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October 9, 2023

To: Planning Commission

Re: AUD Progress Report (Item III, Planning Commission October 12, 2023 Agenda)

Chair Bonderson and Planning Commission,

Allied Neighborhoods Association appreciates the opportunity to provide comment on the above agenda item.

1) We'd like to acknowledge the work that has gone into the AUD Progress Report. A few of the sections we'd like to mention are: State legislation section, AUD amendment history and description section, AMI Rents for Households (both Affordable and Cost Burden) and the July 2023 rent survey.

2) Allied submitted AUD rent data three or four times to the City over the past couple of years as we didn't see information being presented by staff. Very little information came forth from the annual rental surveys for each AUD project, or by other methods; the survey form was designed by a Planning Commission subcommittee and explained as very important for evaluation of AUD. We continue to collect rent data from rental housing sites, mainly Zillow.com, Apartments.com, and Craigslist.com. Looking at our July 2023 data, unit #301 (2-bedroom, 2-bath) at 414 Chapala was listed on Zillow (7/17/23) at \$6,000/mo. Something seems a bit off with the \$5,325 number in the 2-bedroom column for 414 Chapala on the July 2023 rent survey (pdf 110 of 113). As background, when 414 Chapala was first available for rent in May 2021, 2-bedroom apartments generally ranged from about \$5,300 - \$5,600. Over the past two+ years rents have inched up and the previous high we saw for a 2-bedroom apartment was \$5,900/mo. (unit #302, 12/26/2022, Zillow)

3) You should have received our October 8, 2023 letter for agenda item IV, AUD Ordinance Amendment – Trial Period. This topic is also

included in agenda item III (Staff Report, pg. 3, Changes to Consider About the Program, Question #3) From our 10/8/23 letter: ***"The premise of the extension of AUD until February 15, 2024 was to allow time for completion of the Housing Element Update. The premise of the extension was sound, thus we should again extend AUD (as the Housing Element Update is running way behind the original date of February 15, 2023)"***

*"We need to get the new Housing Element adopted and the Program EIR certified. This should be our first priority. **The new Housing Element is very important to inform housing discussions and policies decisions going forward.**"* (bold emphasis added)

The public and decision-makers have not seen the most recent version of the Housing Element, a version 4 that staff has been working on the past couple of months.

Regarding the Staff Report (top of pg.4), we think there's a 4th option - to extend the AUD until after adoption of the Housing Element. Please note, we are not in the camp of Option 1. And 2 and 3 should happen after adoption of the Housing Element.

4) Seems like there may be some confusion about Moderate Income housing. Moderate Income housing (80–120% AMI) does not qualify for government tax credit financing (regularly used financing for Low and Very Low Income housing).

One of the aspects that's so exciting about the Housing Authority project at 400 W. Carrillo is the Housing Authority is doing a rental project with income levels that don't qualify for tax credit financing.

The achieve the investor return of 5%, it now turns out (a few years later) that the project, in addition to Moderate Income units, will also need Middle Income units (120-160% AMI). It was explained that the project will maximize Moderate Income units, then fill in as needed with Middle Income units. **All units will have 90-year affordability covenants – thus no market rate units!** This is a model of what we need more of.

5) As we've expressed a couple of times, if City land is used for housing, that housing should have long term affordability covenants - and no market rate units. Leave market rate to the private sector. As our RHNA cycle 5 stats show, we are doing well in the market rate category.

6) We appreciate the discussion about "workforce housing".

Workforce housing is not explicitly defined (pdf 14 of 113).

"Analyzing the AUD Program's success in encouraging workforce housing is complicated by a lack of agreed-upon definitions and measurable outcomes." (pdf 66 of 113)

"Although the term "workforce housing" was never clearly defined, it is used by the Planning Division to mean households in the region's middle- and upper-middle-income

categories. Yet, there is no community consensus on this definition nor is it aligned with how other organizations define the term (i.e., Housing Authority). (pdf 66 of 113)

This is a bit of a mess.

7) We feel strongly that the new Housing Element needs to be adopted **prior** to most of the feedback staff is now requesting from the Planning Commission (so staff can get to work now). **Our new Housing Element should inform housing discussions and policy decisions going forward.** Aren't we just a few months away from an adopted new Housing Element? (HE)

A couple examples of important policy questions staff is requesting feedback and direction on, that we think should be AFTER adoption of the HE are:

Should ownership units be at the same density level as rental units? (historical note – it was intentional that rental units were in the highest density tier – as rental units hadn't been built in decades; it's generally thought if both were equal, we'd see much less rental housing because developers would focus on condos again)

How should the key objectives of the AUD Program be refocused to address current needs and goals? (this should be worked on after adoption of the HE; we haven't seen the final document yet)

The **Housing Plan**, (Section 5, beginning on pdf 129 of 355, April 10, 2023 HE version 3) includes Council's new adopted Goals and **30 Housing Programs**.

The Goals reflect the need for change, with a heavy emphasis on Capital "A" Affordable housing. Those include Goal 2 - Prioritize Affordable Housing; and Goal 8 - Fund Affordable Housing.

The housing landscape has changed a lot since 2015 (the beginning of RHNA cycle 5). Rents have absolutely skyrocketed the past few years; rents are now very, very unaffordable to so many in our community. (wasn't it reported in local media that the recent UCSB Economic Forecast said rents increased around 40% in 2022?)

8) Where is the draft Program EIR? Staff told everyone about two years ago that the City already had zoning for the 8,001 cycle 6 RHNA allocation. We don't need to rezone or upzone (unlike many local jurisdictions). Environment review was initiated in early 2022. When is the draft Program EIR going to be released for public review and comment? The Planning Commission has a central role in the certification of the Program EIR.

9) Most of the housing produced in RHNA cycle 5 was market rate housing. This is not our greatest need. **Results are very poor in all income categories, except Above Moderate Income.**

Thank you for consideration of our comments.

Sincerely,
Allied Neighborhoods Association

Cc: Allison De Busk
Ellen Kokinda
Brenda Beltz
Dana Falk
Daniel Gullett
Elias Isaacson,
Mayor and City Council
Rebecca Borg
Sarah Knecht