

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:
Prepared on: 1/21/03
Department Name: P&D
Department No.: 053
Agenda Date: 1/28/03
Placement: Departmental
Estimate Time: 20 min (5 min staff)
Continued Item: YES
If Yes, date from: 1/7/03

TO: Board of Supervisors

FROM: Dianne Meester, Interim Director
Planning and Development

STAFF Jackie Campbell, Supervising Planner, 568-2076
CONTACT: Anne Almy, Planner III, 568-2053

SUBJECT: Hearing for the Casitas Hosmer Appeal of P&D processing Fees for Quinta Isabella
[TM 14,416, 99-DP-024, 99-RN-013, 96-GP-023]

Recommendation(s): That the Board of Supervisors deny the request of Wright Watling, for Casitas Hosmer, for a 50% refund (\$24,089.10) of Planning and Development's permit processing fees for the Quinta Isabella project located in Montecito, First District.

Alignment with Board Strategic Plan: The recommendation(s) are primarily aligned with actions required by law or by routine business necessity.

Executive Summary and Discussion: On January 7, 2003, your Board heard testimony regarding Wright Watling's request for a refund of 50% of P&D's permit processing fees for the Quinta Isabella project. Your action at the close of that hearing was to continue the item and direct the County Administrator to work with P&D and the applicant to construct a solution which would justify the use of public funds to compensate the applicant for his grievance.

The following financing option was presented to Mr. Watling on January 15, 2003.

In exchange for a grant of ±\$24,000, the applicant would lower the rents on each of the affordable units by \$50.00 per month for a period of five years. While this would cost the applicant \$4,800.00 per year for five years, were the applicant to invest the \$24,000 in e.g., a Fidelity Short Bond fund for the five years at 6% interest, he would be able to earn \$31,920.00, or \$7,920.00 dollars profit above and beyond what would otherwise constitute the value of his rents at their current levels.

The benefit to the applicant of this financing option would be his ability to use the \$24,000 to leverage additional profits. The benefit to the people would be greater affordability of the designated affordable units.

This financing solution does not constitute a gift of public funds. Rather, it would be a fair exchange made in light of the applicant's successful construction and operation of an exemplary affordable housing project.

On January 17, 2003, Mr. Watling rejected this offer. Staff was unable to identify alternative funding sources. Therefore, staff recommends that your Board deny the applicant's request for \$24,089.00

Mandates and Service Levels: Casitas Hosmer's 9/13/01 permit processing fee refund request was timely filed pursuant to the Housing Element Implementation Guidelines which allow for "reimbursement and/or credit [...] to developers of affordable housing when approved projects move forward for construction, in an amount to be determined by the BOS case-by-case".

Pursuant to Government Code Sections 65355 and 65090, a notice shall be published in at least one newspaper of general circulation. Mailed notice required to property owners with 300 feet of the project, including the real property owners, project applicant and agencies expected to provide essential services shall be done at least 10 days prior to the hearing (Government Code Section 65091).

Fiscal and Facilities Impacts: No filing fee was required for this fee reduction request. Costs associated with unfunded requests of the BOS are included in Planning and Development's approved budget. If the Board were to authorize the 5090 fee reduction, the reimbursement could be taken from FY 02/03 revenue, thus increasing the general fund contribution for case processing by \$24,089.00. The cost center, Development Review – South, on page D-266 of the proposed budget FY 02-03 would show a reduction of revenue (category Development Permit Revenues, Recommended FY 02-03 from \$1,941,193.00 to \$1,917,104.00) which would increase the General Fund Contribution from \$828,513.00 to \$852,602.00.

Special Instructions: Clerk of the Board shall forward a copy of the Minute Order to P&D Hearing Support Section, Attn.: Cintia Mendoza.

Concurrence: County Administrator, County Counsel