



**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: May 15, 2018
Placement: Administrative
Estimated Time: 15 Minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department George Chapjian, Community Services Director (805) 568-
Director(s)
Contact Info: Dinah Lockhart, HCD Deputy Director (805) 568-3523

SUBJECT: Consider the Rice Ranch Development *Release of Agreements to Provide Affordable Housing Imposed on Real Property – Rice Ranch* - Case No. 14RMM-00000-00007 for TM 14,430, 14SPP-00000-00002, 14ORD-00000-00012, 15GPA-00000-00001, 15ORD-00000-00001, Orcutt Area, Fourth Supervisorial District

County Counsel Concurrence

As to form: Yes

Other Concurrence: Planning & Development

As to form: Yes

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

That the Board of Supervisors:

- A. Approve and authorize the Chair of the Board of Supervisors to execute two (2) original Releases of Agreements to Provide Affordable Housing Imposed on Real Property ("Release") (Attachment A);
- B. Direct the Community Services staff to record the Release; and
- C. Find that pursuant to 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 project or of the sufficiency or feasibility of mitigation measures, and therefore approval of the Recommended Actions is within the scope of the previously adopted Environmental Impact Report (03-EIR-05 prepared for the Rice Ranch project) and that therefore no new environmental document is required.

Summary Text:

The recommended Board Actions request that the Board of Supervisors approve and execute the attached Release of Agreements to Provide Affordable Housing Imposed on Real Property for the Rice Ranch Development in Orcutt.

The proposed Release for the Board's consideration releases the developers of the Rice Ranch Development from two recorded Agreements to Provide Affordable Housing Imposed on Real Property ("Agreements to Provide"), which require the developers to provide on-site affordable housing units for low income and workforce families. The Agreements to Provide were originally executed and recorded in order to satisfy various conditions of development approval for the Rice Ranch Development. In January 2016, the Board approved amendments to these conditions of approval that eliminated the requirement to provide on-site affordable housing and required the developers to pay in-lieu affordable housing fees.

Background:

The Rice Ranch project received final approval by the Board of Supervisors on December 9, 2003. The project was approved to allow for the construction of 725 homes, a 26-acre community park and preservation of land for a future elementary school, numerous pocket parks and open space areas. The master tract map recorded as a Large Lot Conveyance Map in September, 2005 (TM 14,636). This process has allowed the individual "neighborhood" tract maps to move forward, ultimately resulting in development of the site.

The Rice Ranch project was processed and approved under a previous version of the County's Inclusionary Housing Policy (IHP). The affordable housing requirements that were applied to the project at the time differ from the requirements that would be applied under the current IHP. The developers were required to provide 73 units for sale to "low-income households" and an additional 73 units for sale as "work force housing" available to households earning less than 120% and 150% of the area median income. In accordance with these requirements, the developers executed and recorded the Agreements to Provide, which required the affordable units to be built concurrently with the market rate units.

On May 16, 2012, the County Planning Commission recommended revisions to Condition No. 50 of TM 14,430 and Section 4.3.2 of the Specific Plan to the Board of Supervisors by a 5-0 vote by the Planning Commission. Amendments to the Agreements to Provide were proposed to require that three (3) affordable units be built concurrently with every eight (8) market rate units beginning with the construction of the 182nd market rate unit. On July 10, 2012, the Board approved staff recommendations for these First Amendments to the Agreement to Provide.

The Board also modified the conditions to the map (Case No. 14TRM-00000-00001) on January 5, 2016 to allow for the payment of in-lieu fees consistent with the changes to the Comprehensive Plan. The County also recorded an Agreement to Comply with Conditions of Approval recorded on May 16, 2016 (Attachment D) to put the owners and successors and signs on notice regarding the in-lieu fee requirement.

On March 11, 2015, the County Planning Commission recommended approval of further revisions to Condition No. 50 which would permit the developer to construct a total of 195 market rate units before being required to build three (3) affordable units concurrently with the construction of every eight (8) units.

On January 5, 2016, the Board approved and adopted a Resolution amending the Comprehensive Plan Amendment (14GPA-00000-00006), revising the OCP Policy KS12-2A and 2B to allow for the payment of in-lieu affordable housing fees. These amendments removed the requirement that the developer provide on-site affordable housing and replaced it with a requirement that the developer pay affordable housing in-lieu fees for all low and very low-income units. The Board also modified the conditions to the map (Case No. 14TRM-00000-00001) on January 5, 2016 to allow for the payment of in-lieu fees consistent with the changes to the Comprehensive Plan, and Agreement to Comply with Conditions of Approval recorded on May 16, 2016 (Attachment D).

Discussion:

If approved, the Release will release the developers from their obligations under the Agreements to Provide, which were required in satisfaction of the original conditions of approval for the Rice Ranch project. This Release clarifies for future and current homebuyers that the condition to build affordable units no longer applies.

County staff will ensure that in lieu fees will be paid prior to the issuance of future building permits. For all subsequent phased development, the Owner/Applicant shall pay the applicable in-lieu fees for each portion of the project to the County's Community Services Department prior to map recordation for that phase of the project. The amount of the in-lieu fee payment shall be calculated based on the percentage of homes constructed in that phase relative to the total units of the project. Planning and Development department processing staff shall obtain written clearance from the Community Services Department using the Community Services Project Approval Form, prior to issuance of the building permit.

To date, \$605,475 in in-lieu fees has been paid by the developer and a total of 195 building permits for market rate units have been issued for the project. The County expects an additional 530 building permits will be issued for a complete project build out of 725 market rate units. Based on the Inclusionary Housing fee schedule in effect at the time the application was deemed complete, and County expects to receive an additional \$1,645,650 in lieu fees after all building permits are issued.

Fiscal Analysis:

The Housing and Community Development Division of the Community Services Department will expend funds from the Santa Maria Housing Market Area (HMA) In-Lieu Fees in the Affordable Housing Trust Fund to enforce Condition No. 25 (page 10.2-9/10) of the Revised Conditions of Approval. There is currently \$1,737,280 in the Santa Maria HMA, of which 20% is set aside for administration purposes. The funds in the Santa Maria HMA are currently reserved for the administration and development of two residential projects in Santa Maria: Sierra Madre Cottages, which is 40 units for low-income seniors and The Residences at Depot Street, which is an 80 unit development for formerly homeless households.

Key Contract Risks:

None – No Federal or County grant funds are associated with the Rice Ranch development.

Staffing Impacts:

None

Special Instructions:

- Clerk of the Board to forward one (1) original executed Notice of Release of Agreements to Provide Affordable Housing Imposed on Real Property to Margo Wagner, Housing and Community Development to forward to the County Clerk Recorder for recordation and,
- Clerk of the Board to forward a copy of the Minute Order to Margo Wagner.

Attachments: Attachment A: Notice of Release of Agreements to Provide Affordable Housing Imposed on Real Property

Attachment B: Board Letter Dated December 8, 2015 (continued to January 5, 2016)

Attachment C: Board of Supervisors Minute Order dated January 5, 2016

Attachment D: Recorded Copy of Agreement to Comply with Conditions of Approval dated April 13, 2016

Authored by:

Margo Wagner, Housing Program Specialist, Senior

cc:

Scott Greenwood, Deputy County Counsel
John Zorovich, Planning & Development