

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
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TO: Board of Supervisors

FROM: John Patton, Planning & Development Director

STAFF CONTACT: Lisa Plowman, Supervising Planner (x2025)
Matt Dobberteen, Planner (x3576), John Cuykendall, Planner (x3560)

SUBJECT: Reconsideration of Park Development Mitigation Fees for Goleta

RECOMMENDATION:

That the Board of Supervisors confirm your Board's previous action taken on January 19, 1999 which adopted the Park Development Mitigation Fee Resolution for the South Coast West Recreation Demand Area (Goleta).

ALIGNMENT WITH BOARD STRATEGIC PLAN: The recommendation(s) are primarily aligned with Goal No. 2. A Safe and Healthy Community in Which to Live, Work, and Visit; Goal No. 4. A Community that is Economically Vital and Sustainable; and Goal No. 5. A High Quality of Life for All Residents.

EXECUTIVE SUMMARY AND DISCUSSION:

Background

On October 6, 1998, staff presented documentation to the Board which demonstrated that the average selling price of an acre of urban land in Goleta was \$426,494. The Board at that time also accepted staff's recommendation that this figure be rounded down to an even \$400,000. The average cost of land per acre was then used to determine the impact fees where land acquisition was a component. For example, when calculating the Quimby park fee, the \$400,000 figure was used as the estimated price the county would pay to purchase an acre of land to meet the demand from new development for park facilities.

Since the hearing of October 6, the development community expressed concern that the \$400,000 figure was inflated and began to work with Planning & Development (P&D) staff to evaluate other properties in Goleta. On March 23, 1999, your Board received the preliminary results of that collaborative effort which indicated a potential decrease in the average land cost per acre to \$364,322. At the conclusion of the March 23rd

hearing, your Board directed staff to continue meeting with the developers to attempt to address their concerns and return on April 20th with a conclusive average cost per acre for Goleta.

In accordance with the Board's direction, Planning & Development (P&D) requested a continuance from April 20 to May 25, 1999 to allow additional time to develop a final average cost per acre. This report outlines the issues resolved to reach the final staff recommendation for your Board.

Parcels Added and Deleted from Average Cost/Acre Property List

The Board directed meetings with the developers to refine property data began on April 5, 1999 and have included several follow-up conversations. The developers requested, and staff concurred, that properties *in escrow* should be deleted from the county's land value analysis. The properties do not reflect actual *sales* and therefore should not be included. Also at the developers request, three new sites were added to the analysis. The intent was to add properties which had recently been acquired by public agencies or dedicated by the private sector for public park purposes. Staff again concurred with the request, and these properties are listed below:

- Three (3) parcels purchased by the Isla Vista Recreation & Park District
-- cost/acre: \$1,165,230
- Coronado Park purchased by the Goleta Valley Land Trust
--cost/acre: \$87,848
- Appraised value of Camino Real Park
--cost/acre: \$230,000

Attachment 1 shows the final recommended average cost per acre of urban land in Goleta of \$400,370 (rounded to \$400,000 for fee calculation purposes).

Rationale for Properties Selected to Determine Average Cost/Acre

The table documenting the average price per acre of urban land in Goleta (Attachment 1) is based on the following criteria:

1. Actual *sales* of properties occurring in 1997 to the present.
By using recent sales, the average cost per acre more accurately reflects the cost of land the County is likely to encounter when purchasing parkland.
2. Properties located within the urban limit line.
County priorities for parkland acquisition are within the urban area of the Goleta Valley, not the rural agricultural areas. Parks are required to serve neighborhoods and should be located in close proximity to the users of those parks. This priority is reflected in the Board's adopted policy in the Goleta Community Plan:

Policy PRT-GV-12: Acquisition of neighborhood parks in Goleta shall be based upon the following geographic priorities:

1. Southeast Goleta (Patterson-Hope Ranch annex north of Atascadero Creek)
2. Downtown Goleta area
3. El Encanto Heights area

Attachment 2 shows potential acquisition sites for neighborhood parks, particularly to address parkland deficits in southeast Goleta and the downtown Goleta area. The Santa Barbara Recreational Field Study (April 16, 1999) completed for the City of Santa Barbara, County of Santa Barbara and Santa Barbara School Districts describes an existing deficit of neighborhood park facilities. Small county owned parcels are identified as potentially appropriate areas to construct recreational facilities to address this deficit. Targeting acquisition of smaller neighborhood serving parcels as shown in Attachment 2, is consistent with the strategy to intensify recreational opportunities within neighborhoods to best meet the recreational demand.

Attachment 3 is a subset of the parcels contained in Attachment 1, and shows the average cost per acre of land for parcels greater than ¼ acre and smaller than 10 acres. With smaller neighborhood serving parks a likely focus of future acquisition efforts, the cost per acre of parkland could rise beyond \$400,000 per acre. As shown in Attachment 3 the average land cost of the smaller parcels surveyed increases from \$400,000 to \$575,431 per acre. This provides additional evidence that the \$400,000 average land cost per acre is a reasonable figure upon which to base future county land acquisition costs.

Finally, commercial sites are utilized to develop the average cost per acre of land in Goleta due the expectation that commercial or even industrial properties, may be considered for active, high intensity recreational facilities such as ball fields with night lighting. For example, informal discussions have occurred in the community regarding possible future use of industrial properties in the vicinity of U.S. Hwy. 101 and Los Carneros Road. Playing fields which require night lighting could then be centrally located in the Goleta Valley and not trigger potential light and noise impacts to surrounding residential properties.

Include Land Zoned for Urban Uses, Exclude Agriculturally Zoned Land.

During discussions with the developers they suggested that land zoned for agriculture in Goleta could be an appropriate site for a future park and should be included in the list of properties determining the average cost per acre of urban land. Staff stated the purchase of agriculturally zoned land by the county for a park would violate its own policies contained in the Goleta Community Plan. Prior to considering the conversion of *any* agricultural lands for urban uses, the county must make the following finding:

Policy LUA-GV-1: Land designated for agriculture within the urban boundary shall be preserved for agricultural use, unless the County makes findings that the land is no longer appropriate for agriculture or there is an overriding public need for conversion to other uses for which there is no other land available in the Goleta urban area.

Assuming in the future, the county could make the finding that no other lands designated for urban uses are available as a park site or that a property is inappropriate for agriculture, there is recent precedent that the county would acquire the land at a price reflecting *urban* and not agricultural uses. As a part of the proposed Westfield residential development, the county recently negotiated right-of-way for Cathedral Oaks road. Although the parcel was currently designated and zoned for agricultural uses, the land required for road right-of-way was determined to have a value representative of urban uses. It is conceivable that other future urban agricultural land acquisition efforts would be based on land value reflecting a highest and best use of the property (i.e. urban, not agricultural).

The Board should note that the Westfield project is used in the table documenting the average price per acre of urban land in Goleta (Attachment 1). This parcel was included in the land values due to

the clear expectations by the property owner and county that the site would be converted from agriculture to residential upon Board authorization of a construction contract for Cathedral Oaks Road. The following policy is taken from the Goleta Community Plan and was recently implemented by the county.

Action LUA-GV-1.1: Parcels 79-120-47, 94 (Couvillion) shall have a land use designation of A-I-10. At such time as the Board of Supervisors authorizes the contract for the construction of Cathedral Oaks Road, the County shall initiate a General Plan amendment and rezone for a medium to low residential designation for this site consistent with surrounding land uses and should also consider it for inclusion in the County's Affordable Housing program.

Average Cost Methodology

In determining the average land cost per acre of urban land in Goleta, P&D used a methodology employed by real estate appraisers for neighboring jurisdictions (i.e., City of Santa Maria, County of Ventura) to determine average land values.

The method used by P&D is summarized below and is identified as Option 1.

According to Halliburton & Company (County retained Real Estate Appraisers), there are two ways the analysis of average land cost could be conducted:

- Option 1. first determine the price paid per acre of land for each project site evaluated, and then second, determine the average of the price paid per acre of land for the project sites sampled;

OR

- Option 2. add the total price paid for all the project sites evaluated and then divide by the total number of acres represented by the list of project sites evaluated.

Per Halliburton & Company, “both methods [#1 and #2 listed above] are mathematically correct”. However, the appraiser favors the approach used by P&D: “Over the years I have preferred to use an average of the sites evaluated rather than the average of the total land sampled. This allows the appraiser to minimize the variables that exist in each parcel sale, such as size, zoning, location, infrastructure, physical characteristics, and the like. In addition, it allows the sites to be evaluated on a one to one ratio, since it is commonly known that the larger the site the lower the unit price, and conversely, the smaller the site, the higher the unit price. This method provides a more accurate assessment in reflecting the price range that the County could expect to pay for an average acre of land in the urban area of Goleta.” The entire text of the letter submitted by Halliburton & Co. is contained in Attachment 4.

Attorneys for Hatch & Parent have argued that Option 2 should be used. If Option 2 is used the average land cost per acre of urban land in Goleta would decrease to \$214,000 per acre. However, in light of the appraisers opinion and the fact that the County will be purchasing small sites, not the type of larger sites which skew the results under Option 2, staff recommends the Board not alter the method used to determine the average price per acre of urban land in Goleta.

Staff Recommendation: Based on the evidence contained in the record, the average land cost per acre of urban land in Goleta is \$400,000. Therefore, the Board should reconfirm its previous action on January 19, 1999 which adopted the Park Development Mitigation Fee Resolution for the South Coast West Recreation Demand Area (Goleta).

MANDATES AND SERVICE LEVELS: Government Code Section 66000 (AB 1600--Development Impact Fees) allows local jurisdictions to establish development impact fees to fund the construction of public infrastructure necessary to serve new development.

FISCAL AND FACILITIES IMPACTS: Funding to amend and adopt new ordinances and policies is contained in P&D's FY 1998-99 budget.

SPECIAL INSTRUCTIONS: Please forward one copy of the minute order to the County Administrator's Office, P&D, Parks, Auditor-Controller, and County Counsel.

CONCURRENCE: County Counsel.