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December 12, 2021

To: City Council

Re: Extension Of The Average Unit-Size Density Incentive Program, Review of Economic Feasibility Analysis And Draft Floor Area Ratio Map, And Update Of Multi-Unit Housing Standards (Dec. 14, 2021 Council Agenda, Item #30)

Dear Mayor Murillo and Council Members,

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

1) AUD Program Extension. This is absolutely necessary.

The housing contemplated in the 2011 General Plan did not include State ADU mandates (which bring a substantial increase in new housing capacity), the additional increased densities in the Central Business District (CBD) "doughnut hole", SB 9, and currently contemplated increased densities with new multi-unit housing development standards. As Renee Brooke has been advising, we need to review our General Plan Program EIR. The Program EIR (PEIR) is what facilitates streamlined environmental review of individual multi-unit housing projects.

From CAR (pg. 5) *"A revised FAR Map would be analyzed for potential environmental impacts as part of the updated General Plan PEIR."* We note, we hope this means a potential map for purposes of environmental review only. We question whether you have enough information to adequately considered a revised FAR Map as well as the other topics that Staff is asking you for direction on. Should you consider this in January, when you could have more information?

2) Monthly Apartment Asking Rents

Our October 5, 2021 letter to Planning Commission (cc'd to Council) included four data sets of AUD apartment asking rents in 2021. These are included as Appendix A.

Rental rates for CBD, AUD 2-bedroom apartments are much higher than presented in Attachment 3 (pdf 50/51 of 69). The CBD is where many of the larger AUD rental projects are located. Advertised rental rates for the recently occupied (probably the most recently completed) project at 414 Chapala for a 2-bedroom apartment are $5,300 - $5,600 per month! Some Planning Commissioners commented that consultant's rents seemed low (Attachment 5).

As an example, in Figure 11 (Attachment 3, pdf 61 of 69) the estimated average market rent is only $2,651 per month (based on unit mix of 35% 2-bedroom, 52% 1-bedroom, and 12% studio units). The estimated average market rent seems too low.

When rental rates are lower than actual, the Appendix D: Pro-Forma analysis conclusions will be off. Seems that understated rents would also result in understated feasibility of Inclusionary Affordable housing.

3. Building Mass

In our AUD Program a way building mass was tried to be specified (for the housing units portion of a project) was by limiting density. At maximum density of 63 units per area (in the appropriate areas) the average unit size was 811 square feet.

In the proposed FAR concept (and could be via other multi-unit concepts) the building mass is defined by a floor-to-lot calculation. Within the building mass, the density is up to the project developer to decide (subject to existing parameters, a couple of examples are listed below).

In Title 30 (30.140.150.B) *"Each studio residential unit shall contain a minimum of **220 square feet** of livable floor area and all other residential units shall contain a minimum of **400 square feet** of livable floor area."* (emphasis added)

Also, in Title 30 (30.140.150.B.1.) *"Exception for Affordable Efficiency Units. An efficiency unit, as defined in Section 17958.1 of the Health and Safety Code, with a minimum floor area of **150 square feet**, may be permitted, provided that the efficiency unit is provided for occupancy by persons who qualify as either low-income or very low-income household…."* (emphasis added)

It's important to note that an increased density incentive is built into the FAR concept.

4. Tiers/Condos

With the Multi-Unit Housing Standards, we have to make sure the scales are not tipped to incentivize condos over rental housing, as around 60% of our residents are renters.

With the previous and now increased trend (in part Covid and work-at-home related) of out-of-town folks buying second homes here, which include condos, we need to be especially careful that housing policies do not incentivize condos over much needed rental housing.

5. Additional FAR as an Incentive

If a FAR for rentals is increased by 20% as an additional incentive, we would only get an additional 5 to 10% inclusionary. 10% inclusionary is already required.

This would mean that in Tier 3 the 58.5 foot high, 5-story building, would have only an additional 5-10% inclusionary. In Tier 3 with the highest base level of FAR 3.0, 20% extra FAR equals a FAR 3.6. Rob Fredericks of the Housing Authority said in previous hearings that FAR 3.0 downtown is just too big.

Regarding Tier 3, in the Planning Commission October 7th meeting minutes (Attachment 5 *), a majority of Planning Commission was not supportive of Tier 3 for a variety of reasons. **Those reasons included not enough information** and giving away too much height for too little Affordability.

* Minutes from October 7th PC meeting includes:

"A. Receive the Economic Feasibility Analysis from BAE Urban Economics and consider the report findings and recommendations, including recommendations on Inclusionary Housing and development standards; and

B. Review and comment on the draft Floor-to-Lot Area Ratio map to be included with future amendments to multi-unit housing standards in Santa Barbara Municipal Code (SBMC) Title 30 (Inland Zoning Ordinance)."

Additionally, *"The following specific questions were posed to the Planning Commission to facilitate discussion:*

1. Any new comments on FAR map?
2. Is 20% added FAR acceptable for Tier 3?
3. Is 15% or 20% Affordable supportable for Tier 3?
4. Increase in-lieu fee for small projects & condos?
5. Support larger FARs for smaller lots?
6. Other input on changes to development standards?"

8. Look at actual FARs.

The recently completed rental project in the CBD at 414 Chapala has a FAR of 2.448. The proposed 701/711 N. Milpas project has a FAR of 1.631. The approved project at 825 De La Vina has a FAR of 2.368. The 5-story Lobero Building has a FAR of 2.5. A FAR of 3.0 is going to be very large, not to mention a possible bonus FAR project at FAR 3.6!

The online community workshop had two building examples for each FAR category. These buildings were often shown as isolated examples, not in the context of larger buildings one next to another, next to another…. When considering FAR numbers, it is important to visualize building after building, and the resulting streetscape. It's not about

one or two larger buildings among smaller buildings – as the FAR map areas are large sweeping areas where each property owner can potentially max out their property.

9. Bonus Density Programs

There are State Bonus Density and City of Santa Barbara Bonus Density programs. Maybe we need staff to explain these programs and the Affordability they can provide, so we can understand the tradeoffs with these programs. It could be that the proposed Tier 3 extra height is not providing an appropriately larger number of Affordable units for the additional height. It could be that State and/or local bonus density programs would not or cannot provide Moderate Income Affordable units – we don't know until we know more about these programs. Until we know more, it's hard to make a recommendation regarding Tier 3 extra height and extra FAR. Preliminarily, it seems we're not getting enough Affordable units for the additional height.

10. Historic Resources

In the City of Santa Barbara, as of October 2021, ***there are 125 designated Landmarks and 460 designated Structures of Merit.***

Many, many of these designated historic resources appear to be in the Multi-Unit Housing (MUH) Area, and the vast majority of these historic resources have not been talked about during the Multi-Unit Housing process. This is in spite of the General Plan Program EIR, EIR Mitigation Vis 2 Community Character – Floor Area Ratios (actual language in Appendix B), and Staff Reports and presentations discussing protection of historic resources ***along with*** new housing.

We have twice requested (in Oct. and Nov., letters cc'd to Council) that historic resources within the MUH Area be delineated on a map. In Nov. we suggested that a version of the Historic Resources WebMap be provided with the MUH Area boundary included, to fully understand the location of historic resources. The largest concentration of designated historic resources appear to be located in older parts of town, such as downtown – and very large number are outside Brinkerhoff and potential historic districts in the MUH map area.

The Historic Resources WebMap is an incredible resource! We encourage you to click on the Map link and explore for a few minutes. The Map shows the extent of our wealth of historic resources across the City.

https://santabarbara.maps.arcgis.com/apps/webappviewer/index.html?id=93119f9f307b4b11885ecc5279001984

11. Additional Historic Resources Information From Previous Allied Letters

Appendix B provides additional historic resources information from previous Allied letters on AUD and multi-unit housing standards.

In closing, besides action items in Recommendations A. and B., you are being asked to give direction on the Draft FAR Map (including any changes to boundaries and building size/FAR levels), draft FAR Tiers (1, 2 and 3), and preferred Inclusionary housing requirements.

We question whether you have adequate information and time to make decisions Tuesday on what's included in the scope of the CAR Recommendations (particularly Recommendation D.). **A majority of Planning Commissioners made comments that they felt they did not have adequate information** (Attachment 5).

Thank you for consideration of our comments.

Sincerely,

Allied Neighborhoods Association

Attachments: Appendix A
Appendix B

Cc: Daniel Gullett
Jessica Metzger
Nicole Hernandez
Renee Brooke
Elias Isaacson
Ariel Calonne
Tava Ostrenger
Rebecca Bjork

APPENDIX A

Advertised AUD Rental Rates provided by Allied to the City:

1. From May 3, 2021 Allied Letter

The 10/10/19 PC AUD Staff Report included 604 East Cota, the Marc, 316 W. Micheltorena, Arlington Village, and City-Wide Median information (2019).

Examples of more recent advertised apartment rental rates in AUD projects include:

Date	Source	Address	Unit size	Square Footage	Rent
4/30/21	Zillow	920 Lowena, #21 (Processed as 915 E. Anapamu)	2/2	1,092	$4,350
4/29/21	Apartments.com	226 E. De La Guerra (Maylee Plaza)	2/1	770	$3,995
4/29/21	Apartments.com	226 E. De La Guerra (Maylee Plaza)	1/1	600	$2,745-$2,945
Early 4/21	Apartments.com	226 E. De La Guerra (Maylee Plaza)	2/1	775	$4,275
4/7/21	Craigslist	112 E. Ortega #214 (Casa Anatega)	1/1.5 Loft		$4,140
Early 4/21	Craigslist	835 E. Canon Perdido, #110 (Plaza Riviera)			$2,345
9/3/20	Apartments.com	Arlington Village	2 bd, Typical		$3,887
9/3/20	Apartments.com	Arlington Village	2 bd Premium		$6,250
9/3/20	Apartments.com	Arlington Village	1 bd Premium		$6,250

2. From August 2, 2021 Allied Letter

Below are apartments we've seen advertised since our May 3, 2021 letter. (Note, all apartments below are in the downtown area, except Lowena - project located above Milpas Street near County Bowl, processed as 915 E. Anapamu - and Plaza Riviera, 835 E. Canon Perdido).

Date	Source	Address	Unit size	Square Footage	Rent
5/21/21	Zillow	835 E. Canon Perdido #211 (Plaza Rivieria)	2/2	865	$3,495
5/25/21	Craigslist	414 Chapala Street, 3rd floor	2/2	1,296	$5,500
5/27/21	Zillow	414 Chapala Street	1/1	655	$2,900-$3,600
5/27/21	Zillow	414 Chapala Street	2/2	1,123	$5,300 - $5,600
5/29/21	Zillow	112 E. Ortega Street, #214 (Casa Anatega)	1/1.5	870	$4,150
5/29/21	Zillow	920 Lowena	1/1	712	$3,350
7/8/21	Craigslist	112 E. Ortega St, #310 (Casa Anatega), Top Floor, Corner	2/1	872	$4,200
7/29/21	Zillow	414 Chapala Street, Units #203 and #309	1/1	670	$3,200 - $3,300
7/29/21	Zillow	835 E. Canon Perdido (Plaza Riviera) (currently unavailable)	Studio	477	$2,245

3. From October 5, 2021 Allied Letter

Listing Date	Source	Address	Unit size	Square Footage	Rent
9/2/21	Craigslist	920 Lowena (processed as 915 E. Anapamu)	2/2.5	1,265	$4,800
9/2/21	Craigslist	920 Lowena #7	2/2	1082	$4,300
9/2/21	Craigslist	920 Lowena (processed as 915 E. Anapamu)	1/1	712	$3,350
9/9/21	Zillow	112 E. Ortega #214 (Casa Anatega) Townhouse, Furnished	1/1.5	875	$4,795
9/9/21	Zillow	835 E. Canon Perdido (Plaza Riviera)	Studio	477	$2,347
9/9/21	Zillow	835 E. Canon Perdido (Plaza Riviera)	Studio	492	$2,407
9/9/21	Zillow	835 E. Canon Perdido (Plaza Riviera)	Studio	713	$2,607
9/9/21	Zillow	835 E. Canon Perdido (Plaza Riviera)	2/2	865	$3,467
9/9/21	Zillow	835 E. Canon Perdido (Plaza Riviera)	2/2	863	$3,945

4. From October 5, 2021 Allied Letter:

Market-Rate Residential Rents

From Appendix C: Key Pro-Forma Assumptions (pg. 56 of 80 *) *"This analysis assumes that rental rates for market-rate units will be comparable to the current rental rates for recently-constructed multifamily rental developments in the Project Area. The analysis assumes that market-rate rents for these prototypes will average per $2,800 month for studio units, $3,000 per month for one-bedroom units, and $3,400 per month for two-bedroom units."*

If the above pro-forma assumption of $3,400 per month for 2-bedroom units is used in the CBD, that would be below market based on advertised rents in 2021. This would understate rents in proformas used in the CBD. From advertised rents we collected and provided, we generally see higher 2-bedroom AUD apartment rents, especially downtown.

Date	Address	Unit Size	Rent
4/29/21	226 E. De La Guerra	2/1	$3,995
Early 4/2021	226 E. De La Guerra	2/1	$4,275
7/8/21	112 E. Ortega (#310)	2/1	$4,200
4/7/21	112 E. Ortega (#214)	1/1.5	$4,410
9/30/2020	Arlington Village (Typical)	2	$3,887
9/30/2020	Arlington Village (Premium)	1 & 2 Bedroom	$6,250
5/27/21	414 Chapala	2/2	$5,300-$5,600
9/2/21	920 Lowena	2/2.5	$4,800
9/2/21	920 Lowena (#7)	2/2	$4,300
4/30/21	920 Lowena (#21)	2/2	$4,350
9/9/21	835 E. Canon Perdido	2/2	$3,467
9/9/21	835 E. Canon Perdido	2/2	$3,945

* Now found in CAR Attachment 3 (pdf 50/51 of 69)

APPENDIX B

Additional Historic Resources Information from Previous Letters

Allied October 5, 2021 letter to Planning Commission (excerpts from this letter, which also included some historic resources information from previous letters):

Historic Resources/FAR for Santa Barbara

Our historic resources are of great importance to Allied, and other community groups and residents - our downtown, and local economy.

FAR was brought forward by staff in response to the public workshops in 2019; the takeaway from the workshops was increased density could be supported with proviso to find a way to protect historic resources. In November 2019 staff presented EIR Mitigation Vis 2 Community Character – Floor Area Ratios. From EIR Mitigation Vis 2: *"Develop FARs with attention to protect historic resources, maintaining Santa Barbara's small town character, and encourage small, affordable units."*

Historic Resources – MORE

Excerpts from the agenda materials:

Staff Report, starting at the bottom of page 1, *"The maximum allowable FAR would vary based on location within the city, with consideration of the City's historic resources and neighborhoods."*

Page 15 of 80, *"The intent of the revised building size standards is to encourage compatibility in building size, protect the City's historic resources, clarify community expectations, and expand opportunities for additional, smaller housing units."*

We appreciate the treatment of the Brinkerhoff Historic District and the proposed historic districts in the Draft Floor-to-Lot Area Ratio (FAR) Map area.

Historic resources are not just historic districts but include our Landmarks and Structures of Merit. What's missing in the materials is acknowledgement of our Landmarks and Structures of Merit and how those resources will be handled.

As the Multi-Unit Housing Standards are developed, we look forward to more program specifics for protection of historic resources.

Historic Resources/General Plan Program Environmental Impact Report. It's important to remember the amount of housing contemplated in the 2011 General Plan resulted in significant impact to historic resources, requiring mitigation to reduce the impact to less than significant.

(CAR, Attachment 5, pg.1, October 22, 2020) General Plan Program EIR – develop FARs with particular attention to protecting historic resources. And importantly, *"Establish more restrictive FAR limits to protect historic structures..."*

Historic Resources/History, Visual Charm, and Our Economy

A huge economic driver of our City economy is tourism. The charm of our downtown is a big attraction for tourists and a source of pride for our residents. The visual charm of downtown includes its variation of building heights, our historic resources and the El Pueblo Viejo district, our history and architecture, and its sense of place between the mountains and the ocean. The challenge seems to be to find an appropriate balance of priorities – that includes housing downtown, building heights that will enhance the area but not overwhelm, and retaining the charm that attracts both tourists and locals.

We need to be very careful with incentives, especially downtown, as larger buildings downtown potentially dwarf smaller buildings and historic resources, and affect the unique architectural quality and charm of Santa Barbara.

Allied October 18, 2020 letter to the Joint Council and PC Worksession:

General Plan Consistency. A FAR program needs to be consistent with the General Plan, and the General Plan EIR.

For example, Attachment 5, pg. 3:

"LG12.2 Building Size, Bulk and Scale. Ensure that proposed buildings are compatible in scale with the surrounding built environment."

"b. Floor Area Ratios (FARs). Develop a set of maximum FARs for the nonresidential and High Density areas of the City, with particular attention to protecting historic resources and areas that are adjacent to single family zoned areas, maintaining Santa Barbara's small town character, and encouraging small, affordable residential units.

Also, from the AUD PowerPoint to ABR (11/4/19, during the process last fall), the following was provided: EIR Mitigation (Vis-2 Community Character – Floor Area Ratios). "Develop FARs with attention to protect historic resources, maintaining Santa Barbara's small town character, and encourage small, affordable units" and "Establish more restrictive FAR limits to protect historic structures and adjacent areas"