

July 30, 2002

Honorable Rodney S. Melville
Presiding Judge, Santa Barbara Superior Court
312 – C East Cook Street
Santa Maria, CA 93456 – 5369

Subject: RESPONSE TO 2001 – 2002 GRAND JURY REPORT ON
HOUSING THE CITIZENS OF SANTA BARBARA COUNTY

Dear Judge Melville:

The City of Santa Barbara applauds the Grand Jury for tackling one of the most complex issues in our region: Housing the Citizens of Santa Barbara County. At the Santa Barbara City Council meeting of July 30, 2002, Council reviewed the findings and recommendations regarding the City of Santa Barbara contained in the 2001-2002 Grand Jury Report. The City's response to Finding #1, Finding #2 and Recommendation #1 are provided below.

Finding #1:

The cities and County will have great difficulty in achieving the State mandated housing goals.

As described in the Grand Jury Report, earlier this year the State Department of Housing and Community Development (HCD) and the Santa Barbara County Association of Governments (SBCAG) agreed on a countywide housing need estimate of 17,531 new units for the 2001-2008 planning period. In May 2002, SBCAG released a Draft Regional Housing Needs Plan (RHNP) for public and local agency review. The RHNP distributes a "fair share" of the units to cities and unincorporated areas of the County. It also includes an income distribution allocation that includes very low, low, moderate and above moderate income categories.

As currently drafted, the City of Santa Barbara does not foresee much difficulty in achieving the State mandated housing goals for the 2001-2008 planning period. The City's current General Plan and Zoning provide for an estimated 40,005 units

at full buildout. Currently, the State Department of Finance estimates that there are 37,200 units in the City. That leaves roughly 2,805 units remaining to be built in the City before we reach our estimated capacity of 40,005 units. The Draft RHNP proposes to allocate 2,101 units to the City of Santa Barbara.

The RHNP illustrates how the draft allocation of units relates to the remaining buildout in cities and unincorporated communities throughout the County. Similar to the City of Santa Barbara, the plans of most jurisdictions appear to be able to accommodate (show zoning capacity) for the number of units allocated to their areas. The notable exceptions are the new City of Goleta and the unincorporated area of Santa Ynez Valley.

In recent weeks, there has been increased attention and community discussion of these issues. This discussion has included questioning the role of the State in local planning and questioning the consequences of not complying with State Housing Element law. No matter where one stands on these issues, it is clear that our population is growing and aging independent of the number of housing units being built. Local government has a responsibility to respond and plan for these demographic changes.

The City of Santa Barbara may never be able to regain market rate affordability. But, within the limits of our resources and environmental carrying capacity, we should try. This means building more housing at higher densities, in and around our Downtown, and along transportation corridors. It also means continuing our strong commitment to providing housing for low and moderate-income households.

Finding #2:

The cities and county have already lost valuable time in setting goals and policies to achieve housing growth rates to provide adequate housing for our citizens.

Since early 2001, the City of Santa Barbara has been actively evaluating its housing goals and policies and initiating new programs to address current market conditions and community needs. For City Staff, this began in earnest in the Spring of 2001 culminating in a joint City Council/Planning Commission worksession held in June 2001. At the worksession, the City Council and Planning Commission reviewed and discussed:

- Existing Housing Element Goals
- Planning and Development Trends
- City Affordable Housing Programs and Accomplishments

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- Defining the Problem
- Intended Outcomes / What Do We Want to See Happen?
- Potential New Programs and Strategies

Background information and a discussion of these issues are included in the June 2001 Housing Issues Report provided as Exhibit A to this letter.

At the June 2001 worksession, the Councilmembers acknowledged the complex and potentially controversial nature of many of these housing issues. In August 2001, a Housing Action Task Force (HATF) was created comprised of former Mayor Harriet Miller, Councilmembers Gil Garcia and Marty Blum, Planning Commissioners Pete Ehlen and Bill Mahan and Dave Tabor from the City's Housing Authority Board of Commissioners. Planning Commissioner Brian Barnwell chaired the Task Force.

In December 2001, the HATF presented the Council with a list of prioritized action strategies and recommended that the Council quickly initiate the new programs. These new strategies were identified as those most likely to result in new housing units for low, moderate and middle income households. These strategies include:

- Develop an Inclusionary Housing Program aimed at larger projects and possibly creating middle-income ownership opportunities;
- Allow Duplex Development on R-2 lots between 5,000 – 6,000 square feet;
- Allow Increased Density for Smaller or Rental Units;
- Develop a New Commercial Development Housing Mitigation Ordinance;
- Rezone R-4 to R-3 to Remove Hotels/Motels as Allowed Uses Outside of the Coastal Zone;
- Develop Standards for Single Room Occupancy (SRO) Development;
- Consider Issuing Long-Term Debt on the Redevelopment Agency 20% Housing Set-Aside Revenue;
- Pursue Land Banking Opportunities;
- Look for Housing Opportunities on City-Owned Land or Parking Lots;
- Publicize Affordable Housing Achievements;
- Preserve Affordable Housing Covenants as They Expire; and
- Consider Identifying a City Staff Ombudsperson for Affordable Housing Projects.

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Exhibit B to this letter is a copy of the Council Agenda Report that includes the HATF report and recommendations and describes the above strategies and more. These strategies are among the highest priority work efforts in the City Planning Division.

On a regional level, during this same time period, the City has been actively participating on the Joint Cities/County Affordable Housing Task Group. This group consists of elected officials and staff from the City of Carpinteria, City of Santa Barbara and the County of Santa Barbara. The City of Goleta also participates on an informal basis.

All these efforts will inform and be part of the City's 2003 Housing Element Update process. City Staff is actively at work preparing the mandatory tasks including 2000 Census analysis, inventory of affordable and market rate units, an evaluation of existing programs and policies, constraints identification and community outreach / public information program.

The City has an exemplary record in providing high quality affordable housing for its residents. Currently it is estimated that nearly 12% of the City's housing stock is subsidized through City, State and Federal programs. Very few jurisdictions in the State of California can make this claim. City Council has directed staff to do more to publicize our affordable housing achievements. This will become an important part of the community outreach/public information program.

We expect to begin the community outreach program this September with public workshops on the Housing Element Update. The workshops will provide the public with information on our existing housing programs and policies as well as new programs under development. In addition, the workshops will provide a forum for the community to identify specific issues and concerns related to the City's existing housing conditions, constraints and opportunities for future housing policy and programs.

On a final note, it has been said recently that Downtown Santa Barbara is becoming a victim of its own success. The Downtown area has become so desirable that new attached, multi-family housing condominiums are selling for over a million dollars. In most areas throughout the County, these developments would be considered high density housing and would not be permitted under low density zoning standards. A major challenge for our 2003 Housing Element Update will be how to balance the supply of market rate housing so that middle-income homeownership becomes viable once again.

Recommendation #1:

In meeting the housing goals established by the State and soon to be allocated by SBCAG, the cities and County need to establish policies and metrics to facilitate the necessary actions to track performance.

In 1989, the voters of the City of Santa Barbara approved Measure E. This ballot measure amended the City Charter to include a 20-year commercial growth control measure. One of the major goals of Measure E was to limit commercial building

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and encourage additional residential development within the City. At least once a year, City Staff presents Development Activity Status reports to the Planning Commission and City Council detailing the extent of commercial and residential development activity in the City and compliance with Measure E and the city's housing goals.

Further, in preparation for the 2003 Housing Element Update, Staff has been preparing a more detailed analysis of residential development trends and evaluating the effectiveness of our Affordable Housing Programs. This has included a look at the quantity and type of infill development occurring in the City. Exhibit C is a June 2002 memo describing current residential development patterns and short-term housing actions.

Conclusion:

We thank the Grand Jury for its attention and insight into this and other critical community issues. The City of Santa Barbara appreciates and welcomes the opportunity to respond.

Sincerely,

Marty Blum
Mayor

Enclosures: Exhibits:

- A. HOUSING ISSUES WORKSESSION, Council Agenda Report (Attachments available upon request) (June 22, 2001)
- B. HOUSING ACTION TASK FORCE RECOMMENDATIONS AND THE UPCOMING HOUSING ELEMENT REVIEW PROCESS, Council Agenda Report (February 12, 2002)
- C. RESIDENTIAL DEVELOPMENT PATTERNS AND SHORT-TERM HOUSING ACTIONS (June 14, 2002)

EL:hh

Cc: Maryanne Harrison, Grand Jury Foreperson, 2001-2002 (w/enclosures & 3.5 disk)
James Armstrong, City Administrator (w/enclosures, no disk)
David Davis, Community Development Director (no enc)
City Clerk's Office (w/enclosures, no disk)

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