

-----Original Message-----

From: Claudia Dato [<mailto:cddato@ymail.com>]

Sent: Saturday, June 15, 2019 11:49 AM

To: Paula Perotte <[pperotte@cityofgoleta.org](mailto:pperotte@cityofgoleta.org)>; Kyle Richards <[krichards@cityofgoleta.org](mailto:krichards@cityofgoleta.org)>; Roger Aceves <[raceves@cityofgoleta.org](mailto:raceves@cityofgoleta.org)>; Stuart Kasdin <[skasdin@cityofgoleta.org](mailto:skasdin@cityofgoleta.org)>; James Kyriaco <[jkyriaco@cityofgoleta.org](mailto:jkyriaco@cityofgoleta.org)>

Cc: Peter Imhof <[pimhof@cityofgoleta.org](mailto:pimhof@cityofgoleta.org)>; Michelle Greene <[mgreene@cityofgoleta.org](mailto:mgreene@cityofgoleta.org)>; Deborah Lopez <[dlopez@cityofgoleta.org](mailto:dlopez@cityofgoleta.org)>

Subject: F.2 Beneficial Projects - Reduction of DIF

Dear Mayor and Council Members,

Today I am writing to you as a private citizen, a resident of Goleta and homeowner in Goleta. I am writing to ask you to consider another option for reducing DIF on beneficial projects, one not posed by staff. There is a category of second dwelling units known as Efficiency Units which are only 150-200 square feet maximum. Given their small size, these units will very likely only be occupied by a single individual. I would ask that Council separate the Efficiency Units out, allowing a reduction of DIF fees without the need to provide an off-Street parking space. The national trend in smart development is to reduce or eliminate off-street parking requirements, particularly for affordable housing, and especially where public transportation is available. So I ask you to consider eliminating the need to provide an off-Street parking space in order for Efficiency Units to get the DIF reduction as a beneficial project. If you do not want to do that categorically, then you could stipulate the parking exemption be given only to those units within 1/4 mile from public transit. Many properties can accommodate a second unit but not all can provide additional parking. Infill development is the best, most efficient use of a community's resources and should be encouraged over new development on vacant land.

Thank you very much for your consideration.

Best,

Claudia Dato

**From:** [Peter Trent](#)  
**To:** [City Clerk Group](#)  
**Subject:** ADU beneficial use F.2 19-304, June 18, 2019  
**Date:** Monday, June 17, 2019 10:31:20 AM

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To The City of Goleta:

It has been brought to my attention that the City is considering an ordinance that would require ADU's to be designated as affordable housing with associated deed restrictions. I have a few thoughts on that that I am sharing here as a mortgage professional.

I believe that all affordable housing projects in this county have provisions in the affordable covenant that if a lender forecloses that the affordable restrictions are wiped out. This language is necessary in order for these ADU units to be financed.

The City of Santa Barbara has taken the position that the primary residence must be owner occupied in order for one to build an ADU. Moreover if at some point in the future the primary residence is no longer owner occupied the ADU must be torn down. Although I don't know of any instances of people getting financing post construction yet, it will be a problem. Lenders will not lend on a property (home and ADU) only to have the ADU become illegal the minute they foreclose.

The thing that is more troubling about Goleta's proposal is simply the damper that this restriction would place on the feasibility adding new housing via the ADU program. Let me explain. Often affordable units are created through some bonus density that is given to encourage the affordable units. In other words, the land cost is subsidized by allowing more units per acre than would otherwise be allowed. Additionally developers have at time used the Low Income Housing Tax Credit program in order to make their projects financially feasible. Neither of these incentives would exist for individuals building an ADU. I don't know what the rental rate would be for these units but it seems unlikely that it would be enough (without these other incentives) to afford the financing to build the unit. I suppose one might argue against me stating that the land IS subsidized as ADU's are essentially bonus density.

It would appear to me (simply based on this proposal that ADU's need to be affordable housing), that Goleta is trying to hide behind the "affordable housing" banner while in fact making housing more expensive. Housing is expensive because demand exceeds supply.

And while Goleta requiring that ADU's must be affordable makes them possibly feel good, the policy actually exacerbates the housing problem. To solve the affordable housing problem we simply need more housing of all types. Making it generally easier to build housing of all types should be a goal. Cities are, however, upset that the State is shoving this mandate down their throat and upending long standing zoning rules that had otherwise been carefully thought out.

Sincerely,

Peter Trent

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From: [Kalia Rork](#)  
To: [City Clerk Group](#)  
Cc: [Kyle Richards](#); [Stuart Kasdin](#); [Monique Limón](#); [Hannah-Beth Jackson](#); [Krista Pleiser](#)  
Subject: F.2 19-304: Please vote AGAINST the Fee Reduction for Beneficial Projects as it is written please  
Date: Monday, June 17, 2019 10:36:03 AM  
Importance: High

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RE Goleta City Council meeting on ADUs : F.2 19-304, June 18, 2019

Dear Mayor and Council members,

I urge you to vote AGAINST Adopting a Development Impact Fee Reduction Program for Beneficial Projects as it is currently written. The fee reductions will not help at all in creating ADUs, and I will attempt to explain why.

**I wholeheartedly encourage you to WAIVE ALL FEES for all ADUs and NOT TO REQUIRE an affordable covenant deed restriction.**

I believe you want to do the right thing, but if you adopt this resolution you will be making it harder for normal, working-class people to own homes and you won't be creating any significant amount of new housing. I hope I can help you see this clearly. I work with homeowners every single day and have for nearly 20 years. I hear their fears and dreams, what risks they're willing to take, and what choices they make.

There is a very good reason the State legislature is working to clarify the 2018 ADU law with Senate Bill #13, and it's likely to pass. The intent of the 2018 law is to create more housing. Indeed, "granny units," as they are colloquially called, have been legal in California for many years. I remember when I first started working in real estate, finding out that granny units are legal in California, and wondering why they were illegal in Santa Barbara. The old granny-unit law said jurisdictions *could* make them illegal. The new law prohibits that. Jurisdictions can no longer outlaw ADUs (or create laws that effectively outlaw them). Nor can they make obtaining them onerous or impose unreasonable fees. The people of California want housing and we don't want to jump through hoops to get it (or pay exorbitant fees).

ADUs are important and needed. All of you spoke in support of ADUs at the last hearing, your staff report outlines the benefits, the state law details how important they are, and you heard from many in Goleta that we need them.

What you fail to see is that by creating *any* fees or by requiring a DEED RESTRICTION to waive fees, you are indeed making ADUs out of reach for the majority of our Goleta population — and making them out of reach (or out of comfort zone) for the people who will benefit from them the most, both homeowners and the tenants who will rent them.

Homeowners:

Let's start with the homeowners. Choosing to add an ADU to your property is not an easy decision and carries risks (of a bad tenant, for example). Most people want to

add them for financial reasons; to help pay the mortgage.

Your staff reported that over the past 2 years, Goleta granted 12 ADU permits as of the last public hearing. Santa Barbara has granted 400! The demand is definitely there. Goleta's fees then averaged about \$7,000; Santa Barbara's were zero. Just that \$7,000 was too onerous for most people; they either didn't have the money (and I doubt the city would finance it) or they couldn't justify the cost to make their granny unit legal. Now that the fees are \$34,000 (on average) or even if they are halved (\$17,000), that makes it even more prohibitive. Do you really think people will pay, say \$17,000, to convert their garage or master bedroom to a studio when they wouldn't pay \$7,000? That absolutely does not make sense — and they won't.

Now that the average fee is \$34,000 for a detached ADU, no one but the wealthy will seek an ADU permit (and these folks are more likely to build a beautiful 800 sf guest house with a view and charge \$4,500/month, which is fine, but I don't think it's what you want to encourage.)

Do you know what's involved in getting a unit on the affordable housing program? Your report says the homeowner has to "[meet] the requirements of the State Housing and Community Development Departments on an annual or other periodic basis."

Do you know what those requirements are? How burdensome they are? I have friends who live in affordable housing, and they often talk about landlord and state inspections. Do you think single-family homeowners are going to want to deal with two government agencies to create an affordable housing unit? I can tell you right now, they will not. It is definitely out of their comfort zone. Big apartment buildings have paid staff to deal with this, homeowners are juggling the demands of work, families, and now a renter just to make ends meet. People don't like paperwork, and they certainly don't like government agencies having control over part of their home.

Deed restrictions!!

And the deed restriction? No homeowner I know, even for a savings of \$17,000, will voluntarily put a deed restriction on a single family home. It would significantly reduce the value of the home. What if they want to sell? What if someone loses a job or gets relocated for work and they NEED to sell? What if they simply change their minds about the rental. People who have put most or all of their life savings into a home (which is normal in our area) will not put a deed restriction on it. Would they be able to refinance? I can tell you lenders will not like the restriction and likely will not loan on a home with this sort of restriction. If they need/want to sell, what will buyers think? No one will want to buy a house with a deed restriction unless it's about to expire. And the property with the ADU has to be owner occupied, so homeowners can only sell to owner-occupied buyers which limits them. It's very challenging to sell a condo with a simple owner-occupancy restriction (that one owner needs to live there), let alone selling a property with this affordable-rental restriction on the title. Most importantly, in my many years working with homeowners, I understand that they want options. They don't want to be boxed in for 10 years. They want the option to change their minds. I know of not one homeowner that would put a deed restriction like this on a single family home, nor in the 100s of title reports I've seen (thousands maybe) have I ever

seen anything like this on a single-family home.

The only homeowner I can imagine that will put a deed restriction on their property is one that has fallen on hard times and is so financially distressed that it's their only option to save their home, and are uneducated about the drawbacks. This requirement will put more burdens on the lower income population, and I would argue it's discriminatory at best and predatory at worst.

The result: You will have none or very few applications for the waived fee for an affordable-restricted ADU, meaning you will not effectively create any affordable housing. It's a good headline (Goleta Council encourages more affordable housing!) but in reality you won't be creating more than a handful of units, if that. Please don't fall for the temptation of looking like you're helping, when you're not. A way to create more housing that is, by its very nature, more affordable, is to waive all fees for all ADUs.

### Tenants

I just Googled "how to apply for affordable housing in California" and the first hit was HUD. All of the first-page items in this search referenced "Section 8" housing. It's also called "public housing" and most of the websites say there is a wait list. Most people don't have the time or energy to go through all the hoops to get approved for affordable "public" housing. It has a stigma attached to it as well (it shouldn't, but it does), and some of the tenants who will most benefit from living in an ADU will not be comfortable giving out all the information to the government that's required to qualify for affordable housing. Students will likely think it's not worth their time, retirees just want to stay in the neighborhood and for it to be simple. I think many ADUs will be rented to what we call young professionals. People who may be looking for cheaper rent so they can save up and buy a place of their own someday. Section 8 tenants who want to choose their own housing have to have an appointment and reference number from a government office first.

I work in real estate and I just don't see how this affordable requirement is going to work. Are the tenants going through HUD, with all its hoops? In Section 8, the landlord is paid part by HUD and part by the tenant. Or is the City of Goleta going to create it's own program? In Section 8, if a tenant's income goes up, their rent goes up — but the landlord gets market rent (the balance paid by Housing). So, if a homeowner wants to create an affordable unit, why not just go through HUD so they can get market rent? Will Goleta waive the DIF if a landlord gets a Section 8 tenant? At least Section 8 has some landlord protections. If the City waives DIF for Section 8, why would a landlord chose anything else because with Section 8 they get help screening tenants and help with problem tenants. How exactly are you going to administer this? How will you police it? I searched again online for affordable housing in Goleta and got no relevant results. The City of SB has a webpage, as you know, but it refers only to public apartment buildings and landlord participation in Section 8. If you don't require Section 8, will you require landlords put in certain wording in their ads? How will the tenants know? And how in the world will the homeowner, who is likely to be a working-class busy person, know how to verify a tenant's income? And what will the landlord do if they see the tenant buy a new car, and hear they got a

promotion, but they're still getting low rents? Will they have to be evicted? Who pays for that?

Does the homeowner who is applying for a restricted-deed ADU and fee waiver have to take the next tenant in line on the Section 8 housing list? And will that deter them from creating the ADU that they want for their real grannie eventually? Keep in mind these are mini homes in very close proximity to the homeowner and their family. I look forward to hearing your answers to all these questions.

You say in your own report that ADUs are more affordable by nature. Please don't require homeowners or tenants to go through the onerous and prohibitive process of getting approved by the Housing Department in order to create or rent an ADU. And please don't require a deed restriction. If you do, you'll have very few or no ADU applications, and that will benefit no one.

If you waive ALL fees for ALL ADUs, you will create a win-win. Many more affordable-by-nature legal rentals, helping people stay in their homes as they age, helping working-class people buy homes because they can rent out a portion, providing safe and affordable housing for tenants without having to get on Section 8.

At the risk of repetition because I care so much about homeownership and will fight for anything that will help: you got 12 applications in 2 years. You should have received 100s. Let's not wait another year when you realized you only received 5 or 6 applications for ADUs to revisit this. Do the right thing now, please. No fees, no deed restrictions.

Sincerely,  
Kalia Rork  
Goleta resident  
South Santa Barbara county resident for 36 years

cc:  
Senator Hannah-Beth Jackson  
Assemblymember Monique Limon  
Krista Pleiser, SB Association of Realtors

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**From:** Stuart Kasdin

**Sent:** Tuesday, June 18, 2019 9:54 AM

**To:** Michelle Greene <[mgreene@cityofgoleta.org](mailto:mgreene@cityofgoleta.org)>; Deborah Lopez <[dlopez@cityofgoleta.org](mailto:dlopez@cityofgoleta.org)>

**Subject:** FW: Beneficial Projects Resolution/DIF Waivers

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**From:** Michelle Bednash [mbednash@gmail.com]

**Sent:** Monday, April 08, 2019 8:43 PM

**To:** Stuart Kasdin

**Subject:** Beneficial Projects Resolution/DIF Waivers

Dear Council Member Kasdin,

It was great to see the lively discussion and to see the democratic process at work in our City at the City Council meeting on April 2, and I was grateful to be able to voice my opinion regarding the Beneficial Projects Resolution.

While the discussion and evident move toward encouraging ADUs was heartening, I truly believe we as a City need to translate our progressive thinking into acting more aggressively to take every opportunity to promote this type of housing. We are in dire need of housing - especially affordable housing, and encouraging ADU construction is an opportunity to address this issue at a relatively low cost for the city. A DIF waiver can be a valuable tool to get more impact for less cost in the area of affordable housing.

As we know, Goleta's General Plan, specifically Implementation Program HE2 and HE2.7, calls for the encouragement of the construction of ADUs to serve a diversity of income levels, and also calls for a reduction in DIFs with a tiered structure. This reflects the fact that ADUs provide many benefits for both society and individuals. They offer a green way to moderately increase density, provide homeowners with extra income, and create affordable rental units — all while preserving the character of existing neighborhoods and providing both economic and social benefits to the community. They bring more housing to an area organically, without needing the City to build new infrastructure to accommodate them.



### *DIF vs. Real Development Impact*

When we look at the common reality of a family member or a student living in an ADU, the real impact is probably much lower than the current DIF schedule represents. In fact, in the case of the two recent ADU approvals that I am aware of, adult children are leaving the household and the community at the same time a student or other single tenant is arriving: in these cases there will be a net zero impact to the city. Small ADUs will most likely house only 1-2 people, unlike a multiple family housing unit, also at a smaller real impact.

In addition, encouraging those with illegal ADUs to legalize would have a positive impact for the city – in both safer housing and the ability to count these affordable to moderate units in city housing numbers.

### *Investment in Affordable Housing*

I understand that the city is fully committed to solving the affordable housing crisis. However, instead of putting the *burden on homeowners* to provide affordable housing at a loss to them, the city has a tool to help *subsidize homeowners* to provide affordable housing. The impact fee waiver, used as an incentive tool, can be considered as an investment by the city. In lieu of paying out incentive subsidies, this can be a relatively inexpensive method to this end.

The city has two main goals:

**1- To increase Affordable housing (RHNA)**

**2- To increase housing in general; especially the pool of overall low to moderate cost housing**

By encouraging small ADUs, the city can meet both goals, and **at relatively little cost to the city.**

*The question then becomes: how can we both create incentive for homeowners to invest in this type of housing **and** encourage them to keep rent affordable?*

Realistically, we can see that even at the previous DIF rates, there was little incentive to build ADUs, even with no deed restriction.

Since 2017, the DIF rate for smaller sized 400 sq ft. ADUs has been about \$7,000 (not including School fees). This yielded only 17 total ADU applications.

Clearly, there was not enough incentive, even at what would be a **70% reduction of current DIFs with no deed restriction**, for homeowners to invest in building this costly addition.

In addition, it bears mentioning that school fees have increased from \$2,000 to \$4,000 for ADUs, making them even more costly. I will not include school fees in my calculations, as they are not the purview of the Council, but please keep this in mind.

Thus, if we truly want to encourage this type of housing, incentives need to be larger. Homeowners are making a huge investment, and should not be burdened with an investment with no return in order to fulfill the city's needs for affordable housing.

Let's take a look at the potential market loss costs to homeowners with different deed terms:

(Please note that the chart is also attached as a photo if the formatting is not legible here)

Size of ADU	Monthly rent (2-person household)			Cost (lost rent) with 1 year of Deed	Cost (lost rent) with 2 Years Deed	Cost (lost rent) with 5 Years Deed	Cost (lost rent) with 10 years Deed
	Affordable ("Low")	Market Rate	Difference (Cost)				
≤200 sq ft	\$1,274	1,400	126.00	1,500	3,000	7,560	15,120
300-499 sq ft	\$1,274	1,500	226.00	2,712	5,424	13,560	27,120
500 sq ft	\$1,274	1,600	326.00	3,912	7,824	19,560	39,120
≥550 sq ft	\$1,274	1,700	426.00	5,112	10,224	25,560	51,120

As we can see, with a 10-year deed, while the longer classification of affordable rentals is attractive to the City, clearly **the financial incentive for the homeowner disappears** and building an Affordable ADU becomes a burden to the homeowner (cost ranges from \$15,120-\$51,120). ADU builders will not sign a deed at this level of loss.

A 5-year deed also has a cost to the homeowners (which ranges from \$7,560-\$25,560), but it may be attractive to those needing to have less of a monetary outlay upfront.

To **truly incentivize** the smallest ADU's an even shorter deed restriction becomes necessary, which can be applied to a smaller category of ADU's: those with no change to existing footprint.

After analyzing many different combinations, here is a combination of options that I feel meets both goals- incentivizing small ADUs, **and** increasing RHNA numbers:

1- Decrease all DIF's for **all** ADU's by 60%, bringing DIF rate to about \$9500. This is still higher than the past DIF rate, but may give some incentive to sign deeds as described below.

2- For **existing footprint** ADUs: Waive all DIFs with signing of a two-year deed. This would give an incentive to build the smaller ADUs that will not have a huge impact on the character of neighborhoods, yet yield an increase in low to moderate housing. As they are smaller, they tend to be more affordable by design. The deed, while minimal, is still RHNA countable (with no end date, as I understand, per Mr. Imhof). At the end of the two-year term, if the tenants are family members, etc. there will be no change. If tenants are not family, homeowners have the chance to recoup their investment; tenants may search out other newly developed ADUs at Affordable housing rates. Hopefully with this kind of incentive, there will be an expanding pool of available deed-restricted ADUs.

3- Provide all other ADUs with an option for **zero DIFs with signing of a 5-year deed**. This may be attractive for the smaller detached ADUs. Less of an outlay at the beginning may incentivize to build even if there is a total 5-year loss. Reducing a \$9,500 DIF rate to \$0 for a 5-year deed could be incentivizing for those smaller ADUs who would operate at a potential loss of \$7,500-\$13,500.

With this tiered plan, *we incentivize all smaller ADUs* that are affordable by design. With this policy, the smaller the ADU, the more incentive to build. With a 2- or 5-year deed here, we are closer to a compromise that works, both increasing our RHNA numbers and increasing the overall low to moderate housing options for years to come. For larger ADUs, there would be less incentive than at old DIF rates, but perhaps incentivizing them should not be our focus, as we are looking for more Affordable to moderate housing in all.

With both deeds, the first 2 or 5 years are kept rent affordable by deed; after that, market rate is a possibility. Some will stay affordable, either by design (small size, modest amenities), or by having family members (children, elderly) inhabit them at no- to low- cost. Other ADUs will be built, offering a constant pool of affordable housing.

I believe that a policy such as this, coupled with a public information campaign to both encourage legalization of existing ADUs and the building of smaller separate or attached ADUs could have a huge impact on the availability of affordable to moderate housing in this community. In addition, as market laws tell us that the more housing available, the lower the rents, this would truly represent a win-win for the community.

I would appreciate the opportunity to speak to you about this in person, and answer any questions you may have.

Thank you for your consideration,  
Michelle

Michelle Bednash  
5595 Huntington Dr.  
(805) 448-4692

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**From:** Peter Imhof  
**Sent:** Tuesday, June 18, 2019 12:07 PM  
**To:** Deborah Lopez <dlopez@cityofgoleta.org>  
**Cc:** Brian Hiefield <bhiefield@cityofgoleta.org>  
**Subject:** FW: ADU Development Impact Fees

[Public comment.](#)

**From:** Eric Swenumson <[eswenumson@gmail.com](mailto:eswenumson@gmail.com)>  
**Sent:** Tuesday, June 18, 2019 9:47 AM  
**To:** Peter Imhof <[pimhof@cityofgoleta.org](mailto:pimhof@cityofgoleta.org)>  
**Subject:** ADU Development Impact Fees

Mr. Imhof,

I am writing to quickly express my concerns with the Development Impact Fees that are currently under discussion with Council.

My wife and I were one of the first applicants in Goleta to apply to convert our garage to an ADU. When we received the notice from Planning regarding the DIF in the neighborhood of \$18,000 we had to shelve the project due to the cost of that fee.

Our plan (if we are able to afford it) is to offer it to one of our children for a period of time and then use it for income in retirement so that we can stay in this fine City (that I grew up in).

I am hopeful that the Development Impact Fees for ADU conversions such as ours can be drastically reduced or eliminated as I believe is the intent of HCD in Sacramento.

Thank you for your consideration,

Eric Swenumson