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**Katherine Douglas** General Public Comment

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| **From:** | Stacy Rebich Hespanha <stacy.hespanha@gmail.com> |
| **Sent:** | Tuesday, June 30, 2026 9:50 AM |
| **To:** | sbcob |
| **Cc:** | Laura Capps; Chris Henson; Roy Lee; Joan Hartmann; Supervisor Nelson; Steve Lavagnino |
| **Subject:** | Property tax and financing concerns related to today's city council vote on Paseo Nuevo |



**Subject: Property Tax and Financing Concerns — Paseo Nuevo Transaction and Proposed Downtown Development Authority**

Dear Members of the Board of Supervisors,

*For the past couple of years I have been watching BOS meetings on Zoom (often in real time), and I just want to start out by thanking you for being a reasonable group of community members tackling important challenges, and sometimes under painful constraints. I am sending you this last minute message because there is something related to the Paseo Nuevo DDAs (which I have already been communicating with city council about, see below) that I only recognized last night when reviewing the Draft State Street Master Plan — that how the Paseo Nuevo deal is structured from a property tax perspective could have a big impact on resources that flow to the County. These impacts could possibly be made long term by the formation of the Downtown Development Authority now being proposed. I do not know if this matter is of interest to you, but I wanted to let you know about my concerns in the few hours that remain before a final decision is taking. Thank you for considering the information I'm sharing. Please also consider this general public comment for the July 7, 2026 meeting.*

I am writing to flag a set of property tax and revenue concerns that arose from my last-minute review of and public comment on the City of Santa Barbara's Draft State Street Master Plan, in connection with the Paseo Nuevo Disposition and Development Agreements the City Council is planning to give final, irrevocable approval for on June 30, 2026.

The Master Plan's financing strategy relies significantly on a proposed Downtown Development Authority, which would require the County's consent to redirect a share of future property tax growth — including the County's own share — toward downtown capital projects. My review raised three concerns I believe are relevant to the County's interests:

First, **the urgent matter for today's vote — how the Paseo Nuevo parcels are treated under Proposition 13 at transfer — whether reassessment is triggered, and at what value — will directly affect the property tax baseline the County and other taxing entities share going forward**, independent of any future TIF district. In my public comment, I outlined three possible scenarios for how this could play out; in my assessment, Scenario 2 — reassessment at transfer, with the resulting value shared across all taxing entities as part of the baseline before any financing district forms — best represents the County's interests. I have not yet been able to confirm which scenario the City's own financing model assumes.

Second, if reassessment is deferred until a future private sale occurring after a financing district is formed, that increment would flow disproportionately to the City's authority rather than being shared normally with the County and school districts — an outcome that may serve the City's interests more than the County's, even though neither party controls whether or when such a sale occurs.

Third, I have not seen evidence that the County has been presented with an integrated analysis of these implications before being asked to consider participation in any future financing district.

I currently have several public records requests pending with the City related to these issues. The City has invoked the maximum statutory extension on the earliest of these, and I do not expect to receive any responsive records before July 2. Records specifically related to the Downtown Development Authority's financial modeling are on a later track and are not expected until approximately July 23. I wanted to bring these concerns to the Board's attention now, given the timing of the City's decisions relative to when this information will become available.

For additional detail, my full public comments and related materials submitted to the Santa Barbara City Council are available on the City Council website or at the following links:

First Public Comment on Paseo Nuevo DDAs (for June 16 meeting)

Second Public Comment on Paseo Nuevo DDAs (for June 30 meeting)

Feedback on State Street Master Plan Financing

Thank you for your attention to this matter.

Sincerely,
Stacy Rebich Hespanha

SB County District 2