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May 7, 2022

To: Julia Pujo, Environmental Analysis
Housing Element Update Planning Staff (Dan Gullett, Rosie Dyste, Renee Brooke)

Re: April 11, 2022 Notice of EIR Preparation/Notice of Environmental Scoping Hearing
Project Title: Housing Element and Climate Action Plan Update

Dear Ms. Pujo and Planning Staff,

Allied Neighborhoods Association appreciates the opportunity to comment.

1) What is the project?

Project description, per Notice of EIR Preparation, (pg. 1 of 4*): "The project is the proposed Housing Element Update, Climate Action Plan (CAP) Update, and related land use and zoning amendments."*

Notice of Preparation (pg. 2 of 4). "***Housing Element Update****: The proposed Housing Element Update will establish programs, policies and actions to further the goal of meeting the existing and projected housing needs of all household income levels of the community; provide evidence of the City's ability to accommodate the Regional Housing Needs Assessment (RHNA) allocation through the year 2031; and identify any land use and zoning amendments needed to reach the required housing capacity."*

The above is quite vague. Despite the lack of details, Allied will provide some comments.

2) Historic Resources. Cultural Resources (which includes historical resources) is an environmental topic in CEQA Appendix G to be analyzed.

The conclusion of the environmental review for historic resources in our current, 2011 General Plan (see Resolution 11-079, Program EIR) was Class 2 - with mitigation measures to be implemented. For the Housing Element Update, it will once again be important to study potential impacts to historic resources and districts (existing and proposed) from new housing and new development.

3) Impacts to Historic Resources from adjacent development.

From the 2021 General Plan Annual Progress Report, Heritage Resources (pdf 31/71), City of Santa Barbara Page 7 GP MMRP Status:

"Heritage Resources
*• **Potential Impacts of Growth in 2030**: Additional development and redevelopment near historic structures and archaeological sites.*
*• **General Plan Policies**: Potential impacts are reduced by existing development policies, ordinances, and design guidelines, and proposed development policies to improve the compatibility of building design near historic structures.*
*• **EIR Mitigation Measures: MM HER-1** would strengthen policies related to construction and development design and density adjacent to historic structures and in historic districts."*

A major area of concern is impacts to historic resources by adjacent development. (Note – alterations and additions to the actual historic resource on that property are addressed by and need to be consistent with the Secretary of Interior Standards.)

Impact to historic resources by adjacent development needs to be studied during environmental review for the new PEIR. And specifically include impacts from height and massing of new projects adjacent to historic resources; for example, our current AUD Program (adopted after the current PEIR) allows 3-, 4- and 5-story projects in many areas. The Consultant's Report for Objective Design Standards, (the work effort is called Santa Barbara Design Standards, see sections 4 and 5 below) concludes that every neighborhood, including downtown, is predominantly 1- and 2-story development (Key Findings, Cont'd, pgs. 41, 42).

4) Infill Guidelines were adopted in April 2017. These Infill Guidelines are in both HLC and ABR General Design Guidelines and Meeting Procedures, and include a section about development adjacent to historic resources. In the near-term foreseeable future (next year or so), our adopted Infill Guidelines may be made null, void or superseded by "Santa Barbara Design Standards" for multi-unit housing projects and condos. (This is the same housing discussed in the previous paragraph about the AUD Program.) A consultant was hired, and Work Group meetings began in September 2021.

How adjacency to historic resources is developed in the Santa Barbara Design Standards will be extremely important. It's our understanding that the State no longer allows new subjective design standards to be developed for housing projects, so the toolbox is now very limited. Also, since our 2011 General Plan, that PEIR and our current Housing Element, State law has also limited the authority of discretionary boards and specifically that design review may NOT reduce the number of proposed residential units. Putting this all together, compatibility of design and development adjacent to historic resources going forward is a major concern of Allied's.

5) Objective Design Standards Existing Conditions. The consultant's January 19, 2022 108-page Final Report of Existing Conditions only mentions historic resources twice (pgs. 8, 9). All it says is *"1 Historic Resource advocate"* under Focus Group Interviews, and from those interviews a theme of *"Historic Resource adjacency and limitations on zoning envelope".*

With our wealth of historic resources (over 600 designated historic structures such as our Central Library building and the Lobero Theatre), our El Pueblo Viejo area, Brinkerhoff, potential historic districts, etc., it is hard to understand why historic resources are not mentioned in the detailed study of neighborhoods (including downtown) and their characteristics.

6) Infrastructure. It should be anticipated that a lot of new development would occur through 2035 (the new timeframe of the Program EIR, as it's extended); this would take us into the 7th RHNA cycle and into another Housing Element beyond the 6th cycle HEU currently being worked on.

Capacity limitations and condition of our existing infrastructure, and possible need for additional infrastructure, is of concern and needs to be adequately and realistically analyzed in the EIR.

As an example, we remember something about a capacity issue on Upper State (around the general area of the Estancia project being built at the time - 3700, 3800 blocks, give or take a few blocks, of State Street). Think it was a wastewater capacity issue, and had to re-route and connect to other infrastructure nearby.

7) The Program EIR is being extended to 2035, past the HEU timeframe. With this extended time period and anticipated resulting new non-residential development and some additional cycle 7 housing, will they both also be analyzed?

8) Water. With the number of drought years just in the last decade, and climate change, water is a very important topic for environmental review.

Residents have responded to drought conditions with a high level of conservation. The City has a diversified water portfolio, but even then, it has its limitations. To mention a few:

- State Water allocation is unreliable – our allocation this year may only be 5%
- Gilbraltar Reservoir. Needs enough rainfall to create surface runoff to begin filling the Reservoir
- Water Purchases. Less availability, higher prices, as statewide drought conditions persist
- Ground Water. A lot of ground water was pumped just a few years ago as drought conditions persisted. Ground water basins have been resting (to replenish is a 5 – 10 year time horizon), and currently ground water is very limited
- Desal Water. Montecito's 50-year desal water purchase agreement with the City to purchase 1,430 acre feet is 45% of our current plant capacity. (at the time, considered "surplus") We should hold off on any additional desal water purchase agreements at this time. What seems like almost constant drought conditions and climate change

impacts are very unpredictable. Our desal plant has a finite potential capacity, mainly because of site size limitation. We should wait until potable reuse is approved by the State (still years off, maybe a decade) and technology is available, for us to evaluate the additional water it could provide - before considering selling more of our desal capacity; we have the largest RHNA housing allocation on the South Coast, the largest tourist economy, and probably the most jobs, etc.

9) The Housing Element Update. Hopefully the Housing Element Update process will facilitate residents and decisionmakers to take an expanded, wider perspective on ***our housing affordability crisis*** with new policies and strategies. ***We should look to focus*** much less time and energy on market-rate housing, and ***more on capital "A" Affordable deed-restricted housing and other strategies that can help free-up existing housing from other uses, lessen competition with hotels for the same land, and provide funding for non-profit Affordable housing developers such as SBHA.*** (See Attachment 1)

A) The Housing Authority's April 25, 2022 letter said they can leverage funds 10.2 to 1 or 8.7 to 1, depending on the type of project. We need to take advantage of this!!

Funding for Affordable Housing needs to be a new Housing Element Goal. A range of funding ideas were presented at the April 28th joint meeting. These included allocating a percentage of TOT, a vacant home and/or vacant commercial property tax, development impact fees for commercial projects, increase TOT by a percentage (like the vote-approved additional TOT for the Creeks Division), and more.

Probably the most expedient Affordable Housing funding would be to allocate a percentage of current TOT; there's a strong nexus, as our tourist economy creates many low wage jobs. TOT revenue is rising quickly and above budget projections, and we've been told during a budget presentation on General Fund revenues that the average room rate increased 40%!

We should not shy away from this idea. Our revenues have really bounced back, and although still some budget challenges, Council needs to prioritize funding for HASB Affordable housing. During the course of weekly Council business, Council finds money to fund new projects, so we strongly recommend Affordable housing (leveraging funding up to 10.2 to 1) should be right up there.

B) Housing Challenges. Our current Housing Element, back in 2015, identified short-term vacation rentals (and second homes) under Housing Challenges (pdf 57/104). It ends by saying *"The use of residential units as short-term vacation rentals and/or only occupied as second homes poses a housing challenge to the City because these uses decrease available long-term housing opportunities for local residents as well as contribute to the increase of housing costs."*

In the Inland area of the City (non-Coastal Zone area), the City needs to step up enforcement of illegal and/or unpermitted short-term vacation rentals.

Many areas of the City do NOT allow permitting of vacation rentals; those zone areas include all single family zones, R-2 and R-M. In Inland areas of the City that allow permitting of vacation rentals, short-term rentals are operating without permits; they need to get permitted and remit TOT, or cease operations.

C) Land zoned for hotel use and land zoned for higher density AUD housing are competing, as very often this prime land is zoned for both. As yet another and another property or building becomes a hotel, it seems the economics may have tipped in favor of hotels (with the big increase in average room rates). Also, it's been reported that there are another 500 hotel rooms in the pipeline. ***We need housing, not more hotels with more low wage jobs.***

The City needs to seriously consider ***disincentivizing*** hotels as a housing strategy. This could be accomplished through policy and amendments to the Zoning Ordinance.

D) Market-rate housing creates a need for more Affordable Housing; this is a conclusion of the 2017 Keyser Marston Study. At 10% Inclusionary, or 15% inclusionary, we are losing ground – and not even staying even.

E) Market-rate rental rates are very high. Allied has been providing to the City advertised AUD rental rates for over a year now. For the almost 60% of our residents that are renters, rents are becoming more and more unaffordable to our workforce and residents. There has been no evidence that building hundreds and hundreds of new apartments brings down prices. Just the opposite – rental rates are probably the highest ever. (Additionally, housing is being monetized as vacation rentals, and a newer trend of offering housing as furnished, especially non-apartment housing.)

F) "Living within our resources" needs to be explicitly stated in our Housing Element, hopefully in both the opening paragraph (as it is today) and in the Goals.

Thank you for consideration of our comments.

Sincerely,
Allied Neighborhoods Association

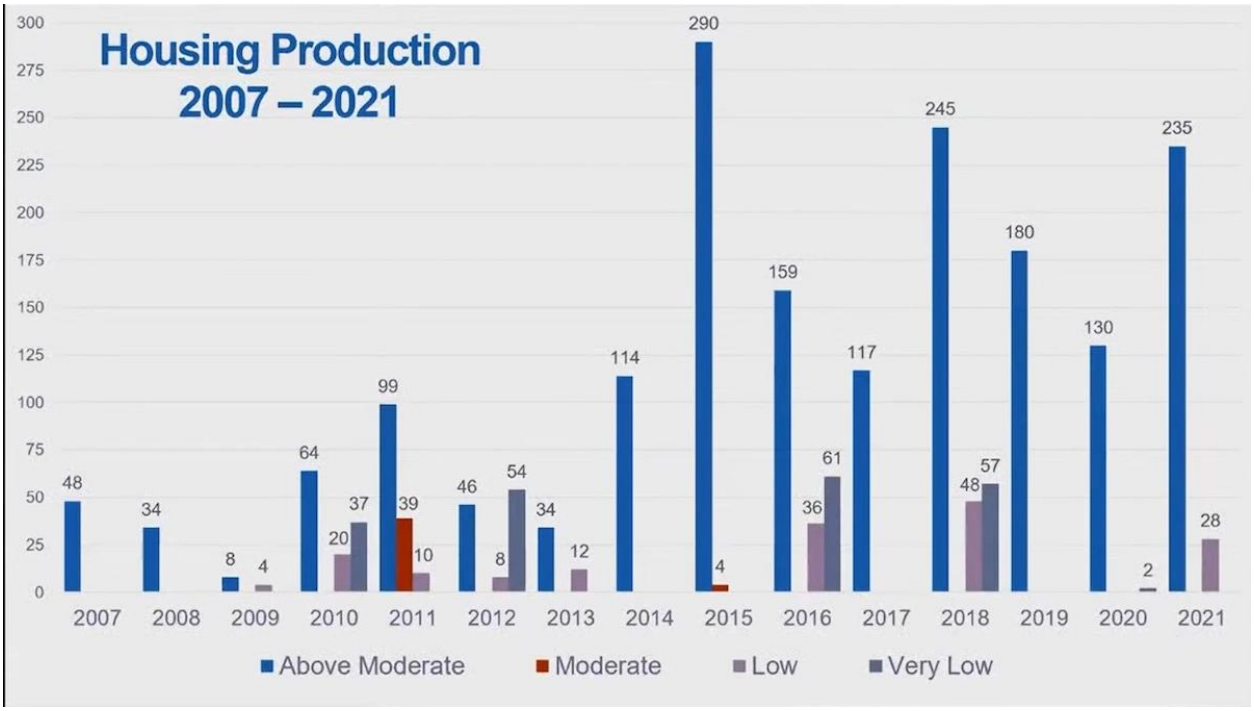
Attachment 1: Housing Production 2007 -2021

Note to HEU Planning Staff: Please consider our comments in Section 9 of this letter to be comments to the Housing Element Update. Thank you.

Cc: Mayor and City Council
Elias Isaacson
Rebeca Bjork
Ariel Calonne
Nicole Hernandez

Attachment 1

Housing Production 2007-2021



From Staff PowerPoint Presentation at the Joint Council and Planning Commission Meeting, April 28, 2021