



**COUNTY OF SANTA BARBARA
PLANNING AND DEVELOPMENT**

MEMORANDUM

TO: County Planning Commission

FROM: Alice McCurdy, Deputy Director
Development Review South
568-2518

DATE: November 28, 2011

RE: Cavaletto Tree Farm Residential Housing Project

At the hearing on October 26, 2011, your Commission indicated support for eliminating the roadway connection between Merida Drive and Tree Farm Lane and requiring that a connection with Patterson Avenue be established as part of the first phase of development to accommodate construction traffic. In addition, your Commission raised questions regarding the effectiveness of the 16 for-sale apartments in meeting affordable housing objectives. The purpose of this memorandum is to provide information in response to these issues and other issues raised at the hearing.

Merida Drive

Since the last hearing, staff has confirmed with the County Fire Department that they would not require Merida Drive to terminate in a cul-de-sac given that under the no connection scenario there would be no change to the status quo in that location. As discussed at the last hearing, the applicant proposes a cul-de-sac at the end of Tree Farm Lane with a landscaped connection and pedestrian pathway through to Merida Drive. The applicant would offer to dedicate a 60-foot wide access easement to the County within this connection. This would allow the County to establish a through road in this location in the future should circumstances change or the need arise.

Construction Traffic

At the last hearing, the applicant presented a proposal to route construction traffic from/to the north using Avenida Pequena and Las Perlas Drive in order to avoid the residential neighborhood to the south. At the hearing, some members of the Planning Commission supported requiring construction traffic to access the site directly from Patterson Avenue in order to avoid traffic through the residential communities to the north. Subsequent to the hearing, P&D received several comment letters from neighbors to the north of the site protesting the use

of Avenida Pequena for construction traffic. The applicant has modified his proposal by suggesting that routine construction traffic utilize the existing driveway connection with Patterson Avenue as a right turn in and right turn out access point. The applicant, in consulting with a contractor, estimates that between 15 and 30 construction vehicles would likely be accessing the site on a daily basis. Larger delivery trucks and construction equipment, which would be less frequent since grading would be balanced on site and there would not be any import or export of soil, would utilize Avenida Pequena and Las Perlas Drive for accessing the site as the existing driveway connection is not designed to accommodate the turning movements associated with those larger vehicles. County Public Works and County Fire Department are in support of this approach. Since the driveway would be used for construction traffic only, it could be controlled with gates to prevent unauthorized use. The applicant maintains that constructing the necessary improvements to allow construction access off Patterson Avenue for all vehicles and equipment is not economically feasible before any units are sold due to the significant upfront costs. These potential changes to the flow of construction traffic would not substantially change the conclusions in the EIR and the mitigation measures would remain adequate to reduce temporary construction-related traffic impacts to less than significant levels. If anything, impacts would be slightly reduced by reducing the amount of construction traffic utilizing neighborhood streets to access the project site. Nonetheless, since larger construction vehicles and material deliveries would continue to rely on the neighborhood streets to access the project site, impacts would remain significant but mitigable.

Avenida Pequena

With elimination of the connection with Merida Drive, the proposed northerly connection with Avenida Pequena is of greater importance as it relates to emergency access. Staff has confirmed that there is a valid outstanding offer of dedication to the County for a roadway in between Avenida Pequena and the project site. By accepting the offer, the County would ensure that there is adequate secondary access into the development. The County's General Plan has been updated since this offer of dedication was made in 1972. Therefore, the County's acceptance of the offer needs to be accompanied by a Government Code Section 65402 consistency finding. As discussed above, acceptance of the offer of dedication would facilitate the establishment of secondary access for the site, which is consistent with policy requirements of the Goleta Community Plan. Use of this road for resident and emergency access would not be in conflict with any policies of the County's Comprehensive Plan, including the Goleta Community Plan. As such, a finding of consistency pursuant to Government Code Section 65402 can be made. The project description has been updated to reflect the County's acceptance of the offer of dedication, which would have the result of this access way being a privately maintained road with public easements. The recommended actions for your Commission have been revised to include accepting the offer of dedication and making the findings per Government Code Section 65402.

Affordable Housing

The applicant's current proposal for affordable housing is to provide 8 rental units targeting the very low income category under the State Density Bonus Program. The applicant has identified that these units would be managed either by a property management company or by the ownership of the development, but they would be subject to monitoring and oversight by the County Community Services Department (formerly Housing and Community Development, HCD). By providing these 8 units at price restricted rental rates, the applicant satisfies the minimum requirements for providing affordable housing under the County's Housing Element and State Density Bonus Program. While the 8 rental units do meet the minimum requirements for affordable housing, this number of affordable units is less than what was envisioned when the General Plan Amendment and Rezone from agriculture to residential was initiated by the Board of Supervisors in 2006, at which time the project included a total of 31 price-restricted affordable units in addition to 20 residential second units and in lieu fees. The applicant is attempting to bridge this gap by proposing that the other 16 apartment units be regulated with certain parameters (i.e. below-market initial sales price and cap on annual appreciation) in order to make them affordable. P&D has discussed this proposal with staff from the County Community Services Department who oversee the affordable housing implementation program. They prepared a memo evaluating this proposal (Attachment C) and concluded that the parameters proposed for the 16 units are insufficient to consider the units as meeting the goals and intent of the County's affordable housing program. This is primarily due to the fact that there are no income or asset restrictions imposed on the prospective buyers of these units and no guarantee that they will be marketed and sold to individuals and families who would otherwise be unable to afford market rate condominiums or homes in the area.

Undergrounding of 66 kV Lines

At the last hearing there was a question about the benefits or lack thereof of undergrounding the 66 kV lines in terms of EMF exposure. In response, staff obtained information from Southern California Edison regarding the differences in EMF emissions between undergrounded and overhead lines. If standing directly over an undergrounded line, the EMFs are greater than if standing directly under an overhead line due to the greater separation achieved with the overhead lines. Wrapping the lines has a negligible effect on the emissions from underground lines. However, the drop-off in EMF emissions with distance is greater for underground lines versus overhead lines. According to SCE, background EMF levels are achieved at a distance of approximately 25 feet from the undergrounded lines whereas it would require a distance of approximately 100 feet for overhead lines before background levels are experienced. The 66kV lines traversing the subject property are approximately 70 feet above ground. The EMF readings observed directly below the lines taken during preparation of the EIR reached a maximum of 16.2 milliGauss. At 60 feet away from the centerline, the readings were approximately 5 milliGauss or less. Regardless, as discussed in the EIR, there is no known health risk associated with EMF exposure at these levels and a person is exposed to far greater sources of EMF on a daily basis from household and work equipment than from electric utility lines. As a result, the EIR concludes that impacts related to EMF exposure are less than significant and no mitigation is required.

Development Plan Modifications

At the hearing, the applicant also clarified that the modifications to the open space and setback requirements are being requested under the Development Plan modifications provision rather than as incentives under the State Bonus Density Program. As a result, staff has prepared findings in support of the modification request.

Parks Fees

The applicant submitted a request to the Park Department for a credit on the required park fees pursuant to the Quimby and Park Department Mitigation Fee Ordinance and based on the provision of recreational facilities to serve the residents of the development. A review of the request by Park staff and a determination of a 50% credit level on Park fees was forwarded to the Park Commission who recommended the 50% level at their meeting of October 27, 2011. The Planning Commission and Board of Supervisors' approval of the Park's updated condition letter reflecting this credit would constitute approval of the 50% credit.

Recommended Actions

With the revisions to the project and the changes to the conditions of approval, staff's recommendation is as follows:

Your Commission's motion should include the following:

1. Recommend that the Board of Supervisors make the required findings for the project specified in Attachment A of the staff report dated September 30, 2011, as revised at the hearing of December 5, 2011, including CEQA findings.
2. Recommend that the Board of Supervisors certify the Environmental Impact Report (11EIR-00000-00002) and adopt the mitigation monitoring program contained in the conditions of approval included as Attachment B to the staff report dated September 30, 2011, as revised at the hearing of December 5, 2011.
3. Recommend that the Board of Supervisors approve an amendment to the land use designation for APNs 069-100-006, -051, -054, and -057 from A-I-5 to RES-4.6 (draft resolution included as Attachment E to the staff report dated September 30, 2011) and an amendment to the zoning map for the subject parcels from AG-I-5 to DR-4.6 (draft ordinance amendment included as Attachment F to the staff report dated September 30, 2011);
4. Recommend that the Board of Supervisors approve the project (01GPA-00000-00009, 01RZN-00000-00015, 08DVP-00000-00012, 09TRM-00000-00001, and 09RDN-00000-00001) subject to the conditions included as Attachment B to the

staff report dated September 30, 2011, as revised at the hearing of December 5, 2011.

5. Recommend that the Board of Supervisors accept the offer of dedication of Parcel C of Tract No. 11,504 in order to accommodate a private road with public easements between Avenida Pequena and the Tree Farm project site.
6. Determine that the land exchange between the County and the applicant is consistent with the Comprehensive Plan, including the Goleta Community Plan; and transmit the consistency report required by Government Code Section 65402(a) to Claude Garciacelay, and the Board of Supervisors. The staff report, dated September 30, 2011, and the Planning Commission's action letter shall constitute the required report.
7. Determine that acceptance of the offer of dedication of the parcel to serve as the northerly private access road connecting the project site with Avenida Pequena is consistent with the Comprehensive Plan, including the Goleta Community Plan; and transmit the consistency report required by Government Code Section 65402(a) to Jeff Havlik and the Board of Supervisors. The staff memo, dated November 28, 2011, and the Planning Commission's action letter shall constitute the required report.

Attachments:

Attachment A: Development Plan Modification Findings

Attachment B: Revisions to Conditions of Approval

Attachment C: County Community Services Department Memorandum

ATTACHMENT A

DEVELOPMENT PLAN MODIFICATION FINDINGS

- A. Findings required for all Development Plan Modifications.** In compliance with Subsection 35.82.080.H.1 of the County Land Use and Development Code, prior to the approval or conditional approval of an application for a Preliminary or Final Development Plan that includes a modification to the zone development standards, the review authority shall first find that the modification is justified.

The applicant has requested modifications to the common open space requirement and setbacks for the DR zone district in order to accommodate the proposed project at the approximate density initiated by the Board of Supervisors in 2006. The DR zone district requires that 40% of the net site area be reserved as common open space. The applicant is requesting that this development standard be modified to 38%. The standard setbacks in the DR zone are 20 feet for the front yard and 10 feet for the side and rear yards. The applicant is seeking a modification to front, rear, and side setbacks to accommodate minor encroachments for the residential structures throughout portions of the site. Side and rear setbacks would be reduced by up to 5 feet in many places, while front setbacks would be reduced by up to a maximum of approximately six feet. These setback encroachments and minor reduction in the amount of common open space are justified in that they allow for the additional density on the project site that is granted through participation in the State Bonus Density Program. The setback modifications primarily affect the interior areas of the project site and allow for greater separation from adjoining development by pulling the future residences closer to the new internal streets. The setback modifications are also justified in that they permit a more flexible site design by staggering residences so as to avoid a uniform appearance that is often found with a standard subdivision or Planned Unit Development, while still achieving the desired density. The minor reduction in common open space is justified in that it allows the project to accommodate the increased density and provide a variety of housing types that target a range of income levels. The project site contains nearly four acres of parkland for the project residents, in addition to additional common areas spread throughout the site. The common open space area is considered adequate to serve the future residential population. The project site also would have connections with public open space adjacent to the project site to expand the amenities available to the residents. Together, these factors justify the requested modifications.

ATTACHMENT B
Cavaletto Tree Farm Residential Housing Project
Conditions of Approval Revisions

29. N-1(a) Construction Timing. Construction activity and equipment maintenance shall be limited to the hours between 8-7:30 and 5-4:30 P.M., Monday through Friday. No construction shall occur on State holidays (e.g., Thanksgiving, Labor Day). Non-noise generating construction activities such as interior painting are not subject to these restrictions.

PLAN REQUIREMENTS AND TIMING: Four signs stating these restrictions shall be posted on the site. Signs shall be in place prior to the beginning of and throughout grading and construction activities. Violations may result in suspension of permits.

MONITORING: Building Inspectors and Permit Compliance shall spot check and respond to complaints.

39. T-2(a) Restriping. The freeway overcrossing shall be restriped to provide dual southbound left-turn lanes. The existing pavement width would be restriped to accommodate a cross section of two five-foot wide bike lanes, two 11½ -feet wide travel lanes adjacent the bike lanes, plus five 11-foot wide lanes.

PLAN REQUIREMENTS AND TIMING: The applicant shall submit a restriping plan to the City of Goleta, if necessary, and Caltrans for review ~~and approval concurrent with or~~ prior to submittal of the first Zoning Clearance issuance application. Approval shall be obtained prior to Zoning Clearance approval for Phase II. If approved, restriping shall take place prior to Final Building Inspection Clearance for the first residence in Phase II~~phase of development.~~

MONITORING: P&D shall verify that necessary approvals from the City of Goleta, if necessary, and Caltrans have been obtained ~~prior to Zoning Clearance issuance as applicable.~~ P&D shall verify that restriping has occurred prior to Final Building Inspection Clearance for the first residence in Phase II.

40. T-2(b) Ramp Metering. Ramp meters shall be installed on the U.S. 101 Southbound Ramps intersection. Figure 4.14-9 of the EIR illustrates the concept layout of the ramp meter improvements. The installation of ramp meter equipment, including signals, detector loops, controller assembly and advance warning devices, and signing and pavement markings shall be according to Caltrans specifications.

PLAN REQUIREMENTS AND TIMING: The applicant shall submit a ramp meter installation plan to Caltrans for review ~~and approval concurrent with or~~ prior to issuance of submittal of the project's first Zoning Clearance application. Approval shall be obtained prior to Zoning Clearance approval for Phase II. If approved, ramp meters shall be installed prior to Final Building Inspection Clearance for the first residence in Phase II.

MONITORING: P&D shall verify that necessary approvals from Caltrans have been obtained ~~prior to applicable Zoning Clearance issuance as applicable.~~ P&D shall verify that

installation of ramp meters has occurred prior to Final Building Inspection Clearance for the first residence in Phase II.

~~**56. GHG-1(b) Electric Vehicle Parking.** On-site parking areas shall be designed to accommodate electric vehicle charging stations.~~

~~**PLAN REQUIREMENTS AND TIMING:** The project plans should reflect the recommended parking provisions.~~

~~**MONITORING:** P&D compliance monitoring staff should review plans prior to issuance of land use permit to ensure that the development is in compliance with the recommended parking provisions.~~

57. GHG-1(c) Design Elements. The Owner/Applicant shall incorporate the following energy-conserving techniques into project design, unless they can demonstrate infeasibility of individual components to P&D to the extent feasible.

- a. Use of light colored water-based paint and roofing materials;
- b. Use of passive solar cooling/heating;
- c. Use of natural lighting;
- d. Energy efficient appliances and lighting;
- e. Use of on-demand water heaters;
- f. Use of concrete or other non-pollutant materials for parking lots instead of asphalt;
- g. Installation of sidewalks and bikepaths;
- h. Installation of covered bus stops to encourage use of mass transportation;
- i. Use of solar heating for the community pool;
- j. Use of landscaping to shade structures and parking lots.

PLAN REQUIREMENTS: The Owner/Applicant shall incorporate these energy conservation design elements into building and HVAC plans where feasible as applicable or shall submit proof of infeasibility demonstrate to P&D that they are not applicable to this project. The landscape plan shall be submitted to the South County Board of Architectural Review for review and approval.

TIMING: The Owner/Applicant shall incorporate this measure prior to issuance of Zoning Clearance.

MONITORING: The Owner/Applicant shall demonstrate to Building & Safety staff that the development is in compliance with approved energy saving design components prior to Final Building Inspection Clearance. P&D compliance monitoring staff shall verify landscape installation in compliance with approved landscape plans.

63. Hous-01 Agreement to Provide Affordable Housing. The Owner/Applicant shall enter into and record an Agreement to Provide Affordable Housing and a Restrictive Covenant and Preemptive Right with the County of Santa Barbara based on the County's model documents. These shall specify affordability terms described in condition 645. In addition, the Agreement and Covenant shall include the following provisions:

1. Affordable units shall be constructed as shown on the approved Vesting Tentative Map Phasing Plan consistent with Condition #64, with one of the units within each of the first four triplexes designated as affordable until the six-plexes are constructed.

2. The County will not issue Final Building Inspection Clearance for more than 50% of market rate units in any phase of development until Final Building Inspection Clearance is issued for all affordable rate units in that phase.
3. Marketing and lottery requirements for the initial rental of units.
4. Income eligibility requirements of prospective renters to be determined by the County or its designee.
5. Requirement that prospective renters of the affordable units execute an agreement to occupy the unit as the primary residence.
6. Requirement that a Request for Notice be recorded with the original and all subsequent deeds, which stipulates a copy of any Notice of Default and a copy of any Notice of Sale be mailed to the address contained in the recorded request.
7. Statement that the maximum rental rate for the affordable units shall not exceed the maximum levels established by the Board of Supervisors, consistent with the provisions of the Housing Element and state law.

Plan Requirements: The Owner/Applicant note on applicable construction plan pages that affordable units shall be constructed concurrent with the construction of the market rate units in each phase of development.

Timing: The Owner/Applicant shall submit the Agreement and Covenant for P&D, County Counsel and County Housing and Community Development review prior to Final Map Clearance.

Monitoring: The Owner/Applicant shall demonstrate to P&D compliance monitoring staff that all affordable units for a given phase of development are completed (Final Building Inspection Clearance issued), before P&D will issue Final Building Inspection Clearance for more than 50% of the market rate units in the same phase of development.

64. Hous-03 Rental Density Bonus Projects. The Owner/Applicant shall provide ~~24 low-8 very low income dwelling units (18% of project units)~~ available for rent at prices ~~affordable to households earning 60% of Area Median Income (AMI)~~ consistent with the provisions of Government Code § 65915-65918 (Density Bonus).

Plan Requirements: The applicant shall enter into and record an Agreement to Provide and Rental Restrictive Covenant and Preemptive Right based upon the County's model document which shall be subject to review and approval by Planning & Development, County Housing and Community Development ("HCD") and County Counsel. This document shall specify affordability consistent with the terms described above and shall include provisions describing marketing of rental of units and requiring County approval of proposed leases. Income eligibility of prospective renters shall be determined by the County or its designee, however, HCD may choose to authorize applicant to conduct income certifications at the discretion of HCD subject to review and monitoring by HCD. The maximum rental rate for the affordable units shall not exceed the maximum levels established by the Board of Supervisors, consistent with the provisions of the Housing Element. The Owner/Applicant shall enter into and record an Agreement to Provide Affordable Housing, which shall include a model Restrictive Covenant and Preemptive Right. The Covenant shall be executed and recorded by each purchaser of an affordable unit. The agreement and covenant shall be based on the County's model documents, as they may be amended from time to time and

~~subject to review and approval by P&D, County Housing and Community Development, and County Counsel.~~

Timing: The Agreement shall be entered into and recorded prior to Final Map Clearance. The units shall remain affordable for a period of thirty years or longer if required by the financing, insurance or rental subsidy program used. In addition, the running of the covenant shall toll during any period of violation.

82. Rules-29 Other Dept Conditions. Compliance with Departmental/Division letters required as follows:

- a. Air Pollution Control District dated July 29, 2011;
- b. County Surveyor dated July 22, 2009;
- c. Environmental Health Services Division dated August 5, 2011;
- d. Fire Department dated September 24, 2009;
- e. County Flood Control dated June 18, 2009;
- f. Parks Department dated ~~September 12~~ November 10, 2011;
- g. Project Clean Water dated April 25, 2008;
- h. Transportation Division dated September 30, 2011.

New Conditions

88. Workforce Housing. The applicant shall provide 16 workforce dwelling units available for sale with the following parameters:

- At least one owner of each unit must work on the South Coast (defined for the purposes of this condition as between the City of Santa Barbara and the City of Goleta) at the time of purchase;
- The owner must occupy the unit during the entire period that it is subject to these restrictions;
- The annual appreciation in sales price of each unit shall not exceed 2.5% per year for a minimum of 35 years from the initial sales date;
- The starting sales prices shall be equivalent to that which would apply if the unit were governed by the County's Inclusionary Housing Program;

Plan Requirements and Timing: The applicant shall enter into a restrictive covenant with the County of Santa Barbara to assure continued affordability of the 16 units. The covenant shall be subject to review and approval by Planning & Development, County Housing and Community Development ("HCD") and County Counsel prior to Final Map Clearance. The applicant shall submit annual reports to P&D to demonstrate compliance with this condition for the 35-year period. The report shall include sales price information and owner eligibility information for any units sold in the prior year.

MONITORING: The applicant shall submit annual reports to P&D to demonstrate compliance with this condition for the 35-year period. Permit Compliance staff shall review the annual reports to confirm compliance with this condition.

89. Construction Traffic. Routine construction traffic shall utilize the existing driveway connection with Patterson Avenue for entering and exiting the site. The driveway shall be improved as necessary to accommodate right-turn in and right-turn out traffic only. The

access point shall be gated to preclude non-construction vehicles from utilizing the access point.



November 10, 2011

Supersedes Condition Letter
Dated September 12, 2011

Brian Roney
Interim Director of Parks
(805) 568-2461

TO: Alex Tuttle, Planner
Planning & Development

RECEIVED

John Jayasinghe
Interim Deputy Director
(805) 568-2461

FROM: Claude Garciacelay, Park Planner *[Signature]*

NOV 15 2011

RE: **09TRM-001 / TM14,760 / 08DVP-012**
Tree Farm Housing Project
APN: 069-100-006

S.B. COUNTY
PLANNING & DEVELOPMENT

Nicole Koon, MPA, PMP
Business Manager
(805) 568-2477

Juan Beltranena, AIA, AICP
Capital Projects Manager
(805) 568-2470

County Parks recommends the following condition(s) to the approval of the above referenced project:

Park Administration
610 Mission Canyon Road
Santa Barbara, CA 93105
Tel: (805) 568-2461
Fax: (805) 568-2459

1) Pursuant to the provisions of Ordinances 4317 and 4348 and the appurtenant fee resolutions adopted by the Board of Supervisors, the applicant will be required to pay a development mitigation fee for new dwelling unit(s) and commercial development to offset the project's potential impact on the County's park system. Said fee will be used in conjunction with other similar fees collected in the area to provide park and recreational facilities in the Regional Demand Area. A protest of mitigation fees imposed may be filed pursuant to Government Code Section 66020(a). The protest shall be filed at the time of approval or conditional approval of the development or within 90 days after the date of the imposition of the fees, dedications, reservations, or other exactions to be imposed on a development project. The Applicant is hereby notified that the 90-day approval period in which the Applicant may protest has begun.

North County Park Operations
300 Goodwin Road
Santa Maria, CA 93455
Tel: (805) 934-6123
Fax: (805) 934-6213

The current applicable Quimby fee in the demand area for subdivision of residential lots and condominium units is \$10,750. The total fee for the portion of the project is **\$1,161,000** (\$10,750 x 108 units). Fees are payable land use clearance, and shall be based on, and adjusted per the fee schedule in effect when paid. Fee schedules are subject to yearly adjustments in July/August of every year. This office will not accept or process a check received prior to project permit approval by the decision maker.

South County Park Operations
4568 Calle Real, Building E
Santa Barbara, CA 93110
Tel: (805) 681-5650
Fax: (805) 681-5657

The current applicable fee in the demand area for apartment unit is \$7,436 per unit. The total fee for the residential apartment portion of the project would be **\$178,464** (\$7,436 x 24 units). Fees are payable prior to final inspection, and shall be based on, and adjusted per the fee schedule in effect when paid. Fee schedules are subject to yearly adjustments in July/August of every year. This office will not accept or process a check received prior to project permit approval by the decision maker.

Cachuma Lake Recreation Area
2225 Hwy 154
Santa Barbara, CA 93105
Tel: (805) 686-5055
Fax: (805) 686-5075

The total fee for the entire project, based on current fee schedules is **\$1,339,464.**

Reservations

South County: (805)-568-2465
North County: (805) 934-6211
Cachuma: (805) 686-5050
Jalama: (805) 934-6211

www.SBParks.org
contact@SBParks.org

2) The applicant submitted a request to the Park Department for a credit on the required park fees pursuant to the Quimby and Park Development Mitigation Fee Ordinance and based on the provision of recreational facilities to serve the residents of the development. A review of the request by Park staff and a determination of a 50% credit level on Park fees was forwarded to the Park Commission who recommended the 50% level at their regular meeting of October 27, 2011. The Planning Commission and Board of Supervisor approval of Park's condition letter shall constitute approval of the fee credit.

An agreement between the developer (as declarant for the management entity) and the County shall be executed prior to land use clearance for the provision the recreational facilities to include assurance of orderly maintenance and operation in perpetuity by the developer/property management entity. Said agreement shall be incorporated into the CCR's of the Homeowner's Association. Such assurances shall be reviewed and approved by County Counsel and the Park Department.

The Park Department shall, prior to installation, approve the recreational equipment to be installed. The developer shall post a performance bond, prior to land use clearance, to guarantee labor and materials to install the facilities receiving credit. The developer shall provide the Park Department an engineer's cost estimate of the proposed recreation facilities to be used in determining the value of the bond to be posted.

If an agreement is executed as stated above, and a bond successfully posted, the developer shall pay the assessed fees less the approved credit as stated in #1 above. The performance security shall be released by the County once the recreation facilities have been installed by the developer and approved by the Park Department.

Checks must be made out to COUNTY OF SANTA BARBARA, and can be paid in person or mailed to: Santa Barbara County Parks Administration, Rocky Nook Park, 610 Mission Canyon Road, Santa Barbara, CA 93105, or at our north county office at Waller Park, 300 Goodwin Road, Santa Maria, CA 93455.

cc: Owner: Cavaletto Family L.P.
555 Las Perlas Dr., Santa Barbara CA 93111
Agent: Jeffrey Nelson, Nelson Law Firm
735 State St., Ste. 212, Santa Barbara CA 93101



COUNTY OF SANTA BARBARA

MEMORANDUM

TO: Anne Almy, County Planning and Development Department
FROM: Sharon Friedrichsen, County Community Services Department
Betty Wong, County Community Services Department
SUBJECT: Cavaletto Tree Farm Affordable Housing Proposal
DATE: November 16, 2011

This memorandum is intended to provide an analysis of the applicant's proposal for fulfilling affordable housing requirements for the Cavaletto Tree Farm Housing Project [Case Numbers: 01GPA-00000-00009, 01RZN-00000-00015, 08DVP-00000-00012, 09TRM-00000-00001, 09RDN-00000-00001, and 11GOV-00000-00012] in the 2nd Supervisorial District.

Summary

Whereas the original plan for the Cavaletto Tree Farm Housing Project opted for the County's Inclusionary Housing Program to satisfy affordable housing requirements, the applicant is proposing to provide affordable housing units under State Density Bonus Law (Government Code §65915-65918) instead. The applicant has proposed to reduce the number of affordable units from the originally intended provision of 11 Moderate and 22 Workforce income units, along with the payment of in-lieu fees for use in the development of affordable housing, to 8 units available for lease to Very Low income households under State Density Bonus Law and 16 ownership units under a different approach¹. The applicant is proposing 16 units be initially priced at no more than \$409,000, to limit the resale price to appreciate at a rate of 2.5% per year during the period in which the owner occupies the property, that the units remain affordable for a maximum of 30 years, and that the requirement to own a unit be based upon employment on the South Coast rather than based upon income qualifications. Also, the current proposal for the 16 units does not afford benefit to any particular income category as there would not be any income qualifications of purchasers.

County Affordable Housing Goals

Pursuant to goals and policies in the state-mandated Housing Element of the County's Comprehensive Plan, an important component of land use regulation for the County is to increase and preserve an adequate supply of affordable housing that would address the needs of all economic segments of the community. The County of Santa Barbara's Housing Element has established affordability goals in an effort to increase home-ownership and affordable rental opportunities for Very Low, Low, Moderate, and Workforce income

¹ Under the County's Inclusionary Housing Program, "Very Low income" refers to households earning less than 50% of Area Median Income (AMI), "Low income" refers to households earning between 51-80% of AMI, "Moderate Income" refers to households earning between 81-120% of AMI, and "Workforce income" refers to households earning between 121-200% of AMI. Under State Density Bonus Law, "Very Low income" refers to households whose incomes do not exceed 50% of AMI, "Low income" refers to households whose incomes do not exceed 80% of AMI, and "Moderate income" refers to households whose incomes do not exceed 120% of AMI.

households, who are otherwise not able to live in the County. Accordingly, developers of most residential projects resulting in five or more net new units are required to either provide deed-restricted affordable units on-site, pay fees in-lieu of providing affordable units, donate land suitable for the future development of affordable housing, or provide a combination of these options. By requiring households to meet minimum and maximum income thresholds, among other qualifying criteria, the County is able to facilitate its Housing Element objectives and promote the continued availability of affordable housing units.

Analysis of Proposal

The current proposal allows the owner to set the price of the units at a figure that is not based upon the actual median household income in the County or what the average household could afford to pay in housing costs. In addition, imposing a 2.5% increase per year as a means of calculating the resale price could create a price that would either not remain affordable over time, or place owners in a less than favorable position if there are gains in the County's median income greater than the appreciation rate. The 16 units should be sold in accordance with certain affordability criteria established by the County, including certifications of applicants, financing and other compliance provisions so that they will remain affordable to purchasers within the corresponding income category and consistent with the provisions of the Housing Element.

Eliminating affordability controls such as income limits, asset and down-payment restrictions, would allow buyers who do not meet the County or State designated affordability levels to access and purchase below market rate properties. To meet the intent of the Housing Element's various objectives and programming, the 16 ownership units at Cavaletto Tree Farm should be enforced with income and asset restrictions, among other eligibility criteria consistent with the County's current policy. This could be accomplished by requiring the sales prices to be restricted and calculated in a manner that would reflect the market in real-time – that is, a price would be calculated by the County based upon the median income and interest rates at the time of resale. Additionally, resale restrictive covenants should be secured against each affordable unit to ensure subsequent sales of an individual unit are only available to qualified households in the specified income categories within the affordability period.

Presently, the proposed price of \$409,000 for the 16 units at Cavaletto Tree Farm is too close to, if not higher, than the market value of condominiums on the South Coast². As a result, it does not provide enough of an affordability gap to promote affordable ownership opportunities for households that would not otherwise be able to afford market rate housing within the County. In order for a Workforce income household to afford a sales price of \$409,000 on a 2-bedroom unit, the developer would need to set the monthly homeowners association dues at no more than \$106 under current sales price calculations. Additionally, the price proposed by the applicant would be out of reach for Moderate income households irrespective of homeowners association dues.

Under both the County's Inclusionary Housing Program and State Density Bonus Law, the maximum allowable sales prices for affordable units are set based on a number of factors including Area Median Income, unit sizes and target incomes. In order to alleviate the housing cost burden and provide housing at an affordable price consistent with County policy and State law, the 16 affordable housing units should maintain restricted prices that with property taxes and insurance do not exceed 30 percent of the target

² The median sales price of condominiums sold, in 2010, in the South Coast Housing Market Area of the County, was \$477,300. The City's workforce housing project has sold newly constructed 2-bedroom condominium units for as low as \$380,000 in 2011.

income for a specified income category. With regard to the provision of ownership units, the County encourages the development of moderate and workforce housing for which few grants are available for.

Background of City Workforce Housing Project

Although the applicant’s approach for the 16 units is modeled after a City of Santa Barbara workforce housing project, the Cavaletto Tree Farm Housing Project differs considerably in design and overall policy objectives. Dissimilarities include timing of the projects as it relates to the peaks and troughs of the housing market, composition of price-restricted units as a percentage of the entire project, and general housing type objectives. The City’s project was conceptually reviewed in 2006 and approved in 2008 with the aim of ensuring the market did not preclude working professionals from home-ownership. It was not positioned as an affordable housing project, but rather a workforce housing initiative based on market-driven growth principles at the time. Unlike its affordable housing counterparts within the City, the project was approved to allow price restrictions on the initial sales price of 83% of its units, without income, asset, or down payment restrictions for buyers. In comparison to Cavaletto Tree Farm’s proposal, the City’s project offers the price relief for a much greater percentage of the total housing units.

The table below summarizes the differences between the City’s workforce housing project and the most recent proposal for Cavaletto Tree Farm.

	City Workforce Housing Project	Cavaletto Tree Farm Housing Project
Total Number of Units	48	135
Number of Price Restricted Units	40	16
Number of Affordable Units	0	8
Percentage of Price-Restricted Units	83%	12%
Percentage of Total Affordable Units	N/A	18%
Affordability Term	90 years	30 years
Timing (to Planning Commission/City Council)	2008	2011
Size of Price Restricted Units	972-1,642 sq. ft.	695-910 sq. ft.
Size of Market Rate Units	2,118-2,210 sq. ft.	1,384-3,800 sq. ft.
Affordables in Comparison to Market Rate Units	Avg. 40% smaller	Avg. 70% smaller

