



**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: CEO
Department No.: 012
For Agenda Of: February 9, 2021
Placement: Administrative
Estimated Tme: NA
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director(s)
Contact Info: Nancy Anderson, Assistant CEO, 568.3407
Mona Miyasato, County Executive Officer

DocuSigned by:
Mona Miyasato
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SUBJECT: Property Tax Exchange Agreement for 691 North Hope Avenue Reorganization Annexation with the City of Santa Barbara (LAFCO 18-07)

County Counsel Concurrence

Auditor-Controller Concurrence

As to form: Yes

As to form: Yes

Recommended Actions:

- a) Adopt a Resolution (Attachment B) providing for a negotiated exchange of property tax revenues pertaining to the 691 North Hope Avenue Reorganization (LAFCO #18-07), an annexation to the City of Santa Barbara (City) and detachment from the Santa Barbara County Fire Protection District, Goleta Water District, Goleta Sanitary District and County Service Area 32; and
- b) Find that the proposed actions are not a project under the California Environmental Quality Act (CEQA) pursuant to Sections 15378(b)(4) and 15378(b)(5) of the CEQA Guidelines, because they are government fiscal, organizational or administrative activities that will not result in direct or indirect physical changes in the environment.

Summary Text:

The County of Santa Barbara (County) received a notification from the Local Agency Formation Commission (LAFCO) that it had received an application from the City of Santa Barbara (City) for the North Hope Avenue Reorganization. Currently, the property is bordered by the City. The parcel identified for possible annexation is located at 691 North Hope Avenue Road (District 1), the existing land use is residential and the parcel has an assessed value of \$1,976,760. The proposal includes the following actions:

- Annexation to the City of Santa Barbara and

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- Detachment from the Santa Barbara County Fire Protection District, Goleta Water District, Goleta Sanitary District and County Service Area 32.

The County and the City engaged in tax exchange negotiations that ended in an agreement to allocate base property taxes and future increment in the same percent to the City as the existing City TRA 002-014 which is adjacent to the property, or 12.46538121%. Additionally, the Goleta Sanitation District is transferring 100% of its allocation of .2389944% for a total allocation to the City of 12.70437561%.

For this annexation, no Regional Housing Needs Allocation (RHNA) credits were negotiated as the RHNA exchange would only involve a few above-moderate income units and the County does not need above-moderate income units for the current RHNA cycle.

This item is being placed on the agenda of the Board of Supervisors, per Section 99 of the Revenue and Taxation Code. The County must consider approval of a resolution of a negotiated exchange of property tax revenues with the City of Santa Barbara before the proposed annexation can be heard or approved by LAFCO.

Background:

The LAFCO Proposal Justification Questionnaire for Annexations, Detachments, and Reorganizations states that the City of Santa Barbara (City) is requesting annexation of Assessor Parcel Number (APN) 057-113-007 at 691 North Hope Avenue. The proposal also includes detaching this parcel from County Service Areas No. 32, the County Fire Protection District, the Goleta Water District and the Goleta Sanitary District. The City would provide water, sewer as applicable, and other municipal services to these parcels.

The property is a 2.02-acre lot that the owners would like to subdivide into 6 legal lots for the development on single family homes and connect to City water and sewer services. The City Council is meeting February 23, 2021 to act on the proposed tax exchange agreement with the County (Attachment B).

Currently, the County General Fund receives 17.00793824% of the \$19,768 in property taxes paid. The Santa Barbara County Fire Protection District, Goleta Water District, Goleta Sanitary District and County Service Area 32 receive 19.93%, 0%, .24% and 0%; respectively. The matching tax allocation (TRA) paid to the City of Santa Barbara on adjoining properties in the City limits is 12.47%. In negotiations between the City of Santa Barbara and the County, the parties agreed that all of the County Fire Protection District's allocated percentage will be eliminated. The City of Santa Barbara will become the provider of all municipal services and will receive 12.47% of property taxes. Additionally, the City will receive all of the tax allocation from the Goleta Sanitary District of .24% for a total allocation to the City of 12.71%. With this tax exchange agreement, the County General Fund will receive approximately \$4,838 per year and the City will receive \$2,511. No property tax revenue from these parcels is distributed to the Goleta Water District or County Service Area 32.

Using the current assessed value and property tax amount as an example, the proposed tax exchange agreement would have the following impacts to project-affiliated jurisdictions:

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Assessed Value \$1,976,760 FY 2020-21				
Pre-Agreement		Jurisdiction	Post-Agreement	
Tax Allocation %	Revenue		Tax Allocation %	Revenue
17.01%	\$ 3,362	County General Fund	24.47%	\$ 4,838
0.00%	\$ -	CSA 32	0.00%	\$ -
0.00%	\$ -	City of Santa Barbara	12.71%	\$ 2,511
19.93%	\$ 3,940	SB County Fire Protection District	0.00%	\$ -
0.24%	\$ 47	Goleta Sanitary District	0.00%	\$ -
0.00%	\$ -	Goleta Water District	0.00%	\$ -
Totals:				
37.18%	\$ 7,349		37.18%	\$ 7,349

¹ Based on Auditor-Controller provided total assessed value of \$1,976,760, property taxes of \$19,768. Balance of property tax is allocated to independent special districts and schools. Due to rounding, Tax revenues may not equal to posted totals.

Attached is a Board Resolution (Attachment B) which proposes the authorization of the terms, provisions and directions for executing the property tax exchange between the City of Santa Barbara and the County.

Fiscal and Facilities Impacts:

The parcel subject to the reorganization has a total assessed value of approximately \$1,976,760 of which the 1% value is \$19,768. The property tax allocated to the Santa Barbara County Fire Protection District of 19.93075255 percent is reallocated to the City in an amount equal to a tax allocation of 12.46538121 percent and to the County General Fund in an amount equal to a tax allocation of 7.46537134 percent. The negotiated tax allocation is equal to the matching TRA allocation (002-014) identified by the Auditor-Controller of 12.47%. Additionally, the Goleta Sanitary District tax allocation of .23899440 percent is reallocated to the City of Santa Barbara. The City's total allocation is 12.70437561. The County General Fund's new total adjusted allocation is 24.47330958 percent. The rationale behind this methodology is that the City of Santa Barbara would become the provider of municipal services and the County will continue to support other beneficial services; which is consistent with Section 99 of the Revenue and Taxation Code.

Attachments:

- A. LAFCO Submission Packet #18-07 – 691 North Hope Avenue Reorganization
- B. A Resolution providing for a negotiated exchange of property tax revenues pertaining to the 691 North Hope Avenue Reorganization (LAFCO #18-07), an annexation to the City of Santa Barbara and detachment from the Santa Barbara County Fire Protection District, Goleta Water District, Goleta Sanitary District and County Service Area 32

Special Instructions:

Please provide copies of the minute order and signed Attachment B to Nancy Anderson, Assistant County Executive Officer, CEO Office.

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Authored by:

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CC:

Betsy Schaffer, Auditor-Controller

Mark Hartwig, Fire Chief

Mike Prater, Executive Officer, Local Agency Formation Commission