

***LEAGUE OF WOMEN VOTERS OF SANTA BARBARA***

March 28, 2019

City of Goleta Mayor and Councilmembers

Re: Comment on Establishment of Beneficial Projects Categories Eligible for Development Impact Fee Reductions or Waivers

Dear Mayor and Councilmembers:

Upon review of Agenda Item B.1 from Peter Imhoff, Planning and Environmental Review Director on the establishment of beneficial projects categories eligible for development impact fee reductions or waivers, the League wishes to make the following comments:

Affordable Housing - Given the current housing crisis involving high rents and a nearly 0% vacancy rate, the League supports incentivizing the establishment of affordable housing for those with low to moderate incomes with a beneficial project designation which would waive or reduce development impact fees. This would provide for more affordable housing for service workers, students, the elderly, and entry level professional workers.

Income levels included would include the extremely low, very low, lower income, and moderate income levels as established by the U. S. Department of Housing and Urban Development.

While the estimated fiscal impact seems high at \$405,329/year, the economy in Goleta would be stimulated by providing housing for service and technical workers.

Accessory Dwelling Units - Recent state law enables the development of ADU's which would provide housing for low income elderly. This development is consistent with Housing Element Policy 2.7 encouraging this type of housing and the League is supportive of this policy. According to your report the total estimated DIF fees would be \$27,945, not a significant figure for this type of housing. Your letter also stated that only 12 ADU's were permitted last year, so if this trend were to continue the fiscal impact of offering BIF's would not be significant.

The League further supports offering waivers of development impact fees for facilities which offer special needs facilities, child care, and senior care.

Non-profit organizations including historical, cultural, health, safety, welfare, and other community services needs should receive development impact fee waivers as they form an integral part of a successful city, which the League certainly supports.

Cordially,

Lindsey Baker  
Co-President Program and Advocacy

Contact:  
Vijaya Jammalamadaka, Vice President Program and Advocacy  
League of Women Voters of Santa Barbara  
VPprogram@lwvsantabarbara.org

## Deborah Lopez

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**From:** Stuart Kasdin  
**Sent:** Monday, April 01, 2019 3:29 PM  
**To:** Michelle Greene; Deborah Lopez  
**Subject:** FW: Email contact from Goleta, CA

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**Stuart Kasdin, PhD**  
Council Member  
City of Goleta | 130 Cremona Drive, Suite B | Goleta, CA 93117  
805-961-7539 | [skasdin@cityofgoleta.org](mailto:skasdin@cityofgoleta.org)

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**From:** Goleta, CA [[webmaster@cityofgoleta.org](mailto:webmaster@cityofgoleta.org)]  
**Sent:** Monday, April 01, 2019 9:35 AM  
**To:** Stuart Kasdin  
**Subject:** Email contact from Goleta, CA

Message submitted from the <Goleta, CA> website.

**Site Visitor Name:** Tom Ochsner  
**Site Visitor Email:** [tom@toarchitect.com](mailto:tom@toarchitect.com)

Dear Council member,  
Goleta's impact development fees are outrageous. Only large corporations and the wealthy can afford these fees. Take a look at the development in Goleta – not many small projects. There is an amazing amount of illegal units in Goleta because of these fees, and it is only going to get worse. And now to apply this to ADU's is a crime, and not what the State intended. Please look out for the average citizen who needs reasonable housing.  
Thank you,  
Tom Ochsner

**From:** Michelle Bednash <[mbednash@gmail.com](mailto:mbednash@gmail.com)>

**Date:** April 2, 2019 at 3:08:27 PM PDT

**To:** <[pperotte@cityofgoleta.org](mailto:pperotte@cityofgoleta.org)>, Stuart Kasdin <[skasdin@cityofgoleta.org](mailto:skasdin@cityofgoleta.org)>, <[jkyriaco@cityofgoleta.org](mailto:jkyriaco@cityofgoleta.org)>, Kyle Richards <[krichards@cityofgoleta.org](mailto:krichards@cityofgoleta.org)>, <[pimhof@cityofgoleta.org](mailto:pimhof@cityofgoleta.org)>, <[raceves@cityofgoleta.org](mailto:raceves@cityofgoleta.org)>

**Subject: Beneficial Projects Resolution April 2**

April 2, 2019

Dear Mayor Perotte and City Councilmembers,

I am writing in regards to the Beneficial Projects Resolution, to be discussed at this evening's Council Meeting.

Regarding DIF reductions and the costs over 10 years, I would like to suggest that the charts in the Staff Report as attached to the Resolution do not accurately reflect the true cost /benefit of the proposed DIF reductions, as they are based on a 100% reduction of all DIFs. In reality, this resolution proposes a reduction of **Transportation** and **Parks** charges only, on a sliding scale of 100% for Extremely Low income rentals, 70% for Very Low Income Rentals, and 50% for Low income rentals.

As written, the proposed discounts for Affordable Housing with a 10-year deed are as follows:

Extremely low: 100% Reduction of Transportation and Parks fees (\$27,945-  
**\$15,434** = \$12,511 Total DIFs)

Very Low: 70% Reduction of Transportation and Parks fees (\$27,945-  
**\$10,803**=\$17,141 Total DIFs)

Low: 50% Reduction of Transportation and Parks fees (\$27,945-**\$7,717**=\$20,228  
Total DIFs)

Moderate: No Reduction of DIFs

Larger ADU's charging \$2,400/mo

	Monthly rent (2-ppl household)			Break-even period		Cost (lost rent) over 10 Years Deed after Break Even Period
	Affordable Market Rate Difference			Months	Years	
<b>Extremely Low</b>	\$477.75	2,400	1,922.25	6.5	-	215,236
<b>Very Low</b>	\$796.25	2,400	1,603.75	10.7	-	175,219
	\$1,274	2,400	1,126.00	6.9	-	127,403
<b>Low</b>	\$1,911	2,400	489.00	No	discount	58,680

### Moderate

Smaller ADU's charging \$1,500/mo

	Monthly rent (2-person household)			Break-even period		Cost (lost rent) over 10 Years Deed after Break Even Period
	Affordable Market Rate Difference			Months	Years	
<b>Extremely Low</b>	\$477.75	1,500	1,022.25	15.1	1.25	107,236
<b>Very Low</b>	\$796.25	1,500	703.75	15.4	1.28	73,647
	\$1,274	1,500	226.00	34.1	2.84	19,403
<b>Low</b>	\$1,911	1,500	-	-	-	-

### Moderate

As you can see from the charts above, the cost (in lost rent) over 10 years varies from \$19,403 to more than \$200,000. This does not incentivize in any way the building of ADUs. For example, in the category of Low Income Rental for a small ADU, a reduction in initial costs of \$7,717 would net a total cost of \$19,403 – more costly than any home equity loan! This does not make voluntary restriction attractive. In fact, with this proposed plan, there is no incentive given whatsoever to build an ADU, and in fact, this would render Goleta one of the most expensive cities in this area in which to build ADUs.

As stated in the staff report, (Page 7) “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.” And on Page 8, “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.”

In no category is this the case in the proposed resolution. I understand there is a need to meet RHNA requirements, but this Beneficial Projects reduction does not go far enough when it comes to incentivizing ADUs. I believe the City needs to go further to promote building ADUs as part of the solution to providing Affordable Housing. As stated on P. 3 of the staff report, “Incentivizing the construction of affordable units would help the City make progress toward delivering affordable housing as required under SB 35.”

To this end, I suggest the following:

100% DIF fee reduction (excepting School Fees) for Attached ADUs under 700 Sq. Feet, with a 5-year deed restriction.

This would yield the following benefit/loss ratios:

	Monthly rent (2-person household)			Break-even period		Cost (lost rent) over 5 Years
	Affordable Market Rate Difference			Months Years		Deed after Break Even Period
Extremely Low						
Very Low	\$477.75	1,500	1,022.25	15.1	1.25	37,428
	\$796.25	1,500	703.75	15.4	1.28	18,333
Low	\$1,274	1,500	226.00	34.1	2.84	Gain of 10,322
Moderate	\$1,911	1,500	-	-	-	-

At this higher level of DIF reduction coupled with a shorter deed restriction, we finally see an incentive inducing benefit for making the rental Low Income. Any longer deed restriction, and all benefits disappear, except for the ADU's that are already affordable by design. For example, for an ADU charging \$1,500, with a **100% DIF** reduction the net gain of a **10-year** deed keeping it low income is \$3,228. This is beneficial, but would apply only to a small fraction of ADUs. However, a look at Craigslist or Zillow rentals shows us that most ADU's under 500 square feet are renting for more than \$1,500/mo, hence the need for incentives.

For an ADU charging \$1600/mo (more likely), the net gain over 5 years for keeping it Low Income would be \$3,732, whereas over 10 years, there would be a net **loss** of \$16,428. For Very Low income levels, the net cost to the

homeowner would still remain high (at least \$18,333 over 5 years, and double that over 10 years). This would net the highest number of Low Income ADU's toward RHNA requirements.

In sum, to incentivize building low-income ADU's, there needs to be some benefit to the homeowner. To this end, the DIFs should be reduced by 100%, and the deed restriction should be less than 10 years.

Thank you for your consideration,

Michelle Bednash

Goleta Resident

805 448-4692

## Deborah Lopez

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**From:** Anne Wells  
**Sent:** Tuesday, April 02, 2019 5:36 PM  
**To:** Deborah Lopez  
**Subject:** FW: DIF Fees

fyi

**From:** Kristen Miller <kristen@goletachamber.com>  
**Sent:** Tuesday, April 02, 2019 5:20 PM  
**To:** Paula Perotte <pperotte@cityofgoleta.org>; Kyle Richards <krichards@cityofgoleta.org>; Roger Aceves <raceves@cityofgoleta.org>; Stuart Kasdin <skasdin@cityofgoleta.org>; James Kyriaco <jkyriaco@cityofgoleta.org>  
**Cc:** Cortney Hebert <cortney@goletachamber.com>; Michelle Greene <mgreene@cityofgoleta.org>; Peter Imhof <pimhof@cityofgoleta.org>; Anne Wells <awells@cityofgoleta.org>  
**Subject:** DIF Fees

Hello Mayor Perotte and Members of the Council,

I'm sick! I was planning to be at the meeting this evening to give the Chamber's comments about beneficial categories for DIF fee reductions, but I'm too under the weather to attend in person. I hope you will be able to consider this last minute email.

We are very appreciative and supportive of the proposal to give create a beneficial projects category and we are particularly interested in this for the Old Town district. The staff report is great and details a good program, the only problem we have is that the percentage of transportation fees should be waivable up to 100%. For a very small store front on Hollister, proposing a beneficial use like a home-grown restaurant, wine tasting room, pizza shop, or boutique retail, it would be beneficial for the City to incentivize this use by waiving transportation fees if necessary. Downtowns are changing and modes of transportation are changing, and until larger transportation projects can be fully utilized (like Complete Streets) please give a wide latitude to adjust fees to a small percent in order to accommodate small business and not create barriers to change of use. High fees and/or high hurdles like having to appear before Council to get approval for waiving fees, make properties in Old Town only accessible to large chain stores and corporate owners who can afford it. If we want to incentivize small, locally-owned business who can cater to a changing population who want to be able to walk, bike or ride-share to a downtown with a sense of place, please consider a larger fee waiver.

What you've proposed so far is very good. It's just that we've worked with approximately four new businesses who could not occupy a vacant space because of the fees and the hurdles associated with those fees.

For example, Chicken in a Barrel, a locally-owned, small restaurant business who is now successfully located at the Calle Real shopping center, wanted to come to Old Town. Their transportation fees were quoted at \$88,000. Even at 75% reduction, that's a fee of \$22,000 that many small business owners cannot add to their already high start-up fees.

Thank you for considering our comments and I'm sorry I cannot attend.

Many thanks,  
Kristen

**Kristen Miller** | President/CEO  
p (805) 967-2500 ext 8 | e [kristen@goletachamber.com](mailto:kristen@goletachamber.com)



April 2, 2019

City of Goleta  
Mayor and Councilmembers  
130 Cremona Drive  
Goleta Ca., 93117

RE: Establishment of Beneficial Project Categories Eligible for Development Impact Fee Waivers

Dear Mayor Perotte and Councilmembers:

We thank the Goleta City Council for its initiative in considering incentivizing and removal of barriers to development of affordable housing and other development-related activities providing public benefit. As a non-profit housing developer, we offer the following comments concerning the city's initiatives related to development impact fees.

First of all, for development which may occur pursuant to a private developer meeting its inclusionary housing requirements by conveying a land parcel to a non-profit corporation to subsequently develop affordable rental housing, we encourage the city to treat the affordable component as stand-alone, and waive or reduce applicable development impact fees accordingly under the new ordinance.

When we recently constructed the affordable component of the Village at Los Carneros development under this model, the sum total of our development impact fees was on the order of \$2 million. Any effort to lower these costs would benefit future developments of this nature should they avail themselves.

Secondly, for non-profit developers who identify a site and are able to acquire, finance and develop a multi-family affordable housing rental project of their own volition, we support waiver or reduction of applicable development impact fees to this end. This benefits the city by providing affordable housing opportunities for its residents but also enhances our ability to acquire additional financial resources resulting from removal of barriers to development as well as direct local financial support to it. For example, our developments receive competitive "tie-breaker" scores from funders and this financing may leverage local dollars on the order of ten-to-one.

We thank you again for vision in this regard and thank you for providing opportunity to inform city decision making in this respect.

Sincerely,

A handwritten signature in black ink, appearing to read "Maury Ruano", is written over a light blue horizontal line.

Maury Ruano, Deputy Director, Multi-Family Housing





Goleta City Council  
130 Cremona Drive, Suite B  
Goleta, CA 93117

April 2, 2019

Members of the City Council:

My family has lived in Santa Barbara and Goleta since the early 1900's. As a "local" and as a child care center director for over a decade, I can attest to the severe lack of QUALITY early childhood education centers.

I am the founding director of Hope 4 Kids Early Learning Centers. We are non-profit, 501c3, and accredited through the National Association for the Education of Young Children (NAEYC), we have received 5 stars for quality through the Quality Rating and Improvement System (QRIS), and we are a certified Outdoor Classroom Demonstration Site. Quality is of the utmost importance to us.

Our flagship location on La Cumbre has been licensed since 2008 with a capacity of 45 preschool and 25 infants. We are essentially full with nearly 70 children.

Our Goleta location across from Foothill Elementary opened February 4th with a capacity of 36 preschool and 33 infants for a total of 69 spaces. After being open for less than two months, we have already enrolled 24 preschool children and 12 infants. We are already at 52% enrollment with more enrollment requests than we can handle on a daily basis.

I have worked with children most of my life, and professionally since 1989. I have opened two child care centers in a decade and there are only three things that keep me from opening more locations that this community so desperately needs: 1) an appropriate location with enough outdoor space; 2) the permitting process and fees; and 3) qualified teachers. Funding will always be an issue, but the permitting process should not.

Why is funding an issue? The short answer is because parents can only afford so much and qualified teachers want to earn more than parents can afford to pay.

I found a location in Goleta that would allow me to open another large child care center. The permitting process and fees kept me from moving forward. In 2008 the La Cumbre project was almost scrapped due to the enormous fees we were facing. Thank goodness we were able to demonstrate that traffic studies and other permitting functions were unnecessary, expensive



road blocks. In child care, we have enough road blocks to overcome, but these should not be coming from inside the City in which we serve and support.

If you aren't aware, changing regulations in California (including Title 22, wage laws, etc.) are already choking small businesses, and private child care centers are no exception. We do not receive funding from the state; yet private child care centers are serving the vast majority of children under age 5. Prek and Transitional Kindergarten programs located at elementary schools, while a great idea do not meet the need of the general family population, especially in our county. Families need full time child care in a quality program with teachers who understand YOUNG children, not children ages 5 and up.

Allow me to place on your radar the upcoming "Safe Sleep Regulations" currently being revised at the CA Dept. of Social Services. If proposed regulations go through as currently written, you will not only have a shortage of centers providing child care to infants; you will have a crisis for families with children under 24 months. Please do not underestimate the unfortunate consequences if these regulations pass as written. With new regulations piling up, it is no wonder new child care centers open so infrequently AND existing child care centers reduce capacity. The law is not friendly to businesses with over 25 and 50 employees.

As child care center directors and owners, we are TRYING to partner with you!

What do I need to build another amazing, high-quality program? A location, a streamlined permitting process with no fees, and for goodness sake take a look at Title 22 Safe Sleep Regulations and take action. I spoke at the hearing in Sacramento and we were ALL saying the same thing. From large child care corporations to the small programs with less than a dozen children, we know these are a major fail for infant providers. These regulations are strangling child care.

Please help us help the City of Goleta. You need moms and dads to get to work! We can help them if you help us.

Consider awarding child care centers FINANCIAL INCENTIVES to open a quality child care center! Use existing quality measures such as NAEYC and QRIS. Partner with organizations such as the Santa Barbara Foundation to award funding to open new child care centers!

Closing thoughts:

- Care programs have low or nonexistent profit margins and we cannot absorb typical business costs.
- It is prohibitively expensive, time consuming, and complex to start up a new child care program or expand a current one.
- The City can help increase the capacity of licensed child care by removing the barrier of permit cost, as in this policy.
- New child care centers open infrequently, so the loss in revenue to the City would be minimal.

- Include nonprofit AND for-profit child care facilities as a “Beneficial Project” for Development Impact Fee (DIF) reduction or elimination.
- Reduce by 85% or eliminate DIF fees that child care facilities would pay for all 7 Development Impact Fees (DIFs) or, again, consider waiving all DIF fees.
- Include family child care in the policy, but work to make large family child care “by right” so that they are not required to obtain a permit at all, as with small family child care.
- Review the permitting process specific to child care, and streamline/reduce barriers as much as possible.
- Consider other ways to encourage child care development in Goleta through city policies and practices.
- Review the cumbersome, strangling Title 22 regulations.
- There is not enough child care for people who live and work in Goleta
- Consider awarding child care centers FINANCIAL INCENTIVES to open a quality child care center! Use existing quality measures such as NAEYC and QRIS. Partner with organizations such as the Santa Barbara Foundation to award funding to open new child care centers!

Thank you for your time and reviewing this important information. Please feel free to contact me directly at 805-708-4673 should you have questions or need additional information.

Warmly,



Cheri Diaz, M.Ed.

Founder/Director

School: 805.682.2300 x152 | Cell: 805.708.4673

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