



Agenda Item B.12
CONSENT CALENDAR
Meeting Date: July 16, 2019

TO: Mayor and Councilmembers

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

CONTACT: Brian Hiefield, Associate Planner

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

RECOMMENDATION:

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:

In parallel with the City’s new Development Impact Fees (DIFs), approved by Ordinance 19-04 (DIF Ordinance) on February 19, 2019, the City Council has been considering various categories of “beneficial projects” potentially eligible for DIF reductions or waivers and appropriate fee reductions by project category. The City Council held a workshop on February 6, 2019, and subsequent public hearings on April 2, 2019, and June 18, 2019.

On June 18, 2019, the City Council gave specific direction regarding revisions to the draft resolution presented at the hearing related to the waiver/reduction of DIFs and the removal of the previously proposed restrictive covenant requirement for Accessory Dwelling Units (ADUs). Council requested the revised resolution return for approval on the Consent Agenda at the next available hearing.

DISCUSSION:

The resolution included as Attachment 1 to this staff report reflects the City Council’s direction concerning revisions to the draft resolution presented on June 18, 2019. A summary of the revisions is below:

- Removed the affordable housing qualification within the definition for ADUs in Section 1.
- Removed specific reference to ADUs in Section 2 and any reference to a restrictive covenant for affordability that would apply to ADUs.
- Added requested language to Section 3 regarding the 100% DIF waiver for ADUs with a floor area of 500 square feet or less and a flat DIF of \$5,000 for ADUs that exceed 500 square feet.
- Removed previous language from Section 3 regarding the tiered DIF reductions for various types of ADUs (within footprint, changed footprint, and detached).
- Added clarifying language to Section 4 regarding tenant protections, prohibiting short-term rentals of ADUs, and documentation of ADU rents.
- Removed reference to restrictive covenants in Section 8 and added refund language for ADUs of 500 square feet or less and ADUs that exceed 500 square feet with the flat \$5,000 DIF.

Note: The resolution does not provide for DIF reductions or waivers for housing unit types other than ADUs (e.g., new multi-family apartments or mobile homes). On April 2, the City Council had discussed the idea of granting DIF waivers in exchange for restrictive affordability covenants for these housing unit types. However, this idea was not further discussed on June 18. Should the Council wish to pursue this option, it could be addressed at a later date.

FISCAL IMPACTS:

The cost to the City of a beneficial projects DIF program depends on the categories of development projects and the rate of development that qualifies. Depending on these factors, cost in the form of lost DIF revenue could amount to hundreds of thousands of dollars per year.

ALTERNATIVES:

Available alternatives include the following:

- a. 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.

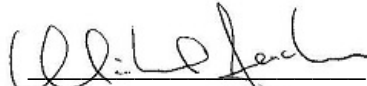
- b. The City Council could adopt a beneficial projects resolution, including a DIF waiver incentive program for affordable units, but adjust details, such as DIF reduction percentage.
- c. The City Council could adopt a beneficial projects resolution, but not include a DIF waiver incentive program for affordable units.

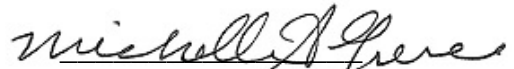
Reviewed By:

Legal Review By:

Approved By:


Kristine Schmidt
Deputy City Manager


Michael Jenkins
City Attorney


Michelle Greene
City Manager

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"

Attachment 1

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, which became effective on April 20, 2019; 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 Exhibit "A", 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

**DEVELOPMENT IMPACT FEE REDUCTION
BENEFICIAL PROJECT CATEGORIES**

Section 1. Definitions

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

“Accessory Dwelling Unit (ADU)”: As presently defined in the Accessory Dwelling Units Ordinance 18-01, or may hereafter be amended, in the City of Goleta’s Zoning Ordinances.

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

“Mobile Home”: As presently defined, or may hereafter be amended, in the City of Goleta’s 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.

“Special Care Home”, “Residential Care Facilities”, “Assisted Living”, “Supportive Housing”, “Transitional Housing” and “Special Needs Housing”: As presently defined, or may hereafter be amended, in the City of Goleta’s Zoning Ordinances.

Section 2. ADUs shall receive a Development Impact Fee waiver/reduction as follows:

- 1) ADUs with a floor area of 500 square feet or less will receive a 100% DIF waiver.
- 2) ADUs with a floor area exceeding 500 square feet will be charged a flat \$5,000 DIF to be distributed evenly across all applicable DIF categories.

Section 3. In addition to the requirements of Section 2, ADUs qualifying for a Development Impact Fee reduction shall agree to all of the following additional terms in exchange for a reduction in DIFs:

1. As a condition of approval, ADU owners shall not rent the ADU as a short-term rental (for less than 30 days).
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. Any ADU project with a floor area of 500 square feet or less approved since adoption of the current ADU regulations (Ord. 18-01) shall be entitled to a refund of all Development Impact Fees paid for the project. Any ADU project with a floor area exceeding 500 square feet approved since adoption of Ord. 18-01 shall be entitled to a refund of any DIFs paid in excess of \$5,000.

Section 5. All projects by qualifying Non-Profit Organizations, as defined herein, shall receive a 100% Development Impact Fee reduction 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 6. All qualifying non-profit Special Care Homes, Residential Care Facilities, Assisted Living, Supportive Housing, Transitional Housing, Special Needs Housing, Child Care Facility, Family Day Care or Day Care shall receive a 100% Development Impact Fee reduction.

All other for-profit Special Care Homes, Residential Care Facilities, Assisted Living, Supportive Housing, Transitional Housing, Special Needs Housing, Child Care Facility, Family Day Care or Day Care shall receive an 85% Development Impact Fee reduction.

An applicant receiving a DIF beneficial reduction for a project qualifying as either a non-profit or for-profit Special Care Home, Residential Care Facilities, Assisted Living, Supportive Housing, Transitional Housing, Special Needs Housing, Child Care Facility, Family Day Care or Day Care as defined in this resolution shall record a restrictive covenant on the subject property limiting its use to either a non-profit or for-profit Special Care Home, Residential Care Facilities, Assisted Living, Supportive Housing, Transitional Housing, Special Needs Housing, Child Care Facility, Family Day Care or Day Care in exchange for the DIF reduction. Upon change of use or non-profit status, the applicant or its successor in interest 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 (ECI) 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 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.