility and Housing Element compliance.

Campanella: should add 60 days from today to exempt from cap

Lodge: that would create another gold rush of projects

Jordan: how would it work operationally?

Vincent: expressed concerns about an added 60 day period. Some projects are only in conceptual phase. They have had four years to apply.

Olson: clarify what accepted means

Brooke: accepted is an application brought to the counter, meets checklist and fees are accepted

Campanella: should look at approved projects in pipeline to know the real impact of cap. When could inclusionary rentals be implemented if AB1505 is adopted?

Vincent: after AB 1505 is effective, the City would then have to adopt an inclusionary ordinance setting the City's effective date. Probably after January 2018.

Olson: the City's history has been to accept projects as the ordinance in effect at that time. Could make effective date when ordinance is approved and adopted.

Chair: developers will have to compete and be persistent. He is willing to consider compromise.

Motion: Murillo/Campanella

Recommend to City Council that applications submitted to, and accepted by the City as of September 13, 2017, are not subject to a future limit on the number of units developed under the AUD Program

The motion passed with the following votes:

Ayes: 4 Noes: 2 (White, Lodge) Abstain: 0 Absent: 1 (Dominguez)

Chair: Does the HTF agree to have future meetings televised?

Vote: Ayes: 5 Noes: 1 (Olson)

ADJOURNMENT: Chair White adjourned the meeting at 3:55 P.M.