

# Santa Barbara Happenings



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## **Santa Barbara City Council at Impasse Over State Street's Future**

### **90-Unit Milpas Housing Project Under Review**

The Architectural Board of Review has begun the process of reviewing a 90-unit, four-story residential and hotel project on Milpas, the largest such project since 2013. The mix includes 34 studios, 44 one-bedrooms, and 12 two-bedroom apartments. The project was proposed under Senate Bill 330, which slashes permit processing times and forces local governments to approve projects that meet existing local guidelines.

There is also pushback from neighboring residents and businesses. Concerns about the size and displacement of several senior housing units have been voiced by the community. However, the project follows an 82-unit project on North Milpas street that recently scored a large victory for the developers. This continuing trend has no signs of slowing down as more housing projects are expected on Milpas in the coming years.

### **UCSB Sued by Santa Barbara County Over Housing**

The Santa Barbara County Board of Supervisors has voted to sue UCSB over its perceived failure to provide adequate housing. The university is required under the 2010 UCSB Long Range Development Plan to build more housing. This suit comes after the city of Goleta filed a similar suit claiming the university had grown enrollment without more on campus housing.

Supervisor Gregg Hart, who represents the district encompassing the school, pointed out that the County has asked repeatedly for a timeline of housing construction from UCSB and has received nothing. The suit also comes after months of mitigation and settlement discussions as well as a warning from the County in 2021. UCSB has proposed the 4500 Munger Hall dormitory project, whose windowless design sparked national pushback.

### **Santa Barbara County Tax Revenues Higher than Usual**

The County of Santa Barbara had a budget surplus of \$16.2 million, pushed by higher property taxes, property-transfer taxes, sales tax, and transient occupancy taxes. All of these point to

the County rebounding from the pandemic. In July, the city of Santa Barbara collected 20% more transient occupancy taxes than last July, pushed by strong demand and higher hotel rates.

Cannabis taxes were lower than expected, at \$10 million under budget due to a combination of factors including no new retail dispensaries and wholesale prices falling.

### **Judicial Vacancies Wait on Governor Newsom**

Two judicial seats currently sit empty in the Santa Barbara Superior Court, and officials are waiting for appointments from Sacramento. Santa Barbara County is not alone in waiting for Gov. Newsom to appoint judges, as courts across the state have been dealing with case backlogs and delays.

Superior Court Executive Officer Darrel Parker said he hopes to have the appointments by fall to fill the two spots in the Santa Maria court. Prospective judges must have over 10 years of experience as an attorney and must be approved by Governor Newsom.

### **82-Unit Milpas Housing Project Progressing Quickly**

The Architectural Board of Review has made favorable comments about another Milpas area proposed housing project in a win for developers. The four-story, mixed-use project includes 16 moderate income units, 110 parking spaces, and a small retail section. The review focused on exterior design changes as it had already sailed through the Board a year ago.

The Board was impressed by the exterior of the building facing Milpas Street only having three floors. The building would inject housing in retail into the working-class residential area and is supported by members of the City Council to help with the state housing requirements. The developer and city were both pleased with the Board's review and future prospects for more development in the area.

### **Downtown Housing Project Sparks Pushback**

A proposed four-story development in the heart of Santa Barbara on the corner of Carrillo and De La Vina has run into issues with the Historic Landmarks Commission. The proposed 36-unit

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building would replace the existing Jiffy Lube. The smaller units are designed for young professionals who want to live near the central business district and not drive to work. Parking in the area will be adversely affected.

The proposal is still in the pre-application stage and number of units and square footage remains up in the air. The Commission called it a monstrosity similar to La Cumbre Plaza but plopped in the middle of downtown. The Commission also wanted the height to go down significantly to a two-story building. Developers will have the chance to change their proposals at the next meeting.

### Diablo Canyon Nuclear Power Plant to Remain Open

California lawmakers approved a proposal to keep the Diablo Canyon nuclear power plant open past its shut down date of 2025. This will provide needed power options as the grid continues to be stressed by lacking energy supply.

The plant is the last of its kind in the state and provided 8.5% of all power generated last year. The planned retirement for 2025 was announced by PG&E last year but now it will stay open until 2030.

Some lawmakers had preferred the plant be closed. However, the possibility of power blackouts without the plant caused them to reconsider.

### Paseo Nuevo's Future Up in the Air

Pacific Capital Retail has given up on the mall and former Macy's building in the middle of downtown. The company has fallen behind on loan payments and handed back leases to its lenders instead of foreclosure.

Locals are hopeful a new owner could revitalize the shopping center with new businesses or housing. However, there remain economic and philosophical debates about the use of the mall and whether it should continue in its current form. Malls across the nation are dying and transitioning into other spaces as Paseo Nuevo remains the same.

City leaders and developers rejected a deal by the mall owners to improve infrastructure in lieu of rent payments and are now trying to position the space as a site for mixed use.

### Tax Exchange Supporting Housing and Economy

Section 1031 of the tax code allows like-kind exchanges of investment properties, meaning that taxes on any gains can be deferred if the gains are reinvested in similar properties. This allows more capital to be injected into the economy and to create jobs. Studies have shown that 10-20% of commercial real estate transactions utilize

Section 1031 and helps make financing multi-family buildings easier.

Housing providers should find this provision useful in building their portfolio

### Goleta Housing Project Approved

The Santa Barbara Metropolitan Transit District board voted unanimously to approve a ground lease agreement to develop a vacant MTD property in Goleta. The new project will have 333 residential units with 15% allocated for the moderate to low-income categories. The county of Santa Barbara and other reviewing bodies must still review the project before it can break ground.

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