

Santa Barbara Happenings



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

The City Council has tabled most of the decisions regarding outdoor dining on State Street for future discussion, except for mandating that new facilities must be portable.

Santa Barbara closed over nine blocks of State Street after the beginning of the COVID-19 pandemic in 2020. Despite the allowance of indoor dining by state authorities, restaurants still want to keep their outdoor dining operations.

Other business organizations that use State Street, especially former prime storefront businesses now hidden from view by the parklets, are pushing for their removal. The city has been trying to balance the interests of restaurants, retail business owners, public safety, and parade groups.

Former State Street parades have been moved to other locations.

Santa Barbara City Council Rejects Proposed Moratorium on New Hotels

Investors are able to purchase property and develop hotels in the City of Santa Barbara after the City council voted against a proposed moratorium. There are currently 750 hotel rooms in the application process.

Mayor Randy Rowse, Councilwoman Alejandra Gutierrez and Councilman Mike Jordan voted against the moratorium, which needed six of the seven votes to pass.

Opponents of the measure said a hotel moratorium would not impact the new housing opportunities. Proponents of the measure claimed that new housing should be a priority.

The hotel industry has been a boom in recent years as billionaire Bill Foley purchased the Hotel Californian for \$130 million and other hotels in the area have been swept up by eager buyers.

San Francisco Bay Area Housing Prices Drop Precipitously. Will the Same Happen here?

Housing prices in the San Francisco Bay Area dropped 7% from May to June 2022, a staggering number. This is the largest drop on record since

they started to be kept in 1990. A myriad of reasons including economic uncertainty, rising interest rates, crime, over-regulation, and a demographic shift as former residents leave.

Alameda County saw the largest monthly median price drop of 8% to \$1.42 million followed by San Francisco County with a 6% decline to \$1.9 million. The declining market is a result of population loss as San Francisco suffered a 6.3% population loss between July 2020 and July 2021.

La Cumbre Plaza Pitched as Massive New Housing Development

As every city in California is required to do, the city of Santa Barbara needs to meet its state mandated Regional Needs Housing Allocation of 8,001 new units by 2031. The first draft of the Housing Element was presented in July to the City Council, which included using La Cumbre Plaza as a 1900-unit housing space.

Santa Barbara is currently on track to fulfill its housing requirement in the above average income section but has lagged behind in affordable housing needed to meet the Housing Element requirements.

Councilmembers pointed out that redeveloping La Cumbre Plaza would require multiple complex ownership structures. Others suggested going forward with the plan but having 15% of the units developed for affordable housing. City Councilmembers and residents have been split on ways to make housing more affordable, but agree long term action is needed.

The draft of the Housing Element will undergo revisions from the state before it comes back to Santa Barbara and final draft hearings held early next year.

Others note that the housing issue can be helped by streamlining the housing approval process as one developer recently chose to build a 30-room hotel on Garden Street instead of housing because the approval process was simpler and less expensive.

June Election Results Certified by Santa Barbara County Supervisors

The June 7 election was certified by the County Supervisors as the County had a nearly 40% turnout rate. 95% of the 93,276 ballots were cast by mail or ballot drop box.

Continued on page 35

Santa Barbara Happenings *from page 33*

Most of the winners were incumbents, including Fifth District Supervisor Steve Lavagnino, Sheriff-Coroner Bill Brown, and County Superintendent of Schools Susan Salcido.

On the state level, Santa Barbara County voters chose Mike Stoker and Gregg Hart as the two candidates to advance to November. In the national arena, voters chose Salud Carbajal and Brad Allen as the two candidates to advance to November's general election.

Local ballot initiatives in South County this fall include Carpinteria asking voters to change zoning for specific parcels of city-owned property and Goleta is asking for a 1% sales tax increase.

Goleta Approves Housing Element for State Review

The Goleta City Council approved the 2023-31 draft of its state-mandated Housing Element, a required part of each city's General plan. Changes involved short-term vacation rentals, replacing units lost to redevelopment, and Housing Needs Allocation issues. This is the first update for Goleta since 2014.

The draft of the Housing Element has dominated the Goleta Planning Commission and City Council meetings over the last year, with input coming from workshops and a 600-person community survey. The community expressed concerns over housing prices and rents, short-term vacation rentals, water supply for developments, and UCSB's impact on housing in the area.

Changes in the bill are centered around new state laws and compliance with the state's Regional Housing Needs Allocation, which requires 1,006 low income housing units, 370 moderate income units, and 461 units for the above average income bracket. Short-term vacation rents now have a monitoring program with annual review and reporting to the City Council.

Potential future changes involve reducing parking requirements for studios and one-bedroom apartments as developers have requested.

The California Department of Housing and Community Development has 90 days to review the document, followed by public hearings in Goleta before the document is sent back to the Department of Housing and Community Development.

Editor's Note: More apartments with less parking is a problem that needs attention.

Warning: A Summer of Rolling Blackouts Could Be Coming

The North American Electric Reliability Corporation has released a damning report for 2022 and

beyond. Much of the existing power grid in many states is nearly at full capacity and capacity will be exceeded this summer. Increasing drought and lack of hydroelectric power are immediate problems, but government officials have known about the electrical grid's fragility for years and done nothing to actually help it.

Utility companies are expected to begin rolling blackouts in afflicted states to keep the grid from collapsing completely.

PG&E Has Time to Apply for Funds to Keep SLO Nuclear Power Plant Open

The federal government has given PG&E more time to apply for federal funding to keep the Diablo Canyon Nuclear Power Plant running. PG&E noted that they are still considering whether they will apply but the funds would help save costs for customers and help the reliability of the grid.

The Department of Energy recently extended the deadline for the Civil Nuclear Credit program, which is a multibillion-dollar fund trying to keep struggling power plants working. State funding could potentially help as well as Governor Newsom signed an energy bill with \$75 million going to the state's Department of Water Resources.

The writing has been on the wall for the Diablo Canyon plant since at least 2018 as it was expected to close after its licenses expire in 2024 and 2025. Despite this pleasing anti-nuclear groups, a recognition that we can't get enough power with solar and wind has resulted in calls for the plant to stay open. PG&E declined to provide a cost estimate. Diablo will continue to meet electrical needs until its closure.

Local Company Reaches \$1 Billion Valuation

Invoca, a local software marketing company, has raised \$83 million in its latest finance round, which pushed its market cap into the vaunted \$1 billion range. Invoca's revenue surged to \$100 million, over double from 2018.

The company uses artificial intelligence and voice recognition to analyses sales and marketing calls. Founders Colin Kelley, Jason Speviak, and Robert Duva created the company after their experiences at a communications firm in 2008. CEO Gregg Johnson joined in 2017.

Invoca is the latest company from the Santa Barbara area to reach the \$1 billion status, following others like AppFolio, Procure, Apeel, and Evidation.

Johnson said he hopes to hire at least 50 more employees in the coming months, given market conditions.