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November 5, 2023

To: Planning Commission

Re: AUD Progress Report, continued
(November 9, 2023 Agenda, Item III.)

Dear Chair Bonderson and Commissioners:

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

1. ***In Lieu Fee.*** A top priority should be to evaluate the In Lieu Fee. Our current In Lieu Fee is $25 per square foot.

The Housing Element (HE) cites information from a 2021 BAE Urban Economics study (HE Adoption Draft, pg. 109 of 495). It mentions per square foot costs for multi-unit housing in the amount of $388 (hard costs, without parking, and without soft costs). ***If a new study is needed, that process and hiring a consultant should start right away.***

2. ***Expediated Processing for 100% Affordable, Deed-Restricted Housing.*** We need to make sure these projects in fact have expediated processing. We hear this may not necessarily be happening consistently.

3. ***Prioritizing Work Efforts*.**

The Housing Element Housing Plan is our <u>new</u> plan for housing; we should be looking to the Council-adopted Goals and the over 30 Housing Programs. Work has been ongoing since early 2022. The HE Adoption Draft was released a few weeks ago, by now sent off to HCD, and should be very close to adoption ready.

<u>There needs to be a fresh look at priority work efforts related to housing</u>. (Please note – not everything related to housing is about AUD – actually far from it. At Ordinance Committee last week Allison DeBusk mentioned two examples – an Adaptive Reuse Ordinance and updating our Local Bonus Density Ordinance.)

4. <u>From the Staff Report</u> - How should the three key objectives guiding the AUD Program be refocused to address current housing needs and goals?

The main change should be prioritizing Affordable, Deed-Restricted Housing. The HE says prioritize Affordable Housing. We need to double or triple down on our efforts.

22% of new AUD housing was deed-restricted (Progress Report, pg. 49); we assume that means 78% was market rate. There was something to be said for new apartment construction after so many years, but as we all know rents for these new market rate units are generally very high. And, as a result, rents for existing apartments greatly increased.

We fell extremely short in our RHNA categories for Very Low Income, Low Income and especially Moderate Income housing. We can ill afford to do this again.

5. <u>From the Staff Report</u> - Should the AUD Program do more to increase the rate of housing production?

The AUD Program (or a multi-unit housing program) needs to make a major shift – to truly ***prioritize*** Very Low, Low and Moderate Income housing –and <u>not housing production for housing production's sake.</u>

Developer after developer has said, they will charge what the market will bear (this is a basic real estate principle). The only way to build the rental housing we need is to focus on deed-restricted housing (so we'll know that rents will be based on our annual AMI, and household size). This in no way precludes deed-restricted Middle Income (120-160% AMI) housing, for example.

6. ***Workforce Housing.***

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

"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)." (Progress Report, pg. 66)

The Report is saying the staff working definition of workforce housing is 120-200% AMI. If the actual AMI number is the mean (meaning 100%) then the staff definition ***starts*** at

20% above local AMI. It should be obvious that the staff definition (if we continue to use the term workforce housing or housing for the workforce) needs to be broadened to at least include Moderate income (80%-120%). Also - to say workforce housing is 120-200% AMI seems like an insult to our hard working more moderate income workers.

We will look to see if the term workforce housing (or housing for the workforce) issue been resolved in the Adoption Draft HE that you'll be reviewing next week.

7. Staff Report – questions. We think a couple of questions staff is asking Planning Commission direction on now should wait until there's a larger housing discussion – and discussions include City Council on housing priorities in the context of the HE Goals and Housing Programs. The two topics below require a much larger discussion; it's not necessarily a discussion about changing the AUD program.

The topics would require adequate information provided by staff in advance (not just basically asking a question, as presented here today) - that information should be provided to the public in advance in the staff report and not presented at a hearing in a PowerPoint that has not been provided to the public. It's important to understand that the public is not provided with Planning Commission or City Council PowerPoints in advance of hearings.

A recent example was your October 12 AUD Ordinance Amendment – Trial Period agenda item. The staff report discussed two options. The PowerPoint presented at your hearing included a 3rd option. We submitted our letter a couple days in advance of the hearing per the Planning Commission written comments deadline. If we had known about the 3rd option we may have recommended it.

Question topics that we think should wait for a larger housing discussion, include:

A. How could density tier boundaries and zones be modified to allow greater density in more areas?

And – B. If desired, how can the AUD program encourage smaller entry-level homeownership units (i.e. allow condominiums in the Priority Housing Overlay)?

Both of these topics are quite complicated.

For the first question above, getting greater density can be accomplished multiple ways, not just by dealing with AUD tier boundaries and modifying zones to allow greater density. To increase density in this manner will cause land prices to increase yet again. As mentioned by Allison DeBusk at the Ordinance Committee meeting last week – increasing density could be discussed in the context of revising our Local Bonus Density program.

For the second question above, to allow ownership housing in the Priority Housing Overlay, many think, will significantly chill construction of much needed rental housing. This policy decision will have far reaching consequences.

8. ***A recent Staff Report said required inclusionary makes the entire project an Affordable housing project.***

932 De La Vina is a proposed market rate rental housing project, which currently requires two inclusionary housing units. The Staff Report for that project (pg. 2) said because the project has two affordable units the project is considered an Affordable Housing project. (Sorry to be so blunt, but this seems preposterous. That would make every AUD housing project of 10 units or more an affordable housing project.)

9. ***Employer-sponsored housing*.** We don't understand how Westmont College (their two housing projects) and Cottage Hospital (a specified number of employee housing units on the old St. Francis site) get to control their employee housing, but this wouldn't or doesn't apply to the City.

In the employer-sponsored housing units for those projects, at least one occupant of a housing unit must be employed at the respective institution. The Santa Barbara Unified School District recently announced they are moving forward to explore employee housing. How is it the City of Santa Barbara, if it wants to do employee housing, would not be able to have a requirement that at least one resident of the housing unit be employed at the City? (What we hear is fair housing laws would get in the way). We need an explanation why what works for a college, a hospital, and in the future a school district, would not be applicable to the City.

10. ***Where is the new Program EIR (PEIR) draft?*** Environment review for our new HE was initiated in April 2022. Since then, we have seen nothing. The new PEIR would extend our current PEIR from 2031 to 2035 (and of course analyze potential impacts of a lot more housing).

The most recent information we have is Council is scheduled for an adoption hearing for the new Housing Element Dec.12. How can that possibly happen?

Could staff please explain the minimum timeframe for the draft PEIR process (including the required draft public review period, written response to public comment and final PEIR, certification, etc.) It's our understanding that a new HE would be adopted after the PEIR is certified.

Thank you for consideration of our comments.

Sincerely,
Allied Neighborhoods Association

Cc: Allison DeBusk, Ellen Kokinda, Brenda Beltz, Dana Falk, Daniel Gullett, Elias Isaacson, Mayor and City Council, Tava Ostrenger, Sarah Knecht, Rene Eyerly, Rebecca Bjork