



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

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

**Department Name:** Community Services  
**Department No.:** 055  
**For Agenda Of:** October 20, 2015  
**Placement:** Administrative  
**Estimated Tme:**  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors  
**FROM:** Department George Chapjian Community Services Director (805) 568-2457  
Director(s)  
Contact Info: Dinah Lockhart, Deputy Director (805) 568-3523  
Andrew Kish, Housing Program Specialist, II (805) 568-3529

**SUBJECT:** County Inclusionary Housing Ordinance – Revised Annual Updates to Affordable Housing In-Lieu Inclusionary Housing Fees

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**County Counsel Concurrence**

As to form: Yes

Planning and Development:

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- A. Receive and file revised 2015 Update and Annual Adjustment of Affordable Housing In-Lieu Fees to the very low and low income categories; and,
- B. Determine that the receipt and filing of revised annual updates and adjustments to In-Lieu Inclusionary Housing Fees are exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guideline section 15061(b)(3), finding that the activities are covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment, and where it can be seen with certainty that there is no possibility that the activities in question may have a significant effect on the environment, the activities are not subject to CEQA, and direct staff to file a Notice of Exemption (Attachment B).

**Auditor-Controller Concurrence**

As to form: N/A

**Summary Text:**

The County's in-lieu fees are adjusted by formula each year, per the 4855 Ordinance, requiring that the Board of Supervisors only receive and file the fees each year. On August 25, 2015, the BOS voted to receive and file the 2015 in-lieu fee report, which included increased fees. During the process of administratively revising the 2015 fees, staff identified an error in the calculation of the 2013 very low and low income categories' fees which affected the calculation of the in lieu fees for the very low and low income categories for 2013, 2014 and 2015. In general, during those three years, in lieu fees for the very low and low income category went down for the South Coast, Santa Maria, and Lompoc Housing Market Areas (HMA's) and went up in the Santa Ynez HMA. No developer has been assessed in lieu fees since the August 2015 Board action. Staff has confirmed that only one development paid in lieu fees during 2013-2015 and will result in a refund of \$13,000. The recommended action corrects the 2015 fees to reflect the correction in the 2013 fee calculation. The board letter includes the revised 2013 and 2014 fees. The updated fees/requirements will be applied after the Board receives and files the revised updates.

**Background:**

The IHO requires discretionary residential projects of five or more units to provide a portion of the development as price-restricted affordable housing units to ensure the supply of affordable housing in the unincorporated Santa Barbara County. Under specific housing market conditions, section 46A-4(a)1.i and ii the IHO allows an annual adjustment of the inclusionary housing requirements for moderate and workforce housing units for developments of 20 or more lots/units. The IHO affords developers the option of satisfying the inclusionary housing requirements by paying fees in lieu of providing affordable units on-site. In-lieu fees are deposited in the County's Housing Trust Fund and used to fund the development or rehabilitation of very low- and low-income housing, special needs housing, senior housing, and to assist non-profit organizations and other governmental agencies to provide or preserve affordable housing in the County. The adjustments to the annual in-lieu fees are based on data from the most recent prior year condominium sales activity, which the Community Services Department (CSD) obtains from the County Assessor's Office. Pursuant to Section 46A-6(b)2.a of the Inclusionary Housing Ordinance No. 4855, the in lieu fee shall be adjusted by the percent change in the median sales price of all condominiums in a Housing Market Area (HMA) over a twelve month period. For each HMA, the median value shall be calculated for the prior twelve month range of condominium sales prices as provided by the County Assessor/Recorder. In-lieu fees shall be reviewed and updated periodically by the County's Housing and Community Development Division (HCD) as necessary.

Revisions to the 2015 in lieu fees applied to the very low and low income categories are necessary due to a miscalculation of the 2013 in lieu fees for those same income categories. The updated fees/requirements will be applied after the Board receives and files the revised updates. For projects approved after the IHO was adopted by the Board in May 2013, staff will be reviewing any projects that opted to pay in-lieu fees under the IHO to correct any fees previously assessed to a developer. Staff has verified that only one project, paid in lieu fees which will result in a refund by the County. In general, in lieu fees for the very low and low income category went down for the South Coast, Santa Maria, and Lompoc HMA's and went up in the Santa Ynez HMA.

**Revised Very Low & Low 2013 In-Lieu Fees** (rounded to the nearest \$100):

HMA	Originally Assessed	Accurate Assessment	Difference
South Coast	\$95,000	\$94,400	(\$600)
Santa Maria	\$58,100	\$46,300	(\$11,800)
Santa Ynez	\$63,600	\$69,700	\$6,100
Lompoc	\$46,000	\$45,700	(\$300)

**Revised Very Low & Low 2014 In-Lieu Fees** (rounded to the nearest \$100)

HMA	Originally Assessed	Accurate Assessment	Difference
South Coast	\$111,700	\$110,900	(\$800)
Santa Maria	\$78,000	\$62,100	(\$15,900)
Santa Ynez	\$81,500	\$89,300	\$7,800
Lompoc	\$45,100	\$44,800	(\$300)

**Revised Very Low & Low 2015 In-Lieu Fees** (rounded to the nearest \$100)

HMA	Originally Assessed	Accurate Assessment	Difference
South Coast	\$131,300	\$130,500	(\$800)
Santa Maria	\$84,900	\$67,600	(\$17,300)
Santa Ynez	\$100,800	\$110,500	\$9,700
Lompoc	\$70,600	\$70,100	(\$500)

**Fiscal and Facilities Impacts:**

Budgeted: Yes

Any change of the in-lieu fees or the annual adjustment of the inclusionary housing requirements will impact the amount which will be collected by the County and allocated to future affordable housing projects. Staff has verified that only one project, Stonegate in Orcutt, paid in lieu fees which will result in a refund of approximately \$13,000 by the County, should the developer file a claim. In general, in lieu fees for the very low and low income category went down for the South Coast, Santa Maria, and Lompoc HMA's and went up in the Santa Ynez HMA.

**Special Instructions:**

Return a copy of the Minute Order to Andrew Kish, HCD, Property Management Program.

**Attachments:**

Attachment A – August 25, 2015 In Lieu Inclusionary Housing Fee Board Letter  
Attachment B – CEQA Notice of Exemption  
Attachment C – Inclusionary Housing Ordinance No. 4855  
Attachment D – Amended Calculations for 2013-2015 In Lieu Fee Updates

**CC:**

Glenn S. Russell, PhD, Director, Planning and Development  
Margo Wagner, Senior Housing Program Specialist  
Scott Greenwood, Deputy County Counsel