



**COUNTY OF SANTA BARBARA
PLANNING AND DEVELOPMENT**

MEMORANDUM

TO: Santa Barbara County Planning Commission

FROM: John Zorovich, Senior Planner (934-6297)
North County Development Review
Nathan Eady, Senior Planner (568-2019)
Long Range Planning Division

HEARING DATE: March 9, 2011

RE: General Plan Amendment Initiation of the Revised Rice Ranch
Project; 10GPA-00000-00006; APNs: 101-380-001, -002, -003; 101-
390-001, -003, -007; 101-400-001, -002, -003, 101-440-029
Located on the south side of Stubblefield and Rice Ranch Roads,
Orcutt area, Fourth Supervisorial District

1.0 REQUEST

Request from Rice Ranch Ventures for initiation of a General Plan Amendment (10GPA-00000-00006) [application filed on December 1, 2010] which would include a change in base land use density from Planned Development 725 units to Planned Development 735 units; and amendments to the text of the Orcutt Community Plan (OCP) to stipulate that the Oaks, Meadow, Grove and Valley View neighborhood parks be privately owned. The requested General Plan Amendment also proposes to amend the existing OCP policy requirement that all affordable housing be developed onsite to: 1) provide in-lieu affordable housing fees for the required very-low and low income units; and, 2) satisfy the requirement for “moderate” income affordable housing with the provision of multi-family units which are “affordable by design.” The project is located on ten valid legal parcels, known as APNs: 101-380-001, -002, -003; 101-390-001, -003, -007; 101-400-001, -002, -003, 101-440-029. The site is located on the south side of Stubblefield and Rice Ranch Roads in the southeastern portion of the Orcutt community, Fourth Supervisorial District.

2.0 RECOMMENDATION:

Staff recommends that:

The Planning Commission approve the request to initiate the General Plan Amendment to change the base land use density from Planned Development (PD) 725 units to PD 735 units and the text amendments of the OCP with the direction to staff that approval of the development will be contingent on a finding of consistency with the County’s current Housing Element policies, including the Inclusionary Housing Program.

3.0 PROJECT DESCRIPTION

The Rice Ranch project is located at the southernmost edge of existing urban development within the Orcutt Community Planning area (Figure 1). The project site is currently zoned Planned Residential Development (PRD) 825 units (Figure 2) with a base density of 725 units. The project site has a land use designation of Planned Development 825 units (Figure 3). The applicant proposes to change the base land use density of Key Site 12 property from Planned Development 725 units to Planned Development 735 units. In addition, the applicant proposes to amend the OCP Policies KS12-1 and KS12-2 as follows:

Policy KS12-1: Key Site 12 (APN 101-010-13 and 105-140-16) is designated PD/PRD with a maximum potential buildout of 825 units (~~725~~ 735 residential units is the base density with the potential to increase development with the purchase of development credits from Key Site 7, as well as Key Sites B, 8, 30 and 3).

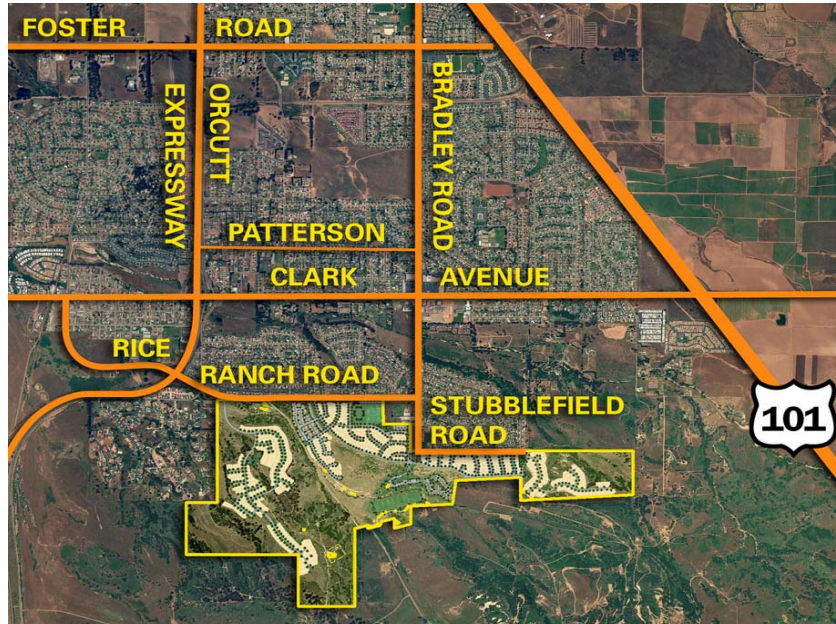
Policy KS12-2: Key Site 12 shall be developed subject to a Specific Plan (Government Code §65450) which includes the following dedications and improvements. Any proposed development on Key Site 12 shall comply with the following development standards:

- A. ~~All required affordable housing shall be developed onsite. The project will include the payment of affordable housing in-lieu fees for 37.75 units at the very-low income level and 37.75 units at the low income level and provide 76 units considered affordable by design in the Pine Creek neighborhood.~~
- B. The developer ~~shall dedicate an additional 5-~~ has dedicated a 26-acre park and will provide a minimum of four 1-acre neighborhood parks. These park sites and the Oaks neighborhood park located adjacent to the school (previously offered for dedication dedicated) shall be developed to Parks Department specifications and be privately owned. These parks may be wholly or partially located in the open space area.
- C. Bikeways and trails shall be developed to County Standards within the previously dedicated public trail easements. One of these trails shall be a historic nature trail that includes educational interpretive signs describing the history of this site and the historic features once found on this site.

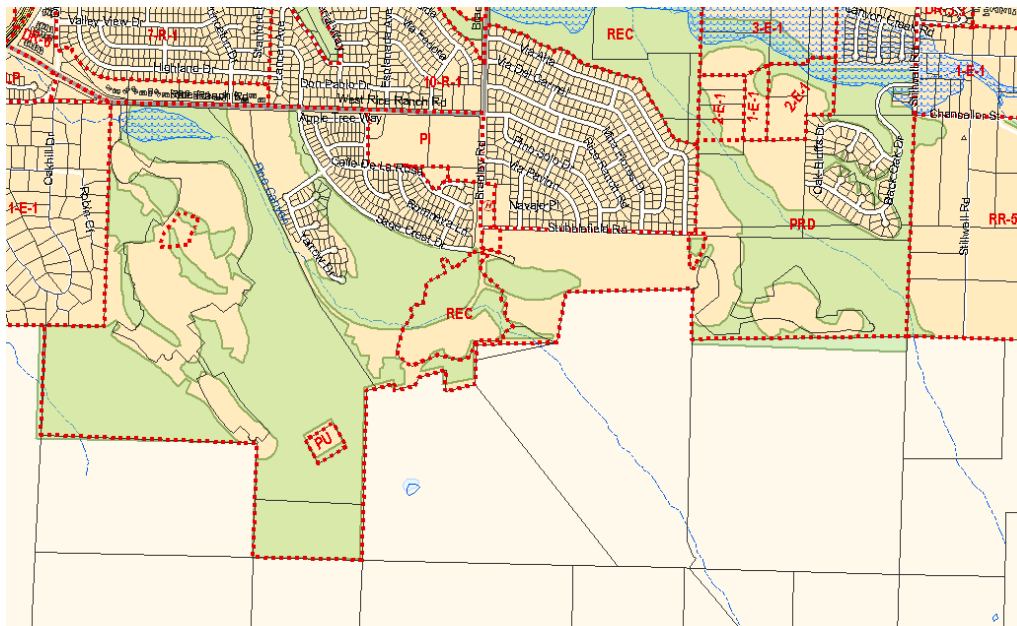
General Plan Amendments may be initiated at the staff level when the request is minor in nature. If the request is not minor in nature, the request for initiation must be referred to the Planning Commission or Board of Supervisors. In this particular instance, the applicant proposes to change their affordable housing requirements by: 1) paying affordable housing in-lieu fees for the 75 very-low and low income units; and, 2) providing 75 “affordable by design” residential units instead of providing 75 moderate income units onsite or paying the in-lieu fees for these units. This alternative proposal for satisfying the project’s moderate income affordable housing requirement is not consistent with the County’s current Inclusionary Housing Program (IHP) and Housing Element policies. Due to the conflict with the Housing Element policies, and the precedent this project could set, the request is not considered minor in nature. The decision as to whether to accept the

application and initiate the formal review process has therefore been elevated to the Planning Commission.

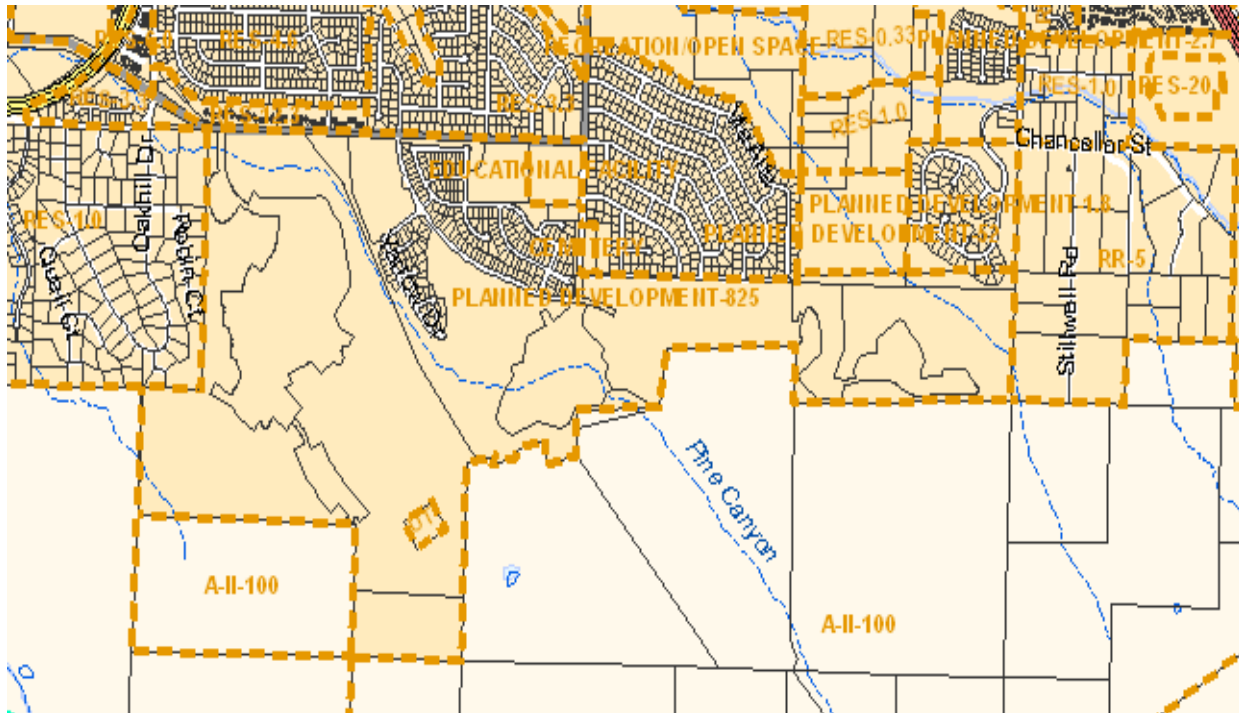
**Figure 1
Vicinity Map**



**Figure 2
Zoning Map**



**Figure 3
Land Use Map**



4.0 BACKGROUND

4.1 Relationship to the Orcutt Community Plan

The project site is located within the unincorporated community of Orcutt and subject to the requirements of the Orcutt Community Plan (OCP). These requirements include a specific land use designation and development standards for the project site (identified in the Plan as Key Site 12) as well as general requirements (identified by issue area). Specific findings as well as detailed planning review by staff were made for many of the Key Sites listed in the OCP. Review focused upon known environmental constraints, compatibility with surrounding uses, and importance of the site to the goals of the Plan, etc. Based upon this review, the Board of Supervisors found that the adopted designations are appropriate to preserve the community's health, safety and welfare and provide a reasonable level of use to affected property owners.

4.2 Rice Ranch Specific Plan History

A proposed development of 793 units was evaluated in a Supplemental EIR (County of Santa Barbara 2000). This SEIR was presented to the Santa Barbara County Planning Commission, but was not certified. The Planning Commission's concerns were related to whether or not there was adequate supplemental water to serve the project and enough transfer of development credits available to allow the increase in development from 725 units to 793 units. As a result of the Planning Commission deliberations, the project description was ultimately revised by the developer to a reduced build out of 725 units.

The existing Rice Ranch project received final approval by the Board of Supervisors on December 9, 2003. The final approval allowed for the construction of 725 homes, a 26-acre community park, and preservation of land for a future elementary school, numerous pocket parks and open space.

Since the original approval, the master tract map recorded in September 2005 (TM 14,636). This has allowed the individual “neighborhood” tract maps to move forward, ultimately resulting in partial development of the project. Phase I of TM14,430 which included the Oaks and Pine Creek neighborhoods recorded on September 20, 2007. Since the recordation of this phase, a total of thirty-nine occupancy clearances have been issued; thirty-four in the Oaks neighborhood and five in the Pine Creek neighborhood.

5.0 POLICY CONTEXT

5.1 Housing Element Policies- Existing Affordable Housing Conditions

The Rice Ranch project was processed and approved under a previous iteration of the County’s Inclusionary Housing Policy (IHP) and therefore the affordable housing requirements which were applied to the project then differ from the requirements which would be applied to a project under the current IHP. When the Rice Ranch application was deemed complete, the County’s General Plan required that projects in the Santa Maria Housing Market Area provide 10% of the proposed units as deed restricted affordable housing for households with “moderate” incomes. The policy in effect at the time allowed for the payment of in-lieu housing fees, if the applicant chose not to build the required affordable housing onsite.

In addition to this policy requirement, the applicant proposed to provide an additional 10% of the total units as deed restricted housing for households with “workforce” incomes. The application also stated that all moderate and workforce affordable housing would be built onsite. These latter conditions (workforce housing and onsite construction) went above and beyond the County’s policy requirements and were identified as a “community benefit” by which the applicant entered into a Development Agreement with the County and secure the right for an extended 15-year build-out period for the project. The applicant’s proposal to provide all of the affordable units on site was also identified as a beneficial environmental impact and included in the Board of Supervisors Statement of Overriding Considerations for project approval.

Table 1- Affordable Housing Summary under Existing Conditions¹

Original Project Build-out of 725 units x 10% Moderate Requirement =	73 Moderate Income Units
Original Project Build-out of 725 units x 10% Workforce Requirement =	73 Workforce Income Units
Total Affordable Housing Requirement =	146 Units

These unique Rice Ranch affordable housing requirements were included in the specific plan and adopted into the Orcutt Community Plan (OCP) as the development standards for Orcutt Key Site 12. As a result, the proposed changes to the affordable housing conditions for Rice Ranch would also require an amendment to the OCP and compliance with the County’s current Inclusionary Housing Program.

¹ The County’s affordable housing requirements require that all fractions of an affordable unit be rounded up to the nearest whole. Therefore, the formulaic yield of 72.5 units is subsequently rounded up to 73 units for each income category.

5.2 Orcutt Community Plan Policies

5.2.1 Land Use-Density

The Orcutt Community Plan Policy KS 12-1 stipulates that the maximum potential build-out of the project site is 825 units (725 residential units is the base density with the potential to increase development with the purchase of 100 development credits from Key Sites 3, 7, B, 8, and 30). The OCP EIR considered a proposed land use and zoning designation of PD (Planned Development) maximum 900 units and PRD (Planned Residential Development), along with three alternatives including the “No Project” alternative. The “No Project” alternative assumed a buildout consistent with the PD 600 units constructed on the site on approximately 128 acres fronting Rice Ranch, Bradley, and Stubblefield Roads. The OCP EIR also included a Low Buildout alternative that could consist of 400 residential units located along the northern portion of the site and a High Buildout alternative that could consist of 1,500 residential units and 167,939 s.f. of commercial (SC zoned) space.

The No Project and Low Buildout alternatives were rejected by the Board of Supervisors because these land use densities were determined to be a less efficient use of development opportunities on the site. The High Buildout alternative was also rejected by the Board of Supervisors because it was determined that buildout of the site at these densities would have substantially more severe adverse impacts to nearly all services and resources with insufficient overriding community benefits. The Board of Supervisors ultimately approved a variation of the proposed project with a limit on density of 825 units.

The OCP includes provisions that allow for a maximum potential build out of 825 residential units on the project site with the purchase of development credits from Key Site 3, 7, B, 8, and 30. However, it is important to note that since the adoption of the OCP, residential projects have been approved on all of Key Sites. With development already approved on these key sites, the potential for purchasing development credits on these four Key Sites is severely lessened.

5.2.2 Recreation

OCP policy KS12-2 requires the developer to dedicate a 5-acre park and a minimum of four 1-acre neighborhood parks. The approved Rice Ranch project includes a 26-acre community park (which was dedicated to the County in March 2009) and four neighborhood parks totaling approximately 6 acres. The four neighborhood parks are located in the Valley View, Oaks, Meadows and Grove neighborhoods. In total, the approved Rice Ranch project includes over 32 acres of developed parkland which is 22 acres more than what was required by the Orcutt Community Plan Key Site 12 policies. The 22-acres of “surplus” developed parkland was found to be a beneficial environmental impact and included in the Board of Supervisor’s Statement of Overriding Considerations for project approval. The additional acreage was also identified as a “community benefit” by which the applicant entered into a Development Agreement with the County. The applicant is requesting that the neighborhood parks be maintained by the Rice Ranch HOA instead of dedicated to the County. A detailed discussion of the applicant’s proposal for each of the four parks is described below:

Valley View: The revised Valley View neighborhood will have a 1.7 acre park that will be privately owned and maintained by the Rice Ranch HOA for the use of the residents of Rice Ranch. Conceptual plans for the park include passive picnic facilities and linkages to regional hiking trails. The original plan called for 2.8 acres, the revised plan is 1.7 acres².

The Oaks: The Oaks neighborhood park adjacent to the school (previously offered for dedication) will be developed to park standards. Conceptual plans include a tot-lot play area and picnic facilities that maybe maintained by the HOA subject to negotiations. The original plan called for 1.3 acres, the revised project is 1.6 acres.

The Meadow Greenbelt: The Meadow neighborhood now includes a landscaped greenbelt that provides a transition to the natural open space along Bradley Road at the corner of Sage Crest Drive. The greenbelt would be privately owned and maintained by the Rice Ranch HOA for the benefit of the residents. The original Rice Ranch Specific Plan included a neighborhood park consisting of 1.3 acres located immediately north of the Stubblefield Road/Bradley Road intersection. Conceptual plans for the approved neighborhood park included paved walkways, picnic tables, benches and turf area. The revised project includes 1.25 acres of passive open space.

The Grove/Meadow Private Facility: The Grove/Meadow neighborhood private facilities will be owned and maintained by the Rice Ranch HOA for the use of all the residents. The location of this neighborhood park and facility would be in the open space area at the entrance to The Grove and The Meadows neighborhoods. The conceptual plans include a private clubhouse facility, parking, and other passive amenities. The original plan called for 1.3 acres, the revised project includes 2.2 acres located on three lots.

6.0 STAFF ANALYSIS

When applications for General Plan Amendments and Rezones are submitted to the County, they must be formally initiated prior to consideration of normal processing. Staff must be able to recommend initiation of the GPA to the decision-maker based on the ability to make certain findings. Specifically, staff must be able to make the finding that the amendment to the General Plan is “in the public interest” based on a comparison of the potential development under the current designation (in this case, Planned Development 725 units) and the proposed designation (Planned Development 735 units). There must also be a substantial public benefit derived from the amendment.

Increase in Density from 725 units to 735 units

The Rice Ranch project is located on approximately 580 acres (343 acres of the 580 acres are designated as open space). The request to increase density from 725 units to 755 units equates to approximately a 1.5% increase in density. According to the applicant, the increased density of ten units would be dispersed throughout several neighborhoods instead of being confined to one portion of the project. Staff believes that the proposed increase in density of ten residential units, dispersed throughout the Rice Ranch development, would be consistent with the intent of the PRD zone district which encourages flexibility and innovative design to provide desirable aesthetic and efficient use of space and preserve natural, scenic, and cultural resources while allowing for a

² The reduction in park acreage is due to the applicant’s proposal to place five new residential lots within the “approved Valley View neighborhood park area.

diversity of housing types. The request to amend the OCP would further policy objectives of the Orcutt Community Plan which include provisions for allowing up to 825 units on the Key Site property, and such a request can be supported by staff. Lastly, there are significant amounts of prime farmland in the northern Santa Maria Valley. Development of the Rice Ranch project at a higher density will likely relieve some of the growth pressure on those lands.

Affordable Housing Proposal

As part of the proposed project modification, the applicant has requested revisions to the affordable housing requirements approved as part of the original project. This request includes the following three actions:

- 1) Apply the affordable housing requirements consistent with the income level requirements included in the County’s IHP. The County’s current affordable housing requirements for the Santa Maria Housing Market Area are:
 - 5% very-low income units
 - 5% low income units
 - 10% moderate income units
- 2) Consistent with the options provided within the County’s current IHP, allow for the payment of in-lieu fees for the very-low and low income affordable housing units.
- 3) Waive the need for deed restrictions or in-lieu fee payment for the moderate income units. This is not consistent with the County’s current IHP. The applicant states that unrestricted market prices for these units would be affordable to moderate income households without the need for deed restrictions.

Table 2- Affordable Housing Summary under Proposed Conditions

Proposed Project Build-out of 755 units x 5% Very-low Requirement =	37.75 Very-low Income Units
Proposed Project Build-out of 755 units x 5% Low Requirement =	37.75 Low Income Units
Proposed Project Build-out of 755 units x 10% Moderate Requirement =	76 Moderate Income Units
Total Affordable Housing Requirement =	152 Units

The applicant’s proposal to apply the current IHP income requirements and fee-out of the very-low and low income units would be consistent with the County’s current Housing Element policies, and such a request can be supported by staff. However, the request to opt out of in-lieu fee payment or deed restrictions for the moderate income units would not be consistent with the current IHP and would not provide continued affordability. Although the current market prices for some homes in the Santa Maria Housing Market Area have fallen to levels which are affordable to moderate income households, there is no guarantee that homes will remain at that affordability level for a significant period of time.

The County currently applies 55-year deed restrictions to required affordable units. If a homeowner chooses to resell the unit within this initial period, the deed restriction resets to 55-years for the next owner. As a result, the unit price remains affordable over a long period of time despite fluctuations in the housing market and the County retains a stable stock of affordable housing units.

The applicant's intent to provide housing which is "affordable by design" is not satisfied by the proposed project description. Typically, "affordable by design" units are a function of unit size, density, type of construction, and type of ownership (rental or for-sale). When combined appropriately, these features provide a unit which will remain consistently affordable despite fluctuations in the real estate market, without the need for deed restrictions. As determined by the State's Department of Housing and Community Development, housing is not typically considered affordable by design unless it is built at a density of 20 units per acre or greater. Even with this density threshold satisfied, the housing must often also be rental, not for-sale, in order to maintain continued affordability. This is a result of the fact that the price of even small (less than 1,000 square foot) for-sale units can fluctuate substantially with the real estate market. The proposed Rice Ranch project does not provide any rental housing, any housing at or above a density of 20 units an acre, or special construction types (i.e., mobilehomes, micro-units, etc.) which would meet the intent of "affordable by design" housing.

Ultimately, staff's recommendation is to allow the applicant to comply with the County's current IHP for all income levels (including moderate). This would allow the applicant access to three different methods for providing affordable housing:

- 1) Build onsite, deed restricted affordable housing.
- 2) Pay in-lieu fees.
- 3) Donate land which is appropriate for the construction of affordable housing.

If the decision makers would prefer to consider the provision of special accommodations, due to the difficulty of selling deed-restricted affordable housing in the current market, a Development Agreement or special project conditions could be used to dictate appropriate timing for the construction of onsite affordable housing or the payment of in-lieu fees. Under the conditions of Rice Ranch's existing Development Agreement, the required affordable housing was to be built at a rate proportionate to the development of market rate housing (i.e., for every ten market rate units built and occupied, two affordable units would be built).

Typically, the County requires payment of all in-lieu fees prior to the map recordation of subdivisions (ownership projects) or the issuance of building permits (for rental projects). However, the County can specify within a Development Agreement or project conditions that alternative timing for in-lieu fee payment or construction of onsite affordable housing be allowed, due to unusual market conditions.

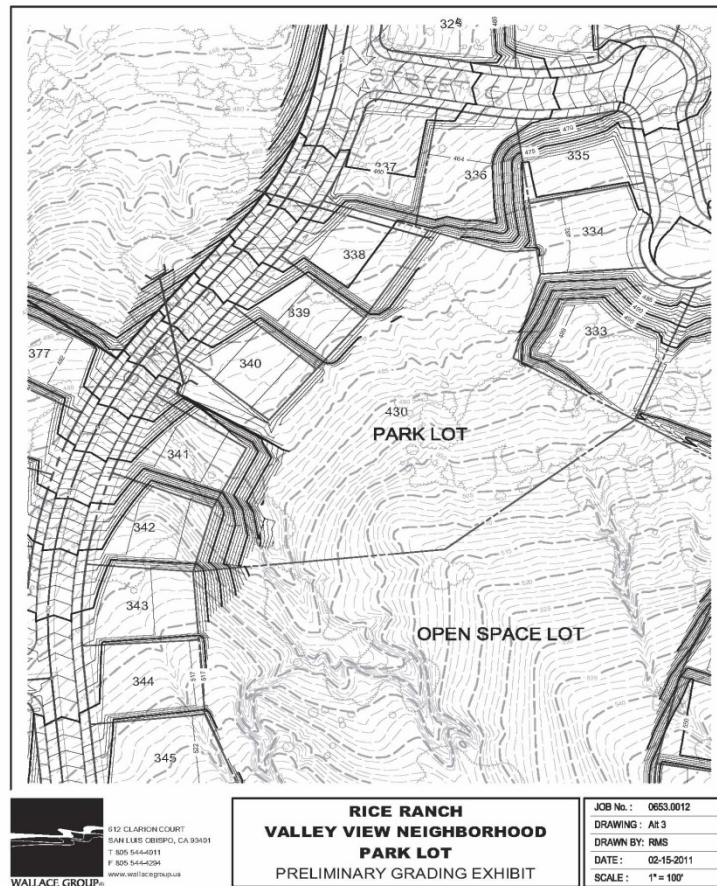
Proposal for Private Neighborhood Parks

Staff requested input from the County Parks Department staff on the proposed changes to the park and recreational facilities. In summary, the Parks Department staff stated that they are not opposed to private facilities when they address the recreational needs of the new residents in new development and therefore mitigate the impact created by the increased population. The Parks Department staff also indicated that due to the current financial situation of the Parks Department, and due to the current inability of the Orcutt Community Facilities District to fully fund the

maintenance of the new facilities, the Parks Department is not able to accept new public facilities at this time.

Both the Parks Department and P&D staff have expressed concerns to the applicant regarding the proposed redesign of the Valley View park. The proposed re-design reduces the par area from 2.8 acres to 1.7 acres in order to place five homes on the flattest portion of the park. The remaining 1.7 acres is characterized by slopes ranging from approximately 8% to 20%. (Figure 4). Staff believes that the adjusted park area will preclude any open play areas or other meaningful group participation.

Figure 4
Revised Valley View Park



Also, Parks Department staff felt that the location of the revised park, being surrounded on three sides by individual back yards, could be problematic for development, maintenance, use, and safety.

The Parks Department however, has indicated a willingness to accept the proposed Oaks neighborhood park as a public park, due to its location adjacent to the Pine Grove Elementary School and because the park has an approved design.

Revised Rice Ranch GPA
10GPA-00000-00006
Hearing Date: March 9, 2011
Page 11

ATTACHMENTS

- A. Approved Rice Ranch Project Site Plan
- B. Proposed Revised Rice Ranch Project Site Plan

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ATTACHMENT A

Approved Rice Ranch Project



ATTACHMENT B

Proposed Revised Rice Ranch Project

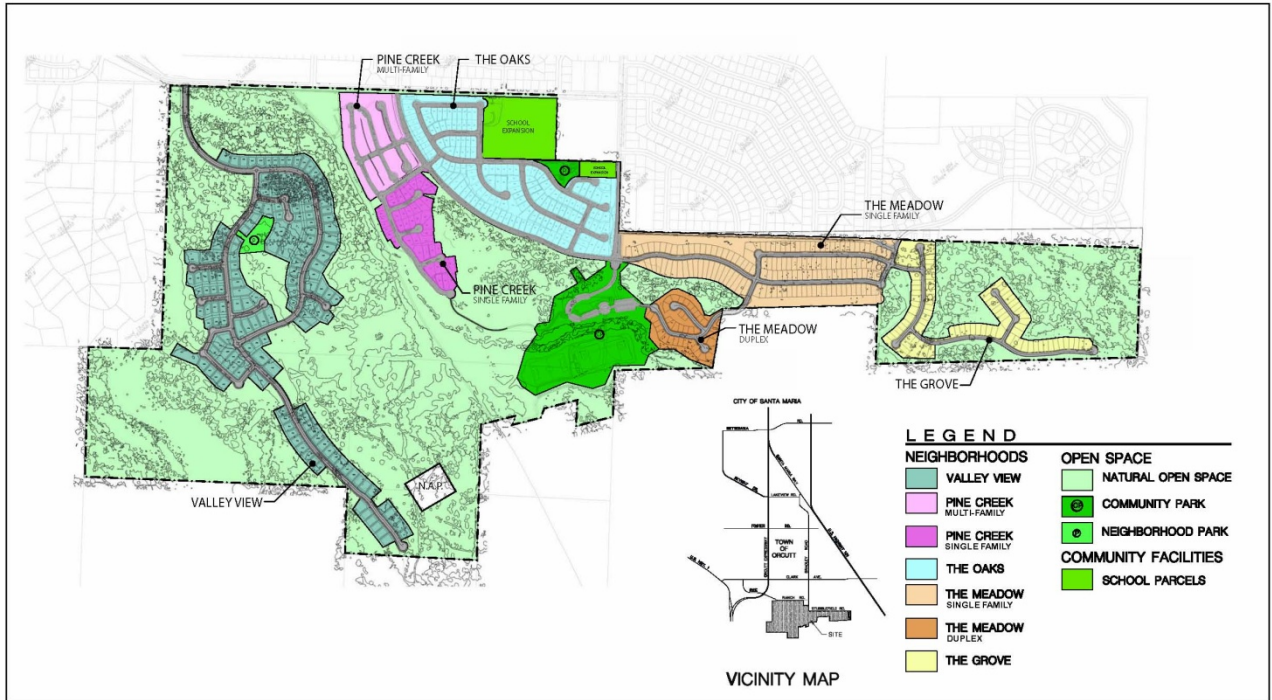


Figure 4.2-1 REVISED



NEIGHBORHOOD LOCATION MAP

Rice Ranch Specific Plan
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