

# Santa Barbara Happenings



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## Rent Control is the Wrong Solution for Housing Affordability



(image Thomas Sewell, wikicommons)

In his popular book Basic Economics, the economist Thomas Sowell writes that the "primary role" of prices is "to provide financial incentives to affect behavior in the use of resources and their resulting products."

Because of this, "[e]conomic policies need to be analyzed in terms of the incentives they create rather than the hopes that inspired them." This means that in a situation where there is a high demand for a resource or product, the price should increase to reflect that demand and increase even further as supply dwindles. These increasing prices then incentivize producers/suppliers to increase the supply until it meets the demand.

When the government lowers prices irrespective of supply or demand, as in the case of rent control, the underlying reality of supply and demand is ignored. Although demand may be high and supply may be low the price doesn't reflect this. While the intention may be to lower rental prices in order to help renters, the result disincentivizes landlords from renting out their properties.

Consequently, landlords take their properties off of the market (single family homes are readily salable to new owners and removed from the rental market) and those who remain try to minimize their losses by lessening spending on maintenance, upkeep and upgrades which leads to deteriorating properties. Rent control also disincentivizes developers from building residential units because the potential returns are seen to be lower than other investments.

Lastly, it is unnecessarily cumbersome for government officials to manage prices using bureaucracy because bureaucracy is slow to identify and respond to changes and needs. The only way to actually lower rent costs is to build more buildings (increase supply).

Rent control also paralyzes housing opportunity as renters with artificially low rent refuse to leave and make room for new younger renters.

## SB City Council Agrees to Let City's Housing Authority Build 63 Rental Units Targeting the 'Missing Middle'



(image Proposed Development, Housing Authority of the City of Santa Barbara)

The Santa Barbara City Council recently approved a 63-unit residential project to be built on the corner of Carillo and Castillo that is set at affordable rates for middle- and moderate-income earners. It will

also have 7 low-income units. Currently, a parking lot filled with RVs and cars which people are living in is sitting on this corner.

The city made many concessions for the project including: allowing the proposed building to exceed the 45-foot height limit, allowing less yard space than is typically required, allowing the project to encroach 8-10 feet into the creek area and allowing unbundled parking. Unbundled parking means that tenants with cars pay for a parking spot on top of their rent.

## Tri-County Agriculture: Our County's Economic Engine

The 2022 Agricultural Reports for Santa Barbara, Ventura and San Luis Obispo counties were published recently. Overall, \$5.141 billion in revenue was generated by agriculture in the tri-county area, a 2% increase from 2021.

In Santa Barbara County, strawberries were still the highest grossing crop, earning \$810,923,000. Cauliflower was the second most valuable crop, earning \$96,657,000 and wine grapes were the third most valuable crop, earning \$96,334,000. According to the report, Santa Barbara County exports produce to many countries. In 2022, the top 3 were: Canada, Saudi Arabia, and Mexico.

Nursery products, apiary products (honey, bee

*Continued on page 41*

## Santa Barbara Happenings from page 39

pollen and other things produced by bees) and livestock were included in the county gross production total of \$1.9 billion, but cannabis, which only earned around \$260,370,000, was not. Costs to farmers for labor, equipment and other expenses were not factored into these reports.

### Carpinteria City Council Member Roy Lee to Challenge Das Williams for First District County Supervisor Sea



(image SBIndependent.com)

Roy Lee, a member of the Carpinteria City Council and owner of Uncle Chen Restaurant in Carpinteria, will be running against incumbent First District Supervisor, Das Williams in the March primary election. According to Lee, his "top priority" is "creating housing solutions that meet the needs of our residents while protecting our communities from unchecked development."

### As a Turtle Moves so does SB City Council Move in Fixing Broken State Street

The council voted 4-3 to defeat a local citizen led effort to reduce the existing "no car zone/ pedestrian- electric bike disaster waiting to happen" zone to two-blocks and allow cars back on the remaining six blocks. This would have been the first significant step in fixing broken State Street. Instead, the Council voted 5-2 to extend the legislation that allowed the council to "create" the promenade in the first place—in response to the COVID emergency—to December 31, 2026. But it also voted to tweak the existing no-car rule to allow patrons of the Granada to drive up State Street from Anapamu to Victoria Street so they can disembark right in front of the theater. Some progress is better than none but there is a long way to go to actually fix things.

### Newsom Signs off on Multiple Bills Intended to Hurt Existing Neighborhoods

Starting in January 2024, multiple bills will go into effect that were signed by Governor Newsom in an attempt to change existing neighborhoods.

This includes legislation allowing homeowners to sell units built in their backyard, legislation allowing housing to be built in areas of the coastal zone where it was previously prohibited, extending legislation that was set to end in 2026 which streamlines the multifamily housing development process and legislation discussed in more detail below that would allow faith-based organizations and non-profit colleges to build housing on their land.

### Affordable Housing Coming to Your Church and College Campus

In October, Governor Newsom approved Senate Bill 4, the Affordable Housing on Faith and Higher Education Lands Act. It will allow streamlined approval for housing developments that are proposed by, and built on the land of, non-profit institutions of higher education or faith-based organizations. In order to be approved through this streamlined process, these housing development projects would have rent and resale price controls. The proposed housing projects that meet the statutory requirements would bypass the California Environmental Quality Act and many local design standards.

According to report issued by the Turner Center at UC Berkeley, over 171,749 acres of land statewide owned by not-for-profit colleges and faith-based organizations could be developed for housing. They also point out that these organizations are often located in areas with more and better opportunities than those typically available in areas where low-income housing is built.

A recent SB Foundation report identified 222 parcels owned throughout Santa Barbara County by faith-based organizations that could be used for housing development and nonprofit colleges and universities controlled 92 additional parcels.

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