



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.: 057
For Agenda Of: June 17, 2014
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Renée E. Bahl, Interim Community Services Director (805) 568-2467
Director(s)
Contact Info: Margo Wagner, Senior Housing Program Specialist (805) 568-3529

SUBJECT: Agreement to Provide Affordable Workforce Housing and Agreement to Provide Very Low Income Housing for Cavaletto Tree Farm Residential Housing Project; 01GPA-00000-00009, 01RZN-00000-00015, 08DVP-00000-00012, 09TRM-00000-00001, 09RDN-00000-00001, Second Supervisorial District.

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: N/A

Planning & Development

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- A. Approve and authorize the Chair of the Board to execute the attached Agreement to Provide Workforce Housing (Attachment A) for Cavaletto Tree Farm Residential Housing Project, and direct Staff to record the Agreement to Provide Workforce Housing;
- B. Approve and authorize the Chair of the Board to execute the attached Agreement to Provide Affordable Housing and Rental Restrictive Covenant (Attachment B) for Cavaletto Tree Farm Residential Housing Project, and direct Staff to record the Agreement to Provide Affordable Housing and Rental Restrictive Covenant; and
- C. Determine that pursuant to the California Environmental Quality Act (CEQA), Guidelines Section 15162, no substantial changes are proposed, and no new information of substantial importance has come to light regarding environmental effects of the Cavaletto Tree Farm Residential Housing Project (project) or of the sufficiency or feasibility of mitigation measures, and therefore the approvals of the Agreements are within the scope of the project covered by the

Environmental Impact Report (EIR) (11EIR-00000-00002) certified on June 26, 2012 by the Board of Supervisors, and that therefore no new environmental document is required.

Summary Text:

At its June 26, 2012 meeting, the Board of Supervisors approved the Cavaletto Tree Farm Residential Housing Project. The approved project allows for construction of a total of one hundred and thirty five (135) residential units, eight (8) of which are designated as very low income rental units available to families earning less than 50% of Area Median Income (AMI) and sixteen (16) of which are designated as for-sale workforce units that are subject to certain parameters described below.

Two Agreements to Provide are attached. The Agreement to Provide Affordable Housing and Rental Restrictive Covenant (Attachment B) satisfies the Project Conditions of Approval Nos. 63 and 64 that require the developer to produce eight (8) very low rental restricted units for a term of thirty (30) years. These very low rental restricted units would be available only to renters whose earnings are less than 50% AMI and would be subject to the requirements of the County's Inclusionary Housing Program guidelines.

A second Agreement to Provide Workforce Housing (Attachment A) satisfies the Project Condition of Approval No. 88, that requires the Developer to produce sixteen (16) workforce dwelling units available for sale to homebuyers and includes certain restrictive parameters for a term of thirty-five (35) years:

- At least one owner of each unit must work on the South Coast at the time of purchase;
- The owner must occupy the unit during the entire period that it is subject to these restrictions, which prohibits the unit from being rented by the owner;
- 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. The current price-restricted sales price for a two-bedroom workforce housing unit would be \$410,700, assuming Homeowners Association Dues of \$350/month;
- Initial prospective buyers of each unit shall meet County income eligibility requirements for the workforce housing income category (120-200% AMI).

To comply with the project's Conditions of Approval, the Agreement to Provide Affordable Housing and Rental Restrictive Covenant and Agreement to Provide Workforce Housing must be executed and recorded prior to final map recordation.

Background:

The approved project is located on a 26-acre urban infill site surrounded by residential development. The project includes the construction of a total of 135 residential units over five phases, composed of different housing types and densities (apartments, townhomes, courtyard homes and single family dwellings) in order to blend in with surrounding residential development and address a variety of housing needs. The project also provides approximately four acres of common open space and recreational amenities for residents of the project.

In order to bridge the gap between what is minimally required and what was envisioned in terms of the number of affordable units proposed, the project also includes sixteen (16) for-sale workforce units that

include the parameters and restrictions identified above to enhance their affordability, including establishing the initial sales prices in accordance with the County's Inclusionary Housing Program formula for workforce housing and placing a maximum cap on annual appreciation of 2.5%. These units would not meet the County's requirements for long-term affordability; however, the units would be affordable to the target workforce population for the initial unit sales since there would be an initial income certification by the Community Services Department and the sales price would be set based on the County's Inclusionary Housing Program formula. The annual 2.5% appreciation would not be tied to any annual increase in average median income, which could result in future sales prices that otherwise exceed the initial income eligibility requirements since the average median income does not increase by any set amount each year, and is generally minimal. Therefore, implementation of the cap on annual appreciation would not guarantee that these units would remain affordable to the desired target population for subsequent sales; however, the applicant is satisfying the minimum affordable housing requirements by providing eight (8) rental units under the State Density Bonus Program priced at the very low income category. Monitoring of the 16 workforce units for compliance with the identified parameters following the initial sales of the units would be the responsibility of Planning and Development staff as part of its routine permit compliance program.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

There are no fiscal or facilities impacts at this time. Eight (8) very low rental restricted units will become available and part of the County's affordable housing stock, which will require annual monitoring for thirty (30) years by the Community Services Department. Monitoring of the 16 for-sale workforce units over the 35-year period will be conducted by Planning & Development as part of its permit compliance monitoring program. Monitoring costs are fully reimbursed by the applicant per the department's adopted fee schedule. These funds are budgeted in the Permitting Program on page D-168 of the adopted 2013-14 fiscal year budget.

Staffing Impacts:

None. The Community Services Department (CSD) is the implementing agency of the County's Inclusionary Housing Program and, in this role, is the lead agency in drafting the Agreements and Covenants based on the Conditions of Approval as set forth by the Board. CSD/HCD will have no responsibility for monitoring after HCD has qualified the initial owners and escrow has closed. That role will be shifted to P&D staff at a minimum pursuant to the Conditions of Approval.

Special Instructions:

- Execute two (2) original copies of the Agreement to Provide Workforce Housing [Attachment A] and contact Margo Wagner at ext. 3529 to pick up one (1) original copy;
- Execute two (2) original copies of the Agreement to Provide Affordable Housing and Rental Restrictive Covenant [Attachment B] and contact Margo Wagner at ext. 3529 to pick up one (1) original copy;
- Provide a copy of the minute order reflecting Board action to CSD, attn.: Margo Wagner

Attachments:

Attachment A: Agreement to Provide Workforce Housing

Attachment B: Agreement to Provide Affordable Housing and Rental Restrictive Covenant

Attachment C: Link to Cavaletto Tree Farm Housing EIR (11EIR-00000-00002):

<http://www.sbcountyplanning.org/projects/08DVP-00012Cavaletto/index.cfm>

Authored by: Margo Wagner, Senior Housing Program Specialist, Housing and Community Development

cc: Alex Tuttle, Planning and Development