



Agenda Item B.1
PUBLIC HEARING
Meeting Date: April 2, 2019

TO: Mayor and Councilmembers

FROM: Peter Imhof, Planning and Environmental Review Director
Charlie Ebeling, Public Works Director

SUBJECT: Establishment of Beneficial Projects Categories Eligible for Development Impact Fee Reductions or Waivers

RECOMMENDATION:

- A. Hold a public hearing to consider categories of “beneficial projects” potentially eligible for Development Impact Fee (DIF) reductions or waivers and appropriate fee reductions by project category and provide direction to staff.
- B. Adopt Resolution No. 19-____, entitled “A Resolution of the City Council of the City of Goleta, California, Adopting a Development Impact Fee Reduction Program for Beneficial Projects” (Attachment 1).

BACKGROUND:

On February 6, the City Council conducted the first reading of an ordinance to require payment of DIFs and approved new development fees based on and updated DIF Study. On February 19, 2019, the City Council conducted the second reading and adopted the new DIF ordinance, which will take effect on April 20, 2019.

At the February 6, 2019 meeting, the City Council began discussion in workshop format of categories of “beneficial projects” that would be eligible for a reduction in DIFs.

DIFs are intended to assure that proposed development within the City adequately mitigates its impacts - in particular, by paying for the cost of the increased demand for public services created by such development.

The new DIF ordinance addresses the following fee categories:

- 1. Transportation Facilities
- 2. Bike and Pedestrian Facilities
- 3. Public Administration Facilities
- 4. Library Facilities

5. Fire Facilities
6. Parks and Recreation Facilities
7. Storm Drain Facilities

Recognizing that for public policy reasons the City may want to encourage or remove barriers to certain categories of development, the new DIF ordinance authorizes the City Council to establish by resolution categories of “beneficial projects” eligible for reductions or waivers of development impact fees. The resolution will also establish administrative procedures for granting fee reductions or waivers.

Historically, fee reductions have been applied to (1) transportation impact mitigation fees and (2) park fees. The City of Goleta inherited the County’s DIF program upon incorporation and currently applies reduced fees on beneficial projects on a case-by-case basis. Reduction requests have been considered using the County of Santa Barbara’s (County’s) resolutions for beneficial projects (Attachment 2) as a guideline.

Where they identify DIFs eligible for reduction, some jurisdictions decide to make up the amount of development impact fees that are waived or reduced out of General Fund or grant monies. However, there is no requirement that the City back-fill waived or reduced fees and staff does not recommend that the City impose such a requirement.

DISCUSSION:

This item continues the Beneficial Projects workshop begun on February 6, 2019. In guided discussion, the City Council will be asked to continue consideration of the following questions related to beneficial projects potentially eligible for a reduction or waiver of development impact fees:

1. *To what categories of development impact fees should beneficial project reductions apply?* Historically, DIF reductions have only applied to the largest fee categories, Transportation and Parks. However, DIF reductions could also be granted to some or all of the other fee categories.
2. *What categories of projects should be considered “beneficial” and therefore eligible for a DIF reduction or waiver?* The new DIF ordinance gives the City Council wide latitude to specify “beneficial project” categories eligible for fee reductions or waivers. At the last workshop, staff provided a list of project categories as a starting point for Council discussion. This list of categories is also included in the draft resolution (Attachment 1).
3. *Should approval of a DIF reduction be processed at the staff level or on a case-by-case basis to be determined by Council?* The Council should deliberate what it considers more important, retaining discretion to make project-by-project determinations or the increased processing efficiency and fairness/consistency considerations potentially applicable to automatic approval of DIF reductions/waivers that can be done at the staff level.

4. *By what percentage should DIFs be reduced for each beneficial project category?* The draft resolution states DIF reductions between 60-80% depending on beneficial project category. However, the amount of DIF reduction, if any, is at the Council's discretion.

In connection with the February 6, 2019 workshop, staff received questions, comments and requests for additional information from Councilmembers, including the following:

- **Affordable Housing.** What counts as affordable housing? How should DIF waivers be structured to create meaningful incentives to build additional affordable housing not already required, e.g., by the inclusionary housing program, and make it more attractive than paying housing in lieu fees? What is the typical time period for which affordable housing units are restricted? What is a meaningful DIF reduction incentive for developers to build additional housing, given a particular deed restriction length?
- **ADUs.** Should DIF waivers be granted for accessory dwelling units (ADUs) only where they are restricted to affordable rental levels? Should DIFs for ADUs be scalable, e.g., based on floor area?
- **Old Town Heritage District.** Is a public visioning process for Old Town needed before consideration/ designation of beneficial project categories in OT? To what boundaries should any OT beneficial projects reductions apply? E.g., to the OT Heritage District? If DIF reductions are extended to certain businesses in OT, what businesses should be excluded? E.g., bars, liquor stores, and gun stores in addition to cannabis and auto-related businesses?
- **Changes of Use.** What happens when a use that received a DIF reduction changes? In particular, with respect to DIF waivers for non-profit organizations, clarify what happens when a DIF waiver or reduction expires in connection with a change of status from non-profit to for-profit use.
- **Fiscal Impacts.** Provide more information on fiscal impacts. Beyond the fee waived for individual projects, is it possible to estimate roughly the total number of projects of a given category, e.g., based on the last five years?

These questions and points are addressed below.

- **Affordable Housing:** This category is intended to promote the construction of affordable housing units that meet at a minimum affordability threshold and qualify as low or very low-income housing. As a matter of public policy, it is in the City's interest to promote affordable housing. Under State law, the City is required to plan for affordable housing through its Housing Element (HE) and accommodate its allocated share of regional housing need. Incentivizing the construction of affordable units would help the City make progress toward delivering affordable housing as required under SB 35.

Affordable housing for Regional Housing Needs Assessment (RHNA) purposes falls into four affordability categories, based on percentage of area median income (AMI):

- Extremely low income: 0 to 30% of AMI
- Very low income: 30% to 50% of AMI
- Lower income: 50% to 80% of AMI
- Moderate income (workforce): 80% to 120% of AMI

AMI is presently approximately \$63,700/year for a 2-person household and \$79,600 for a 4-person household. “Affordable housing cost” for lower-income households is defined in State law as not more than 30 percent of gross household income, with variations (Health and Safety Code Section 50052.5). “Housing cost” commonly includes rent or mortgage payments, utilities (gas, electricity, water, sewer, garbage, recycling, green waste), and property taxes and insurance on owner-occupied housing.

Under the City’s inclusionary housing requirements, for-sale residential development projects of two or more units must provide 20% affordable housing. Projects of five or more units must develop affordable units onsite at different income levels. Projects of two to four units must make an in-lieu payment equal to the fractional unit percentage by income level. In-lieu fees may also be allowed where a developer is unable to provide affordable housing onsite. The inclusionary requirement may be reduced to 15%, where a developer provides a public benefit, such as a public park or open space exceeding dedication requirements. The term of affordability restriction for inclusionary housing is generally 45 years, but not less than 30 years (HE Policy 2.5(h)). This term minimum does not apply to additional affordable housing units not required by the inclusionary housing rules.

DIF waivers would have substantial value, as the following table shows. DIFs per unit for a Single Family Dwelling (SFD) under the new ordinance are as follows¹:

Fee	Rate	Estimated Total
Library	\$959/unit	\$959.00
Public Admin.& Police	\$3,086/unit	\$3,086.00
Storm Drain	\$3,596/unit	\$3,596.00
Transportation	\$12,077/unit	\$12,077.00

¹ DIFs for a multi-family affordable housing unit depend on project-specific details, such as the number of units, total square footage, and a traffic report indicating peak hour trips. In the absence of that information, it is difficult to generalize.

Fire	\$0.67/sq. ft.	\$536.00
Parks	\$11,900/unit	\$11,900.00
Bike & Ped.	\$3,092/unit	\$3,092.00
School: Elem.	\$3.79/sq. ft.	\$2,113.00
School: Secondary	\$3.48/sq. ft.	\$1,940.00
City Estimate		\$35,246.00
School District Estimate		\$4,053.00
Total estimated DIF due		\$39,299.00

If the intent is to incentivize construction of additional affordable housing, DIF reduction incentives should only apply to affordable housing proposed above and beyond the 20% inclusionary housing requirement. Granting fee reductions to all affordable housing would subsidize that housing, but it would not incentivize housing already required to be constructed under the inclusionary housing rules.

Additionally, any DIF waiver/reduction for affordable housing should also be set higher than the in lieu payment to incentivize development onsite. However, at this juncture, the City does not have an adopted in lieu fee. To incentivize construction of low, very low and extremely low affordable units, which the City most needs, the amount of DIF waiver could be staggered to match affordability at these levels. E.g., extremely low-income units (100% waiver), very low-income units (70% waiver), low-income units (50% waiver).

To provide as much as an incentive as possible, the restriction period for such units would be limited to 10 years.

The draft resolution in Attachment 1 has been revised to reflect these considerations.

- **Affordable Accessory Dwelling Units (ADUs):** These small housing units located on residential lots already developed with a primary residence potentially provide much-needed housing and present a special case. State law now mandates that local jurisdictions allow ADUs through a ministerial permit process in all residential zones and limits local jurisdictions' ability to condition such projects. On June 19, 2018, the City Council adopted an ADU ordinance that allows ADUs consistent with state requirements.

Depending on rental rates, ADUs may also qualify as low or very low-income housing meeting RHNA criteria. They are a potentially important source of affordable units to help the City meet its RHNA.

Housing Element Policy 2.7 states that the City will encourage construction of ADUs and further that, “(i)f public and or nonprofit funding is used to assist in the construction of [ADUs], the City will require a use agreement to ensure that second unit rents are affordable to lower-income persons.” This Housing Element policy also commits to “maintain a tiered development impact fee structure that provides lower impact fees for [ADUs] commensurate with their small size and level of impacts.” (HE Policy 2.7(c)).

Thus, under HE Policy 2.7, the City has committed to limit ADU rents to affordable levels, where public funding (such as the waiver of DIF fees that an ADU would otherwise owe) is used to assist their construction. Since development of an ADU involves only one unit, ADUs are not subject to inclusionary requirements, even if the City had an adopted rental inclusionary housing ordinance. As a result, the City may obtain a commitment from a homeowner to restrict ADU rents to affordable levels only through a voluntary restriction by the homeowner, e.g., through incentives such as reduced DIFs.

The following table shows typical DIF fees for ADUs under the new DIF ordinance.

NEW ADU DIF SUMMARY TABLE (800 SF ADU)²:

Fee	Rate	Estimated Total
Library	\$696/unit	\$696.00
Public Admin.& Police	\$2,238/unit	\$2,238.00
Storm Drain	\$2,609/unit	\$2,609.00
Transportation	\$7,487/unit	\$7,487.00
Fire	\$0.84/sq. ft.	\$672.00
Parks	\$7,947/unit	\$7,947.00
Bike & Ped.	\$2,243/unit	\$2,243.00
School: Elem.	\$3.79/sq. ft.	\$2,113.00
School: Secondary	\$3.48/sq. ft.	\$1,940.00
City Estimate		\$23,892.00
School District Estimate		\$4,053.00
Total estimated DIF due		\$27,945.00

² CO/FI – Certificate of Occupancy / Final Inspection; BP – Building Permit

By comparison, current DIFs for ADUs are substantially less than DIFs under the new schedule. Total City-charged DIFs of \$23,892 for an 800 SF ADU under the new DIF ordinance would be \$16,475 higher than current DIFs. (School fees remain unchanged.)

CURRENT ADU DIF SUMMARY TABLE (800 SF ADU):

Fee	Rate	Estimated Total
Library	\$379/unit	\$379.00
Public Admin.	\$1,672/unit	\$1,672.00
Sheriff	\$429/unit	\$429.00
Fire	\$0.84/sq. ft.	\$672.00
Parks	\$4,265/unit	\$4,265.00
School: Elem.	\$3.79/sq. ft.	\$2,113.00
School: Secondary	\$3.48/sq. ft.	\$1,940.00
City Estimate		\$7,417.00
School District Estimate		\$4,053.00
Total estimated DIF due		\$11,470.00

For an owner to prefer a DIF waiver in exchange for restricting a newly constructed ADU to affordable rental levels, the net present value of the difference between market rent and the affordable rent ("lost rent") for the term of the deed restriction would have to be less than the amount of DIFs waived.

Affordable rents, based on 2-person household and state and County data, are currently as follows:

Extremely Low:	\$477.75/month
Very Low:	\$796.25/month
Low:	\$1,274/month
Moderate:	\$1,911/month

These monthly affordable rents are updated annually based on changes in area median income.

Based on self-reported rental information, recent ADU applications are seeking monthly rent of \$3.50/SF for mid-sized ADUs (approx. 400 SF), and somewhat less per SF for larger ADUs.

An analysis of the difference between market-rate and affordable rent for a 2-person ADU shows the break-even period for waiver of all applicable ADU DIFs by affordability level.

	Monthly rent (2-person household)			Break-even period	
	Affordable	Market Rate	Difference	Months	Years
Extremely Low	\$477.75	2,400	1,922.25	12.4	1.04
Very Low	\$796.25	2,400	1,603.75	14.9	1.24
Low	\$1,274	2,400	1,126.00	21.2	1.77
Moderate	\$1,911	2,400	489.00	48.9	4.07

For a smaller 2-person ADU, which could charge less rent, the difference between market rate and affordable decreases and the break-even period increases.

	Monthly rent (2-person household)			Break-even period	
	Affordable	Market Rate	Difference	Months	Years
Extremely Low	\$477.75	1,500	1,022.25	23.4	1.95
Very Low	\$796.25	1,500	703.75	33.9	2.83
Low	\$1,274	1,500	226.00	105.7	8.81
Moderate	\$1,911	1,500	-	-	-

Waiver of all DIFs would only be a meaningful incentive for a homeowner to restrict affordability, if the term of rent restriction makes the restriction attractive compared to market rate rent. Necessarily, that term would have to be substantially less than the minimum 30-year term required for affordable units meeting inclusionary requirements. For some homeowner builders, simply not having to pay the full amount of the DIFs at time of permit approval will be a substantial benefit that will make a voluntary affordability restriction attractive.

For simplicity's sake, as shown in the draft resolution, staff recommends the City Council consider restricting affordable ADUs and other voluntary, non-inclusionary affordable units to a 10-year term of affordability. Based on communication with the State Department of Housing and Community Development (HCD), PER staff believes that a 10-year term of restriction would

allow affordable units to be counted toward the City's RHNA. Furthermore, reversion to market rate status at the expiration of the 10-year term would not necessarily count toward the City's RHNA obligations again.

City staff is informed that a deed restriction is all that HCD requires to demonstrate that an ADU meets affordability requirements and may be counted toward a local jurisdiction's RHNA. Since HCD's documentation requirements are not entirely clear, the resolution simply requires ADU owners to provide documentation that may be required by HCD.

In addition to affordability restrictions, waiver of DIFs could be conditioned on limiting other potential negative impacts of ADUs to the community. For example, ADUs could be asked to provide onsite parking voluntarily in exchange for the DIF reduction. Under state law and the City's adopted ADU ordinance, ADUs are currently not required to provide onsite parking.

- **Non-Profit Organizations:** This project category recognizes the benefits to the community of non-profit entities that promote and protect historical, cultural or natural resource values and/or provide essential health, safety, welfare or other community service needs, such as community recreational facilities and religious non-profit organizations.

If the use on a given property changes from a non-profit organization to a for-profit enterprise in the future, the new business entity would have to pay the waived amount of DIFs. A change of non-profit status would be checked at new business license approval or annual renewal or escrow, where change of property ownership. At that time, the new for-profit entity would be required to pay the difference between (1) the then applicable DIFs for the use in question and (2) the DIFs, if any, paid by the non-profit entity at time of original permit or business license approval.

- **Old Town Heritage District:** DIFs, especially transportation impact mitigation fees, have been an impediment to business investment and relocation in Old Town. Reducing DIFs for small businesses (non-franchised businesses having a building floor area of 5,000 square feet or less) would lessen the burden on Old Town businesses and lower barriers to entry, thereby promoting investment and business opportunities.

At the February 6, 2019 workshop, Councilmembers discussed the possible need for a public visioning process for Old Town prior to taking new policy or ordinance actions that affect the future of Old Town. The Council may accordingly wish to defer any action on DIF reductions for Old Town businesses until such a visioning process has occurred. However, pending additional direction from Council, discussion of possible DIF reductions is included as part of this workshop.

Regarding the Old Town boundaries within which DIF reductions would apply, staff proposes using the existing Old Town Heritage District boundaries, as depicted in Exhibit C to the Resolution in Attachment 1.

- This reduction category may be tailored to exclude cannabis businesses, auto-related businesses or other businesses that the Council does not wish to encourage to locate in Old Town. Councilmember suggestions for business exclusions have also included gun shops, liquor stores, and bars.

Requests for DIF reductions should be made at the time of a project's approval or issuance of a building permit when the project does not require a planning permit. Currently the practice has been to allow for the request to be made up until the certificate of occupancy on a project when the fees are due. When a project waits until the last moment to seek the fee reduction, the City is put in a position of potentially holding up a project's certificate of occupancy. As drafted, the beneficial projects resolution would entitle eligible projects to DIF reductions automatically, rather than requiring separate Council approval for each project. However, as noted, approval method is a discussion question for the City Council.

As drafted, the beneficial projects resolution in Attachment 1 only includes fee reductions for Transportation and Park fees. If other categories are included, the resolution would need to be amended to include guidelines for those categories. However, following discussion, the Council may direct staff to delete or add development categories at its discretion.

As noted above, for each category included in the resolution, the Council should specify the amount of fee reduction applicable, either as a percentage of the total fee or indicate that the fee reduction should be determined on a case-by-case basis.

FISCAL IMPACTS:

The cost to the City of a beneficial projects DIF program depends on the categories of development projects, Council's action on reduction rates, impact fees eligible for waiver or reduction, the rate of development that qualifies, and whether Council chooses to evaluate fee reductions on a case-by-case basis. Depending on these factors, costs could amount to hundreds of thousands of dollars per year. The reduction rates listed in Attachment 1 are the rates currently applied by the County. However, Council has discretion to set the reduction rates as it deems appropriate.

At the February 6 workshop, Councilmembers asked for additional calculation of fiscal impacts by reference to historical development rates for different categories of development potentially eligible for DIF reductions.

Affordable housing – Since the City has not previously offered a DIF waiver incentive program, no affordable housing units have historically been built above minimum inclusionary requirements. If the Council elects to extend DIF waivers only to affordable

units above and beyond minimum inclusionary requirements, it is difficult to predict how many units would take advantage of this DIF waiver program.

If a DIF waiver were granted to all affordable units, then it may be possible to extrapolate from historical patterns. In the last four years, a total of 91 low-income units have been permitted or approximately 23 units/year. This number of affordable units reflects several larger projects subject to inclusionary housing requirements, which may not continue into the future. However, based on the historical trend, the DIFs waived under the draft resolution could be as much as $23 \text{ units} \times \$35,246 \times 0.5 = \$405,329/\text{year}$, likely substantially less. This figure would be substantially lower, if the DIF reduction incentive were extended only to affordable units above and beyond the inclusionary requirements.

ADUs – Last year a total of 12 ADUs were permitted. If this pace of development is representative and all ADUs were willing to enter into affordability restrictions, then the City could expect to waive DIFs of as much as $12 \text{ ADUs} \times \$23,892 = \$286,000/\text{year}$

Non-profits – The number of new non-profits licensed each year is minimal. The amount of DIFs that City might expect to waive in this category as a result would be *de minimis*.

OT small businesses – Since 2004, change of use permits for businesses in Goleta triggering DIFs have averaged not more than one per year, ranging from 0 to 3. Over this period, only five such permits have been in Old Town. DIFs owed by any one business would be highly variable, dependent on the size and nature of the business and especially on trips generated. Under the new DIF ordinance, a hypothetical 3,000 SF retail and commercial building would have total DIFs of approximately \$230,000/year.

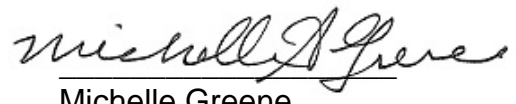
ALTERNATIVES:

The City Council could choose not to adopt any beneficial projects resolution and instead subject all development projects approved within the City of Goleta to full development impact mitigation fees per the adopted DIF ordinance.

Legal Review By:


Michael Jenkins
City Attorney

Approved By:


Michelle Greene
City Manager

ATTACHMENTS:

1. Resolution No. 19-____, entitled "A Resolution of the City Council of the City of Goleta, California, Adopting a Development Impact Fee Reduction Program For Beneficial Projects"
2. County of Santa Barbara Beneficial Project Resolutions for Transportation and Park Impact Mitigation Fees

Attachment 1

Resolution No. 19-____, entitled “A Resolution of the City Council of the City of Goleta, California, Adopting a Development Impact Fee Reduction Program For Beneficial Projects”

RESOLUTION NO. 19-__

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GOLETA, CALIFORNIA ADOPTING A DEVELOPMENT IMPACT FEE REDUCTION PROGRAM FOR BENEFICIAL PROJECTS

WHEREAS the City of Goleta's General Plan includes policies encouraging the development of incentives for development of projects deemed beneficial within the City of Goleta; and

WHEREAS, on February 19, 2019, the City Council adopted the Development Impact Fee (DIF) Ordinance; and

WHEREAS the adopted DIF Ordinance established the City Council's ability to adopt a resolution to reduce, adjust or waive DIFs for categories of projects deemed beneficial by the City Council; and

WHEREAS the purpose of establishing DIF reductions for projects deemed beneficial is to identify specific types of development that reflect City policy priorities and need relief from paying DIFs.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GOLETA AS FOLLOWS:

SECTION 1. Recitals

The City Council hereby finds and determines that the foregoing recitals, which are incorporated herein by reference, are true and correct.

SECTION 2. Adoption

The City Council hereby finds and declares the categories of projects listed and defined in Exhibits "A" and "B", attached hereto and incorporated herein, to be beneficial projects for purposes of the DIF Ordinance.

SECTION 3. Documents

The documents and other materials, which constitute the record of proceedings upon which this decision is based, are in the custody of the City Clerk, City of Goleta, 130 Cremona Drive, Suite B, Goleta, California, 93117.

SECTION 4. Certification

The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED, APPROVED AND ADOPTED this ____ day of _____
2019.

PAULA PEROTTE
MAYOR

ATTEST:

APPROVED AS TO FORM:

DEBORAH S. LOPEZ
CITY CLERK

MICHAEL JENKINS
CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF SANTA BARBARA)
CITY OF GOLETA) ss.

I, DEBORAH S. LOPEZ, City Clerk of the City of Goleta, California, DO
HEREBY CERTIFY that the foregoing Resolution No. 19-__ was duly adopted by
the City Council of the City of Goleta at a regular meeting held on the __ day of
_____ 2019, by the following vote of the Council:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

DEBORAH S. LOPEZ
CITY CLERK

Exhibit A
Resolution No. 19-__

DIF Ordinance Beneficial Project Categories

**TRANSPORTATION IMPACT MITIGATION FEE REDUCTION
BENEFICIAL PROJECT CATEGORIES**

Section 1. Definitions

For purposes of beneficial project transportation fee reductions, the following terms shall be defined as follows:

“Accessory Dwelling Unit (ADU)”: As presently defined, or may hereafter be amended, in the City of Goleta’s Inland and Coastal Zoning Ordinances, which qualify as affordable housing, as defined herein.

“Affordable Housing”: For purposes of this Resolution, this term means affordable housing units that meet at a minimum affordability threshold qualifying as low, very low, or extremely low-income housing, as used in the General Plan Housing Element.

“Child Care Facility”: As presently defined, or may hereafter be amended, in the City of Goleta’s Inland and Coastal Zoning Ordinances.

“Mobile Home”: As presently defined, or may hereafter be amended, in the City of Goleta’s Inland and Coastal Zoning Ordinances. Fee reductions shall apply only to new mobile homes developed or placed on existing vacant lots and qualifying as affordable housing, as defined herein.

“Non-Profits” Any 501(c)(3) non-profit entity or governmental agency which provides public access to sites of significant historical, cultural or natural resource value, and/or provides essential health, safety, welfare or other community service needs, such as community recreational facilities.

“Old Town Heritage District”: Eligible small commercial projects within the Goleta Old Town Heritage District area, defined as depicted on Exhibit C.

“Senior Care Facility”: Any Senior Care Facility that provides non-medical care to the elderly in need of personal services, supervision, or assistance essential for sustaining the activities of the individual on less than a 24-hour basis.

“Special Needs Facilities”: A Special Needs Facility shall be defined as a living environment that provides certain amenities, physical attributes, and/or services to persons or groups of persons such as the disabled, elderly, single-parent households, and homeless. Special Needs Facilities include, but are not limited

to, single-room occupancy facilities, special care homes, transitional homes, emergency shelters, sanitariums, hospices, and assisted living for the elderly.

Section 2. All qualifying affordable housing units beyond those required by inclusionary housing requirements, including without limitation Accessory Dwelling Units and Mobile Homes, which qualify as Affordable Housing as defined herein shall receive a 50% Transportation Impact Mitigation Fee reduction for affordable units qualifying as low-income housing, a 70% reduction for affordable units qualifying as very low-income housing, and a 100% reduction for affordable units qualifying as extremely low-income housing.

An applicant receiving a DIF beneficial reduction for an affordable housing unit must record a restrictive covenant to restrict the use of the housing unit to affordable housing as defined in this resolution for a period of not less than 10 years after the date of the reduction.

Section 3. In addition to the requirements of Section 2, Accessory Dwelling Units qualifying as Affordable Housing shall agree to all of the following exchange for a reduction in DIFs:

1. Property owners shall provide one onsite parking space dedicated to the ADU in addition to other parking required for other units onsite.
2. As a condition of approval, ADU owners shall agree to provide the City of Goleta documentation of ADU rents, where applicable, meeting the requirements of the State Housing and Community Development Department on an annual or other periodic basis.

Section 4. All projects by qualifying Non-Profit Organizations, as defined herein, shall receive a 75% Transportation Impact Mitigation Fee reduction per 1,000 square feet of building space up to the first 15,000 square feet of the project.

An applicant receiving a DIF beneficial reduction for a project qualifying as a non-profit organization as defined in this resolution shall record a restrictive covenant on the subject property limiting its use to non-profit purposes in exchange for the DIF reduction. Upon change of non-profit status or acquisition of the property by a for-profit entity that does not qualify as a beneficial project, the for-profit entity shall pay the difference between the full amount of DIFs at the time the DIF was discounted and the reduced DIFs previously paid, plus annual adjustments for each year the discount was applied. Each annual adjustment shall be in accordance to a percentage equal to the appropriate Engineering Cost Index as published by Engineering News Record, or its successor publication, for the preceding 12 months for which the ECI is available and such ECI shall be specific to California or the nearest region. Such difference in DIFs shall be paid prior to close of escrow before transfer of ownership or possession. For a change of use to another beneficial project category, the applicant shall pay the

difference for any greater amount of DIFs owed under the new beneficial project category.

Section 5. All small commercial projects, defined as non-franchised businesses having a building floor area of 5,000 square feet or less, located within the Old Town Heritage District, shall receive a 60% Transportation Impact Mitigation Fee reduction per 1,000 square feet of building floor area. Cannabis businesses, gun stores, liquor stores and auto-related businesses are not entitled to this fee reduction.

An applicant receiving a DIF beneficial reduction for a project qualifying as a small commercial project as defined in this resolution shall record a restrictive covenant on the subject property limiting its use to a small commercial project in exchange for the DIF reduction. Upon change of small commercial project status or acquisition of the property by an entity that does not qualify as a beneficial project, the new entity shall pay the difference between the full amount of DIFs at that time and the reduced DIFs previously paid, plus annual adjustments for each year the discount was applied. Each annual adjustment shall be in accordance to a percentage equal to the appropriate Engineering Cost Index as published by Engineering News Record, or its successor publication, for the preceding 12 months for which the ECI is available and such ECI shall be specific to California or the nearest region. Such difference in DIFs shall be paid prior to close of escrow before transfer of ownership or possession. For a change of use to another beneficial project category, the applicant shall pay the difference for any greater amount of DIFs owed under the new beneficial project category.

Section 6. All qualifying non-profit Child Care, Senior Care and Special Needs Facilities projects shall receive an 80% Transportation Impact Mitigation Fee reduction pro rata per child or adult receiving or projected to receive affordable care at the facility.

Section 7. All requests for DIF reductions shall be made prior to the time of a project's planning approval or, where no planning permit is required, prior to building permit issuance. An untimely DIF reduction request shall be denied.

Exhibit B
Resolution No. 19-__

DIF Ordinance Beneficial Project Categories

PARK FEE REDUCTION
BENEFICIAL PROJECT CATEGORIES

Section 1. Definitions

For purposes of beneficial project park fee reductions, the following terms shall be defined as follows:

“Accessory Dwelling Unit (ADU)”: As presently defined, or may hereafter be amended, in the City of Goleta’s Inland and Coastal Zoning Ordinances, which qualify as affordable housing, as defined herein.

“Affordable Housing”: For purposes of this Resolution, this term means affordable housing units that meet at a minimum affordability threshold qualifying as low, very low, or extremely low-income housing, as used in the General Plan Housing Element.

“Child Care Facility”: As presently defined, or may hereafter be amended, in the City of Goleta’s Inland and Coastal Zoning Ordinances.

“Mobile Home” - As presently defined, or may hereafter be amended, in the City of Goleta’s Inland and Coastal Zoning Ordinances. Fee reductions shall apply only to new mobile homes developed or placed on existing vacant lots and qualifying as affordable housing, as defined herein.

“Non-Profits”: Any 501(c)(3) non-profit entity or governmental agency which provides public access to sites of significant historical, cultural or natural resource value, and/or provides essential health, safety, welfare or other community service needs, such as community recreational facilities.

“Old Town Heritage District” – All small commercial projects within the Goleta Old Town Heritage District area, defined as depicted on Exhibit C.

“Senior Care Facility”: Any Senior Care Facility that provides non-medical care to the elderly in need of personal services, supervision, or assistance essential for sustaining the activities of the individual on less than a 24-hour basis.

“Special Needs Facilities”: A Special Needs Facility shall be defined as a living environment that provides certain amenities, physical attributes, and/or services to persons or groups of persons such as the disabled, elderly, single-parent households, and homeless. Special Needs Facilities include, but are not limited

to, single-room occupancy facilities, special care homes, transitional homes, emergency shelters, sanitariums, hospices, and assisted living for the elderly.

Section 2. All qualifying affordable housing project units beyond those required by inclusionary housing requirements, including without limitations Accessory Dwelling Units and Mobile Homes, which qualify as Affordable Housing as defined herein shall receive a 560% Transportation Impact Mitigation Fee reduction for affordable units qualifying as low-income housing, a 70% reduction for affordable units qualifying as very low-income housing, and a 100% reduction for affordable units qualifying as extremely low-income housing.

An applicant receiving a DIF beneficial reduction for an affordable housing unit must record a restrictive covenant to restrict the use of the housing unit to affordable housing as defined in this resolution for a period of not less than 10 years after the date of the reduction.

Section 3. In addition to the requirements of Section 2, Accessory Dwelling Units qualifying as Affordable Housing shall agree to all of the following exchange for a reduction in DIFs:

1. Property owners shall provide one onsite parking space dedicated to the ADU in addition to other parking required for other units onsite.
2. ADU owners shall record a restrictive covenant agreeing not to rent the ADU as a short-term rental (less than 30 days).
3. As a condition of approval, ADU owners shall agree to provide the City of Goleta documentation of ADU rents, where applicable, meeting the requirements of the State Housing and Community Development Department on an annual or other periodic basis.

Section 4. All projects by qualifying Non-Profit Organizations, as defined herein, shall receive a 75% Transportation Impact Mitigation Fee reduction per 1,000 square feet of building space up to the first 15,000 square feet of the project.

An applicant receiving a DIF beneficial reduction for a project qualifying as a non-profit organization as defined in this resolution shall record a restrictive covenant on the subject property limiting its use to non-profit purposes in exchange for the DIF reduction. Upon change of non-profit status or acquisition of the property by a for-profit entity that does not qualify as a beneficial project, the for-profit entity shall pay the difference between the full amount of DIFs at the time the DIF was discounted and the reduced DIFs previously paid, plus annual adjustments for each year the discount was applied. Each annual adjustment shall be in accordance to a percentage equal to the appropriate Engineering Cost Index as published by Engineering News Record, or its successor publication, for the preceding 12 months for which the ECI is available and such ECI shall be specific to California or the nearest region. Such difference in DIFs shall be paid prior to close of escrow before transfer of ownership or possession. For a

change of use to another beneficial project category, the applicant shall pay the difference for any greater amount of DIFs owed under the new beneficial project category.

Section 5. All small commercial projects, defined as non-franchised businesses having a building floor area of 5,000 square feet or less, located within the Old Town Heritage District shall receive a 60% Park Fee reduction per 1,000 square feet of building floor area. Cannabis businesses, gun stores, liquor stores and auto-related businesses are not entitled to this fee reduction.

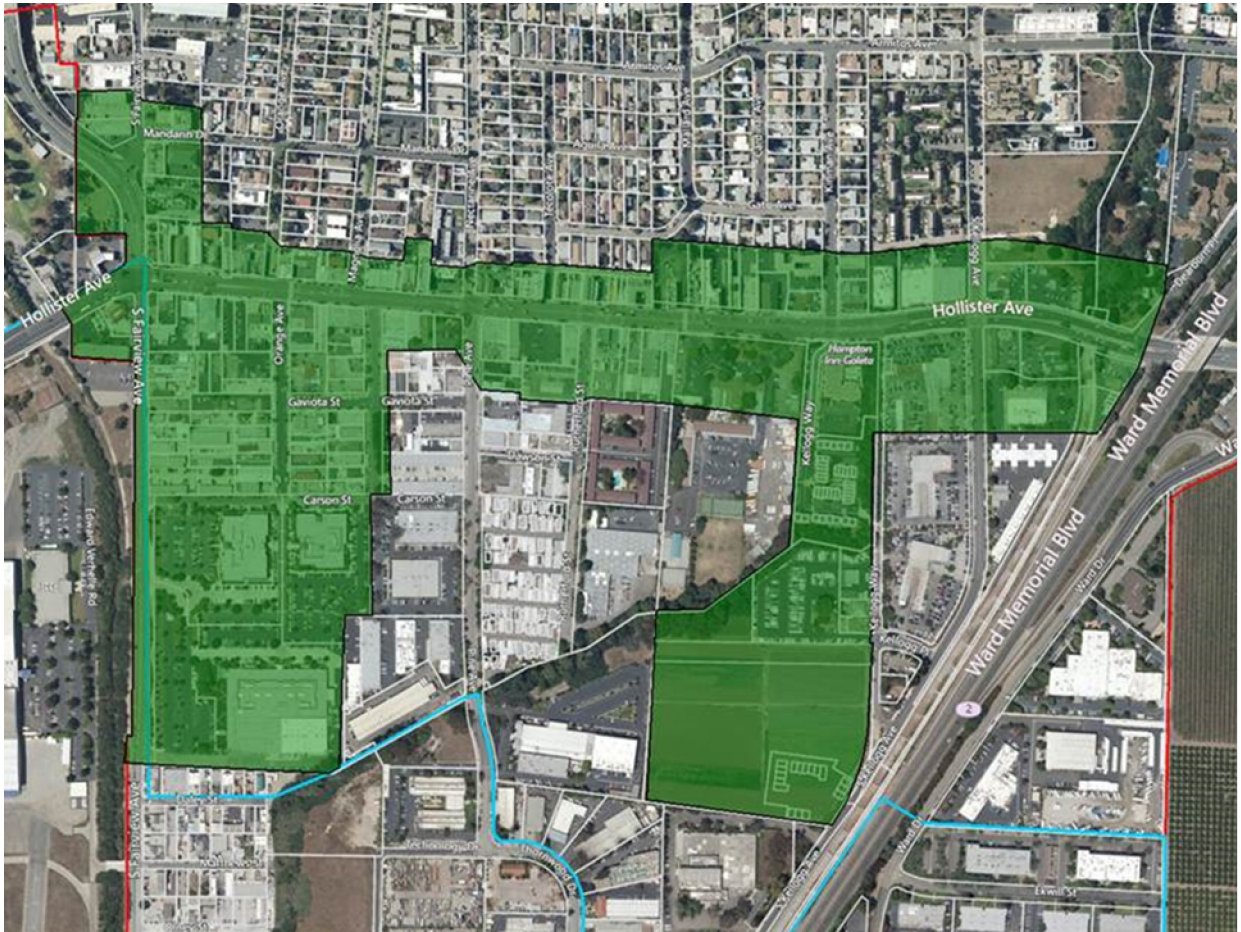
An applicant receiving a DIF beneficial reduction for a project qualifying as a small commercial project as defined in this resolution shall record a restrictive covenant on the subject property limiting its use to a small commercial project in exchange for the DIF reduction. Upon change of small commercial project status or acquisition of the property by an entity that does not qualify as a beneficial project, the new entity shall pay the difference between the full amount of DIFs at that time and the reduced DIFs previously paid, plus annual adjustments for each year the discount was applied. Each annual adjustment shall be in accordance to a percentage equal to the appropriate Engineering Cost Index as published by Engineering News Record, or its successor publication, for the preceding 12 months for which the ECI is available and such ECI shall be specific to California or the nearest region. Such difference in DIFs shall be paid prior to close of escrow before transfer of ownership or possession. For a change of use to another beneficial project category, the applicant shall pay the difference for any greater amount of DIFs owed under the new beneficial project category.

Section 6. All qualifying non-profit Child Care, Senior Care and Special Needs Facilities projects shall receive an 80% Park Fee reduction pro rata per child or adult receiving or projected to receive affordable care at the facility.

Section 7. All requests for DIF reductions shall be made prior to the time of a project's planning approval or, where no planning permit is required, prior to building permit issuance. An untimely DIF reduction request shall be denied.

Exhibit C
Resolution No. 19-__

Old Town Heritage District Map



Attachment 2

County of Santa Barbara Beneficial Project Resolutions for Transportation and Park Impact Mitigation Fees

**RESOLUTION OF THE BOARD OF SUPERVISORS
COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA**

**IN THE MATTER OF ADOPTING A)
TRANSPORTATION FEE REDUCTION)
PROGRAM FOR "BENEFICIAL" PROJECTS)
IN THE GOLETA PLANNING AREA,)
SECOND AND THIRD SUPERVISORIAL)
DISTRICTS.)**

RESOLUTION NO. 99-250

WHEREAS, the Goleta Community Plan adopted by the Board of Supervisors on August 5, 1993 includes policies encouraging the development of incentives for "beneficial" project development within the planning area; and

WHEREAS, on July 22, 1997, the Board of Supervisors of the County of Santa Barbara adopted Ordinance No. 4270 adding Chapter 23C to the County Code establishing a Transportation Impact Mitigation Fee Program; and

WHEREAS, the 1997 Transportation Impact Mitigation Fee Ordinance (Ordinance No. 4270) established the Board of Supervisors' ability to adopt a resolution that would allow the Board of Supervisors to reduce, adjust, or waive transportation impact mitigation fees for "beneficial" projects as defined in Santa Barbara County Comprehensive Plan Circulation Element; and

WHEREAS, on June 22, 1999, the Board of Supervisors amended Section 23C-11 of Ordinance No. 4270 allowing the Board of Supervisors to reduce, adjust, or waive transportation impact mitigation fees for "beneficial projects" as defined in Exhibit "A", attached hereto and incorporated herein, if accompanied by a finding of substitute funds; and

WHEREAS, establishing transportation fee reductions for projects deemed "beneficial" to the community is consistent with the County's Affordable Housing Guidelines; and

WHEREAS, the purpose of establishing categories of "beneficial" project is to identify specific types of development that reflect both county and community development priorities in Goleta and need relief from paying transportation development impact fees; and

WHEREAS, the transportation development impact fee reductions shall be offset by, including but not limited to, state and federal transportation related grant revenues; and

WHEREAS, development projects defined as "beneficial" in Exhibit "A" shall qualify to receive the transportation fee reduction, as provided herein.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Supervisors of the County of Santa Barbara that:

1. The fee reduction program set forth in Exhibit "B", which is attached hereto and incorporated by reference is hereby adopted.
2. The program shall become effective 30 days from the date of the adoption of this resolution.

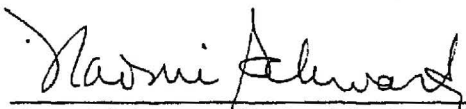
PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Barbara, State of California, this 22nd day of June, 1999, by the following votes:

AYES: Supervisors Schwartz, Rose, Marshall, Urbanske

NOES: Supervisor Gray

ABSENT: None

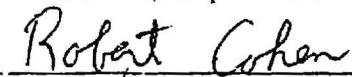
ABSTAINING: None



Naomi Schwartz, Chair of the Board of Supervisors,
County of Santa Barbara

ATTEST:


Michael F. Brown
Clerk of the Board of Supervisors

By: 

Deputy Clerk

Approved as to form:

Stephen Shane Stark
County Counsel

By: 

Deputy County Counsel

EXHIBIT "A"

TRANSPORTATION FEE REDUCTION BENEFICIAL PROJECT CATEGORY DEFINITIONS

Definitions

For purposes of the imposition of the "beneficial" project transportation fee reductions, the following terms shall be defined as set forth below:

(a) "Single and Two Family Dwellings": As presently defined, or may hereafter be amended, in the Article III of the County's Zoning Ordinance. Dwellings designed for and occupied exclusively by one (1) family alone or two (2) families alone that are a part of the County's affordable housing program.

(b) "Multi-Family": As presently defined, or may hereafter be amended, in Article III of the County's Zoning Ordinance. Multi-family dwellings include townhouses, condominiums, and apartments as defined below:

Townhouse/Condominium: A multi-family development project with a density greater than 10.0 units per acre but less than 15.0 units per acre. All affordable units developed within this density range would automatically qualify for the transportation fee reductions.

Apartment: A multi-family development project with a density greater than 15.0 units per acre. All units developed at 15.0 units/acre or above would automatically qualify for the transportation fee reductions.

(c) "Second Units": An attached or detached dwelling unit on a permanent foundation located in a single family, Residential Ranchette or Agriculture I zone district, which provides complete, independent living facilities for one or more persons in addition to a principal one-family dwelling. An Attached or Detached Residential Second Unit shall not be sold or financed separately from the principal dwelling, but may be rented or leased. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation, and shall be located entirely on the same lot which contains the principal dwelling.

(d) "Mobile Home": As presently defined, or may hereafter be amended, in Article III of the County's Zoning Ordinance. Fee reductions shall apply only to mobile homes developed or placed on existing vacant lots.

(e) "Mixed Use Housing": Mixed-use development shall be defined as a combination of residential and commercial land uses. The residential use shall be subordinate to a principal commercial land use. In no event shall the total gross floor area of the residential development exceed the total gross floor area of the commercial use.

(f) "Special Needs Facilities": A Special Needs Facility shall be defined as a living environment that provides certain amenities, physical attributes, and/or services to persons or groups of persons such as the disabled, elderly, single parent households, and homeless. Special needs facilities include, but are not limited to, single room occupancy facilities, special care homes, transitional homes, emergency shelters, sanitariums, hospices, and assisted living for the elderly.

(g) "Child Care Facility": As presently defined, or may hereafter be amended, in Article III of the County's Zoning Ordinance. These types of facilities shall provide non-medical care to children under eighteen (18) years of age in need of personal services, supervision, or assistance essential for sustaining the activities of the individual on less than a 24-hour basis. Child care facilities include family day care and non-residential child care centers.

(h) "Senior Care Facility": Any Senior Care Facility that provides non-medical care to the elderly in need of personal services, supervision, or assistance essential for sustaining the activities of the individual on less than a 24-hour basis.

(i) "Community Recreational Facilities": A for profit or non-profit commercial community recreational facility that provides public improvements and community amenities for the general public recreational benefit to residents of the community. Facilities may include public parks, playgrounds, swimming pools, tennis courts, picnic facilities, sport facilities, and any other park and recreational facility projects that may provide public recreation to the community.

(j) "Non-Profits": Any non-profit entity or governmental agency which provides public access to sites of significant historical, cultural, or natural resource value, and/or provide essential health, safety, welfare or other community service needs.

(k) "Commercial Redevelopment Projects": Any commercial redevelopment project on a parcel zoned C-2 (Retail Commercial) within redevelopment project area. Projects up to the first 15,000 square feet would automatically qualify for the fee reduction. This includes additions to existing buildings and new construction on vacant land.

Exhibit "B"

TRANSPORTATION IMPACT MITIGATION FEE REDUCTIONS FOR BENEFICIAL PROJECTS IN THE GOLETA PLANNING AREA

Section 1. All residential "beneficial" projects as defined in Exhibit "A" shall receive a 60% Transportation Impact Mitigation Fee reduction per unit.

Section 2. Child and Senior Day Care Centers as defined in Exhibit "A" shall receive an 85% Transportation Impact Mitigation Fee reduction per child or adult. The fee reduction shall apply to the applicable Transportation Impact Mitigation Fee.

Section 3. Transportation Impact Mitigation Fee reductions for Community Recreational Facilities as defined in Exhibit "A" shall be determined on a case by case basis by the Board of Supervisors. Any fee reductions granted by the Board of Supervisors shall not exceed a maximum of 75% of the fee per 1,000 square feet of building space.

Section 4. Non-Profit facilities as defined in Exhibit "A" shall receive a 75% Transportation Impact Mitigation Fee reduction per 1,000 square feet of building space up to a maximum 15,000 square feet of the project.

Section 5. Commercial Redevelopment Projects as defined in Exhibit "A" shall receive a 50% Transportation Impact Mitigation Fee reduction per 1,000 square feet of building space up to the first 15,000 square feet of the project.

Section 6. The reduced Transportation Impact Mitigation fees shall be charged, paid, collected and disbursed pursuant to Ordinance No. 4270.

Section 7. The Public Works Department shall report once every two years in conjunction with the biannual review of the Goleta Transportation Improvement Plan on fee reductions granted and grant revenues received.

**RESOLUTION OF THE BOARD OF SUPERVISORS
COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA**

IN THE MATTER OF ADOPTING A)	
PARK DEVELOPMENT MITIGATION)	
FEE REDUCTION PROGRAM FOR)	
"BENEFICIAL" PROJECTS IN THE)	
SOUTH COAST WEST RECREATION)	
DEMAND AREA. SECOND AND THIRD)	
SUPERVISORIAL DISTRICTS.)	RESOLUTION NO. <u>99-251</u>

WHEREAS, on December 15, 1998, the Board of Supervisors adopted Ordinance No. 4348 adding Article IV, Division 2 to Chapter 21 of the County Code establishing the authority for imposing development mitigation fees to mitigate park impacts associated with residential development that is not part of a subdivision of land in the South Coast West Recreation Demand Area; and

WHEREAS, on June 22, 1999, the Board of Supervisors amended Ordinance No.4348 authorizing the Board of Supervisors to establish by resolution categories of "beneficial" projects eligible for park development mitigation fee reductions as defined in Exhibit "A", attached hereto and incorporated herein, in the South Coast West Recreation Demand Area, if accompanied by a finding of substitute funds; and

WHEREAS, the purpose of establishing categories of "beneficial" projects is to identify types of development projects that reflect both county and community development priorities in the South Coast West Recreation Demand Area and need some level of relief in paying the park development mitigation fees; and

WHEREAS, the park development mitigation fee reductions shall be offset by, including but not limited to, state and federal park related grant revenues; and

WHEREAS, development projects defined as "beneficial" in Exhibit "A" shall qualify to receive the established park development mitigation fee reductions, as provided herein.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Supervisors of the County of Santa Barbara that:

1. The fee reduction program set forth in Exhibit "B", which is attached hereto and incorporated by reference is hereby adopted.
2. The program shall become effective 30 days from the date of the adoption of this resolution.

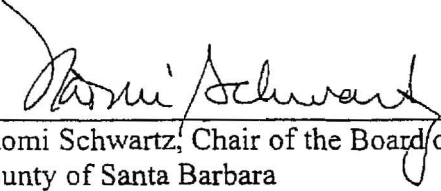
PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Barbara,
State of California, this 22nd day of June, 1999, by the following votes:

AYES: Supervisors Schwartz, Rose, Marshall, Urbanske

NOES: Supervisor Gray

ABSENT: None

ABSTAINING: None



Naomi Schwartz, Chair of the Board of Supervisors,
County of Santa Barbara

ATTEST:

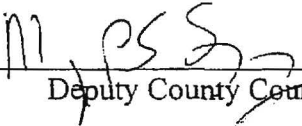
Michael F. Brown
Clerk of the Board of Supervisors

By: 

Deputy Clerk.

Approved as to form:

Stephen Shane Stark
County Counsel

By: 

Deputy County Counsel

EXHIBIT "A"

PARK DEVELOPMENT MITIGATION FEE REDUCTION BENEFICIAL PROJECT CATEGORY DEFINITIONS

Definitions

For purposes of the imposition of the "beneficial" project park development mitigation fee reductions, the following terms shall be defined as set forth below:

(a) "Multi-Family": As presently defined, or may hereafter be amended, in the Article III of the County's Zoning Ordinance. Multi-family dwellings eligible for a fee reduction are defined below:

Apartment: A multi-family development project with a density greater than or equal to 15.0 units per acre developed on 5.0 acres or less. All units developed at 15.0 units/acre or above would automatically qualify for the park development mitigation fee reductions.

(b) "Second Units": An attached or detached dwelling unit on a permanent foundation located in a single family, Residential Ranchette or Agriculture I zone district, which provides complete, independent living facilities for one or more persons in addition to a principal one-family dwelling. An Attached or Detached Residential Second Unit shall not be sold or financed separately from the principal dwelling, but may be rented or leased. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation, and shall be located entirely on the same lot which contains the principal dwelling.

(c) "Mobile Home": As presently defined, or may hereafter be amended, in the Article III of the County's Zoning Ordinance. Fee reductions shall apply only to mobile homes developed or placed on existing vacant lots.

(d) "Mixed Use Housing": Mixed-use development shall be defined as a combination of residential and commercial land uses. The residential use shall be subordinate to a principal commercial land use. In no event shall the total gross floor area of the residential development exceed the total gross floor area of the commercial use.

(e) "Special Needs Facilities": A Special Needs Facility shall be defined as a living environment that provides certain amenities, physical attributes, and/or services to persons or groups of persons such as the disabled, elderly, single parent households, and homeless. Special needs facilities include, but are not limited to single room occupancy facilities, special care homes, transitional homes, emergency shelters, sanitariums, hospices, and assisted living for the elderly.

Exhibit "B"

PARK DEVELOPMENT MITIGATION FEE REDUCTIONS FOR BENEFICIAL PROJECTS IN THE SOUTH COAST WEST RECREATION DEMAND AREA

Section 1. Apartments as defined in Exhibit "A" located on less than 5.0 acres of land with a density equal to or greater than 15.0 units per acre shall receive a 40% Park Development Mitigation Fee reduction per unit.

Section 2. Second Units as defined in Exhibit "A" shall receive a 60% Park Development Mitigation Fee reduction per attached unit and a 40% Park Development Mitigation Fee reduction per detached unit.

Section 3. Mobile Homes as defined in Exhibit "A" shall receive a 60% Park Development Mitigation Fee reduction per unit.

Section 4. Mixed -Use Housing as defined in Exhibit "A" shall receive a 40% Park Development Mitigation Fee reduction per unit.

Section 5. Special Needs Facilities as defined in Exhibit "A" shall receive an 80% Park Development Mitigation Fee reduction per unit.

Section 6. The reduced Park Development Mitigation fees shall be charged, paid, collected, and disbursed pursuant to the Park Development Mitigation Fee Ordinance (Ordinance No. 4363) and Fee Resolution (Resolution No. 251) for the South Coast West Recreation Demand Area.

Section 7. The Park Department shall report to the Board of Supervisors once every three years or once \$120,000 of fee reductions have been granted, whichever occurs first. The report shall identify the total amount of Park Development Mitigation fee reductions granted, park grant revenues received, and anticipated grant revenues. The Board of Supervisors shall determine at that time whether or not to continue the fee reduction program.

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