



City of Santa Barbara

PLANNING COMMISSION

MINUTES

OCTOBER 12, 2023

1:00 P.M.

City Hall, Council Chambers
735 Anacapa Street
SantaBarbaraCA.gov

COMMISSION MEMBERS:

Roxana Bonderson, *Chair*
John M. Baucke, *Vice Chair*
Lucille Boss
Donald DeLuccio
Sheila Lodge
Devon Wardlow
Lesley Wiscomb

CITY COUNCIL LIAISON:

Mike Jordan

STAFF:

Tava Ostrenger, Assistant City Attorney
Allison DeBusk, City Planner
Mariah Johnson, Commission Secretary

CALL TO ORDER

Chair Bonderson called the meeting to order at 1:02 p.m.

I. ROLL CALL

Chair Roxana Bonderson, Vice Chair John M. Baucke, Commissioners Lucille Boss, Donald DeLuccio, Sheila Lodge, Devon Wardlow, and Lesley Wiscomb

Absent: None

STAFF PRESENT

Tava Ostrenger, Assistant City Attorney
Allison DeBusk, City Planner
Ellen Kokinda, Senior Planner
Brenda Beltz, Administrative Analyst
Dana Falk, Project Planner
Rosie Dyste, Project Planner
Tony Ruggieri, City TV Production Supervisor
Janet Ahern, City TV Production Specialist
Mariah Johnson, Commission Secretary

II. PRELIMINARY MATTERS

A. Requests for continuances, withdrawals, postponements, or addition of ex-agenda items:

No requests.

B. Announcements and appeals:

No announcements.

- C. Review, consideration, and action on the following draft Planning Commission minutes and resolutions:

1. September 28, 2023 Planning Commission Minutes

MOTION: DeLuccio / Bonderson

Approve the minutes as presented.

The motion carried by the following vote:

Ayes: 5 Noes: 0 Abstain: 2 (Wiscomb and Wardlow) Absent: 0

- D. Comments from members of the public pertaining to items not on this agenda:

Public comment opened at 1:03 p.m.

Written correspondence from Tim Werner and Anonymous was acknowledged.

Public comment closed at 1:05 p.m.

III. DISCUSSION ITEM

ACTUAL TIME: 1:04 P.M.

AUD PROGRESS REPORT

Application Number: PLN2023-00389

Discussion of the Average Unit-Size Density Incentive (AUD) Program Progress Report. July 2023 marks 10 years since adoption of the AUD Program, which was intended to encourage development of smaller, more attainable housing units in select areas of the city. The AUD Program Progress Report was prepared to analyze data and gain insights on how well the AUD Program met its original objectives and to inform potential amendments.

Allison DeBusk, City Planner; Dana Falk, Project Planner; and Ellen Kokinda, Design Review Supervisor gave the Staff presentation. Brenda Beltz, Administrative Analyst II; and Rosie Dyste, Project Planner were available to answer questions.

Public comment opened at 1:35 p.m., and the following individuals spoke:

1. John Campanella
2. Fred Sweeney
3. Mark Sherridan
4. Ron Robertson Jr
5. Jessica Wishan de L'Arbre
6. Steve Johnson

Written correspondence from Paulina Conn, Allied Neighborhoods Association, Pat Saley, League of Women Voters, Citizens Planning Association, and Joanna Kaufman on behalf of Strongtowns SB was acknowledged.

Public comment closed at 1:54 p.m.

*** THE COMMISSION RECESSED FROM 2:50 TO 3:01 P.M. ***

Commissioner comments:

Commissioner DeLuccio:

- Thanked staff for their comments and work on the presentation.
- Stated that many topics brought up go beyond the Average Unit-Size Density (AUD) Program. The Housing Element hasn't been approved yet but is a sound document. Once that document is adopted much of what staff brought up will be fleshed out.
- Stated that the definitions of Workforce Housing and Community Benefit need to be clearly defined and updated.
- Suggested bringing back the concept of FAR.
- Stated that a lot of this is tied into the general plan.

Vice Chair Baucke:

- The AUD program is not an inclusionary or affordable housing program, and the Commission shouldn't waste their time trying to make it one.
- Thinks the city of Santa Barbara should consider establishing an affordable housing program and a density bonus program. This should be something that goes beyond the State Density Bonus Program. It is better to have applicants use the City's program rather than defaulting to the State Density Bonus Program.
- The inclusionary percentage needs to be discussed and brought back to City Council because the world has changed; Santa Barbara has a low percentage. He recommends looking at Goleta's inclusionary percentage.
- A definition of Workforce Housing is needed. The Urban Land Institute has a definition that is 60-120% of area median income. The Commission needs to establish the inclusionary percentage that the program is trying to accomplish.
- On page 8 Column 2 last full paragraph - Regarding the dissolution of the RDAs needs to be corrected. The use of Tax Increment Financing by the RDA has had more impact on affordable housing than any other program the City ever has had. The last sentence of this paragraph is factually incorrect. The legislature has specifically provided a funding mechanism called an "Enhanced Infrastructure Finance District" to replace the RDA Tax Increment Finance funding mechanism lost by the dissolution of the RDA. The City should be looking at the adoption of an "Enhanced Infrastructure Finance District" as a mechanism to fund affordable housing. Especially for the income level of affordable housing which are not tax credit projects or the higher tiers that market based projects may provide.
- Deed restricted affordable housing is the only affordable housing that will last long term. The city of Santa Barbara is in high demand and that is not going away. Staff and the Commission need to move the needle as far to the right as possible.

Commissioner Wiscomb:

- Doesn't think rental housing needs to be taken out of the definition of Community Benefit, but the percentage of affordable, deed-restricted housing that qualifies for Community Benefit should far exceed the current inclusionary requirement.
- Inclusionary needs to be reviewed. As mentioned in the staff presentation, applicants noted that it is difficult to get financing for deed-restricted units. Interest rates and

construction costs have escalated and it's important that staff and the Commission consider the economic environment when putting additional pressure on private developers.

- Agrees with Commissioner Wardlow that Santa Barbara's in-lieu fund is small. There are other jurisdictions that have significant in-lieu fees from developers. Developing the program so that the developers have the choice of in-lieu fees would significantly increase the City's in-lieu fund. This would enable the nonprofits and the City Housing Authority to maximize investments.
- It's important that the Commission discusses planning and permitting. There are areas of the process that can be made easier for applicants.
- Workforce housing needs a definition.
- The Commission is interested in categories of affordability where there are huge deficits. That is where efforts need to be concentrated.
- Hopes the Commission can come away from this conversation with recommendations to City Council that are not huge changes in policy, but instead tweaking the system. This could make a big difference in the Santa Barbara community and create more affordable housing.

Commissioner Boss:

- Appreciates reflecting upon 10 years of data because it helps the Commission make more informed decisions and recommendations.
- Agrees with the positive comments from other Commissioners about the report layout and content. It was very clear, comprehensive, and easy to read.
- Appreciates the candid responses in the interviews and survey among stakeholders and applicants who have participated in the process. She especially liked the summary and data that distinguished the facts from the public perception. She also appreciated the comments in response to the survey and interviews. The data helps the Commission make objective changes or recommendations.
- Stated that some of the public comment that was submitted in advance also provided some specific changes and general feedback.
- Measurable targets, definitions, and other specifics are needed to improve this program, but it is clear what the needs are.
- Thrilled to hear that Community Development is becoming fully staffed. She is mentally prepared for and welcomes more dense and comprehensive reports and recommendations, so that the Commission can make specific changes and move the needle to produce more housing.

Commissioner Wardlow:

- The discussion and presentation provided by staff was very helpful. She appreciated the way staff laid out the questions as it was a very deliberate way for the Commission to be able to provide feedback.
- Thinks that looking at this program to address the affordability needs of Santa Barbara can be achieved through some of the topics that have been mentioned: increasing in-lieu fees, increasing the inclusionary requirement, and creating a pathway for 100% affordable projects to have more streamlined process.
- She is excited to see what staff comes back with from the direction the Commission gives.
- Defining or redefining Workforce Housing is an important part of this program.
- Agrees with Vice Chair Baucke on his references to other cities' affordability/inclusionary percentages.

Commissioner Lodge:

- Stated that the goal of the AUD program was not affordable housing. She doesn't think there is anything the Commission can do with the AUD Program that will change that.
- The in-lieu fee needs to be increased.
- The inclusionary requirement needs to be increased.
- The only agencies that will create affordable housing are nonprofits. She thinks the City either needs a bed tax increase, a tax on vacant houses, or whatever technique can be developed to create a funding source for affordable housing.
- Rents will be what the market will bear, there is no getting around that.
- The goal of the Planning Commission originally was to adopt a general plan amendment that City Council could support. The AUD Program did achieve that because it was limited to rental housing, so it did generate rental housing.

Chair Bonderson:

- The AUD program needs to be renamed.
- Agrees that the definition of workforce housing needs work. Whether a whole new term is introduced or changed in the ordinance itself.
- The term Community Benefit needs work in order to guide the discretionary decision-making process, so that the Commission knows how to use it and when to apply it.
- On page 50 of the AUD Progress Report Staff Report it says, "The inclusionary housing requirement is a greater burden on economics than most believe." After hearing items and projects that Planning Commission has struggled with in 2023, she stated that she is beginning to feel more confident that economics need to be considered. The ordinance and housing element documents need to be updated to reflect current economic conditions. She thinks the City of Santa Barbara is facing a disconnect between the feasibility of building things and the actual economics behind them. The Commission has been seeing this recently with projects that could be housing yet return as a hotel. She stated that she knows staff is working on updating these documents, but when one document is far behind the others it creates a loophole.
- Referenced Ms. Kokinda's statement that, "Staff has a lot of options with the internal process such as assessing project completeness review, process timelines, and early input." She thinks that coordinated effort internally will give relief to projects before they come to the discretionary decision-making bodies.
- Referenced page 36 of the AUD Progress Report Staff Report where it quotes a focus group, "To incentivize housing production, make residential developments more economically feasible than hotel developments to compete." She is in support of whatever pathway staff can provide internally to help support that sentiment.
- Agrees with Vice Chair Baucke in reference to ways other municipalities and cities have successfully updated their ordinances and process to ultimately increase inclusionary housing.
- Stated that when projects are unable to get financing to cover affordable units, they have to increase the cost of their market rate units and that pushes up the cost of rentals. This creates another problem that she is conflicted with promoting.
- In-lieu fees need to be increased, so that it makes it worthwhile for the developer to get out of the affordable requirement, but also feeds back into the system to support nonprofits, the Housing Authority, and others that can provide the city of Santa Barbara affordable projects.

- Thinks that it's important to have conversations promoting public-private partnerships. She recently heard about the County of Santa Barbara teaming up with a private entity to improve projects having to do with affordable housing and homelessness. Ultimately, these types of partnerships could lend to public good, so staff should study that and encourage it more. There is a lot of money that can be harnessed for these uses.
- Staff should consider neighborhood by neighborhood development standards if it fits into their scope of work. She thinks it could help manage best practices for different areas of town, so that it's not an umbrella standard for all.
- Suggests more conversation on moving the needle. She thinks it might be worth considering a sliding scale, so that there are more benefits when more affordable housing is provided all the way down to possibly 100% support. There were some comments made about reducing fees or making fees zeros. Incentivizing affordable housing is very important, but we don't want to discourage market-rate housing. The "missing middle" is still missing.
- Thanked staff because there is a lot to be grateful for in this phase.
- Shared a quote from the survey on page 50 of the AUD Progress Report Staff Report, "Adopt a city-specific density bonus program that is more in line with local priorities but has economics benefits that are equal or better than the State program." She knows that the Commission can do this and believes that the City of Santa Barbara can work together to get there.

MOTION: Wiscomb / Wardlow

Continue indefinitely.

The motion carried by the following vote:

Ayes: 7 Noes: 0 Abstain: 0 Absent: 0

*** THE COMMISSION RECESSED FROM 4:46 TO 4:53 P.M. ***

IV. NEW ITEM

ACTUAL TIME: 4:53 P.M.

AUD ORDINANCE AMENDMENT – TRIAL PERIOD

Application Number: PLN2023-00389

The City's Average Unit-Size Density Incentive (AUD) Program was established in 2013 as a Trial Program related to multi-unit housing. The trial period has been extended several times since 2013 and is currently set to expire on February 15, 2024. The City Council must decide whether to extend the AUD Program again or eliminate the expiration date (thereby making it a permanent program). A recommendation from Planning Commission is requested.

Confirm the Environmental Analyst's determination that the project is exempt from further environmental review pursuant to the California Environmental Quality Act Guidelines Section 15305, Minor Alterations in Land Use Limitations.

Allison DeBusk, City Planner gave the Staff presentation. Dana Falk, Project Planner; Ellen Kokinda, Design Review Supervisor; Brenda Beltz, Administrative Analyst II; and Rosie Dyste, Project Planner were available to answer questions.

Public comment opened at 4:57 p.m., and the following individuals spoke:

1. John Campanella
2. Ellen Bildsten

Public comment closed at 5:06 p.m.

Written correspondence from Paulina Conn, Allied Neighborhoods Association, Todd Shea on behalf of Santa Barbara Association of Realtors, Pat Saley, League of Women Voters, Housing Authority of the City of Santa Barbara, and Citizens Planning Association was acknowledged.

Public comment closed at 5:06 p.m.

MOTION: Lodge / Wiscomb

Recommendation to City Council to eliminate the expiration date from the AUD Program.

The motion carried by the following vote:

Ayes: 7 Noes: 0 Abstain: 0 Absent: 0

V. ADMINISTRATIVE AGENDA

ACTUAL TIME: 5:32 P.M.

Item postponed until the next agenda.

VI. ADJOURNMENT

Chair Bonderson adjourned the meeting at 5:33 p.m.

Submitted by,



Mariah Johnson, Commission Secretary