

Santa Barbara Happenings



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California Tax Policy is Contributing to 'California Exodus'

People as well as businesses are leaving California in ever increasing numbers. More than 500,000 residents left California between April 2020 and July 2022. This is worrying because it reflects a general negative effect in the state economy. The numbers also indicate that most of those relocating to other states are high income residents, middle class residents, and skilled workers.

Some wealthy individuals have moved their personal residences out of California in order to avoid the state's personal income tax and other high taxes. Yes, Elon Musk is the poster boy but he is only the most famous of those who have left.

Because California relies excessively on revenue created by its extremely wealthy residents and their business and that California tax revenues have already declined significantly (42% overall and 50% in income tax revenues). Things are not looking good in the golden state.

Who Are "the Homeless"?

A recent draft of the Santa Barbara County Housing Element Update includes information gathered on the local homeless population. According to their 2022 annual survey, the majority of homeless people in Santa Barbara County are found within the City of Santa Barbara proper, are white (83%), over 24 (89%), and struggle with mental health (39%) and/or substance abuse issues (31%). This shows that most of the homeless population need institutional care... and without it the problem will never be solved.



Santa Barbara Homeless image Noozhawk.com

Proposed Bill Attempts to Change Rent Control Allowances

Bill SB 466 proposes changes to existing California rent control laws. Specifically, this bill would remove provisions for landlords under the Costa-Hawkins Rental Housing Act, which was passed in 1995, including those which allow the owner of a property to establish the initial rental rate if the property has "already been exempt from the residential rent control on or before February 1, 1995" or the property is "alienable and separate from title to any other dwelling units." Bill SB 466 would instead only allow the owner of a residential property to "establish the initial rental rate of a dwelling or unit when the property has been issued a certificate of occupancy within the 15 years preceding the date which the owner seeks to establish a rental rate."

The goal of the Costa-Hawkins Act was to lessen the ability of California cities to impose rent control ordinances as that then leads to the construction of more housing and to more property owners choosing to rent their property thus increasing housing availability. The proposed bill would reduce those incentives.

Affordable Housing Construction Funds Allocated

California has approved building of 9,500 affordable homes on an accelerated timeline and has awarded funding to streamline the housing construction approval process. Those awarded funding include: The Cabrillo Economic Development Corporation in Lompoc and the People's Self-Help Housing Corporations in Grover Beach and Buellton. Around \$700 million in funding was allotted to multifamily development and \$125 million was allotted for infill development.

The State HCD housing plan is attempting to address the problem of lack of affordable housing in the state. During the last 8 year cycle the goal was to build 1.2 million homes by 2025 but so far less than half that number have been built. The adoption of strict urban limit lines 20 years ago has contributed to the lack of housing for families.

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California Cities (Including Santa Barbara) Struggle with Housing Goals

Certain areas are holding out against the state-wide mandate to build more and denser housing in every community. These include parts of the San Francisco Bay Area, Huntington Beach and, here in Santa Barbara County, Montecito and Summerland. None of the sites proposed in the first released draft of the Santa Barbara County Housing Element Update were in Montecito or Summerland. Most of sites proposed in Santa Barbara County are in Goleta.



New Housing Proposed in Carpinteria and Goleta

Red Tail Acquisitions has proposed a development on Bailard Avenue in Carpinteria and is moving ahead with their Heritage Ridge Apartment development on Los Carneros Road in Goleta. The Heritage Ridge Apartments will include 102 affordable units and 228 market rate units while the proposed Bailard development would include 41 lower-income and 132 market-rate units. The Bailard development faces opposition as it would require the re-zoning of agricultural land which is currently the site of an organic farm. Red Tail was able to apply for this development under the Housing Crisis Act of 2019 and the "Builder's Remedy" both of which suspend many of the typical restrictions on applications in order to expedite building permits for low-income housing.

Proposed Bailard Development, image RRM Design Group

The Housing Crisis Act is in effect until January 1, 2025 and the Builder's Remedy is a section of the Housing Accountability Act which prohibits cities and counties who have not complied with the State Housing Element Law from denying housing projects consistent with existing zoning ordinances and the general plan. For Santa Barbara County, this went into effect when the county missed the February 2023 deadline to submit its updated housing element.

Report shows Commercial Growth

The Hayes Commercial Real Estate 2022 Q4 report released in January shows a continuation of surprising growth in the south coast commercial real-estate market as 2022 surpassed even 2021 in sales volume. The growth has been driven by an influx of capital from investors and many years of low interest rates. The Hayes Group, however, predicts a slowing of this growth in 2023 due mainly to higher interest rates and declining office occupancy. Until the pandemic, office property had counted for a high volume of commercial real estate sales so although there appears to still be high demand for south coast real estate generally, lower office property sales will likely occur.

Proposal for New Community South of Orcutt

Solstra Communities California, LLC has submitted a proposal for review by the Santa Barbara County Planning Commission for building an entire community near Orcutt. This would include not only 4,000 housing units and a business park but also a school, a fire station and all things necessary for the day to day functioning of citizens. This community would be built on rezoned agricultural land which would expand the border of urban development in the area. The County Planning and Development Department has recommended that the Planning Commission decline to accept the plan so that it may be further reviewed and revised.

Net Zero Emissions Policy: Too Much Too Fast

Net Zero refers to commitments made by various governments and businesses to lower greenhouse gas emissions (ideally, no more than can be re-absorbed by oceans and forests i.e. 'net zero'). According to some commentators, the energy sector is the source of most emissions and replacing coal and oil powered sources with renewable energy as well as producing and consuming less will make this reduction possible: but at what cost?

According to sources citing economists such as Dr. Lars Schernikau, the changes to industry and energy required by the net zero policies would greatly reduce the developed world's standard of living and make it impossible for developing and third world nations to reach the levels now available in the developed world. Instead, they recommend focusing on economic growth which will do more to help people withstand any changes in weather and climate.

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