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October 1, 2021

Mayor and Council
City of Goleta
130 Cremona Dr.
Goleta, CA 93117

RE: Non-Residential Affordable Housing Development Impact Fees: OPPOSE

Dear Mayor Perotte and Members of the Council:

The Santa Barbara South Coast Chamber of Commerce, from Goleta to Carpinteria, representing 1,100 members and 75,000 jobs in the region, is writing to express concerns with the **Non-Residential Affordable Housing Development Impact Fees** with regard to the nexus study and HE 2.2b.

The Chamber has long been a champion of workforce housing in Goleta and the South Coast and an affordable housing program in Goleta. We have applauded Goleta's accomplishments in providing crucial workforce housing opportunities and for efforts to create and maintain an effective housing element in the General Plan.

To that end, the nexus study and support of Residential Affordable Housing In-Lieu Fees is needed and headed in the right direction. Building a fund for a future Affordable Housing Program in the City of Goleta is a needed and necessary goal. Our only issue is that now is not the time to fund that program with non-residential development impact fees.

Economic recovery in Goleta is ours to lose on the South Coast. Businesses here in manufacturing, infrared, bio-medical, and software development are poised for a robust recovery after the global pandemic and economic shutdown. Likewise, restaurants, hospitality and retail businesses are also ready to grow. Commercial businesses are strategically aligned to invest in the local economy – as long as there are no new barriers to business growth and no disincentives to grow that business in Goleta. Any new fees on business growth – including new development or expansions to existing business – will only harm the economic vitality of our region and set us apart from other parts of the County and region that do not have these fees.

No one is against having affordable housing programs and raising the funds from a variety of sources to maintain it. But adding fees to new business will not be enough to build new units and will not solve the barriers to building new affordable housing. The new fees will likely stunt the growth of the businesses expansion that will some day fund and support a future affordable housing program.

- Businesses need support right now, not new fees, in order to recover from the economic meltdown of the pandemic
- Businesses need to know that money raised from them is going to a specific program that will be guaranteed to result in new units of affordable housing

-Businesses need a true nexus between the growth of their business and the need for new housing units

We ask that the Council reconsider the policy set forth by HE 2.2b and/or set a long-term goal and subsequent strategy that clearly connects the City's ability to create affordable housing units in relationship to commercial square footage and business expansion and growth.

This concept, of linking non-residential development to an affordable housing fund, should be studied as part of the City's proposed economic development strategic plan, and not enacted now, before a clear strategy has consensus.

Impact fees on hotels are particularly problematic as existing hotels already contribute a significant amount of the City's total tax income. Asking more of them is not warranted.

It is also unclear, what the economic strategy is for supporting new hotel growth. If there is not support for new hotels, then there should not be plans for using fees from them to build affordable housing. If there is support for new hotels, then the new revenue should already be accounted for in the City's strategic plan.

We support the nexus study and the work to provide in-lieu fees for residential development.

But we ask that the City continue evaluating non-residential development fees on a case-by-case basis, at least until the economic recovery is in full swing, and the worst effects of the pandemic are behind us. The proposed economic development strategic plan and a robust affordable housing program will provide important metrics for connecting business growth to funds for affordable and workforce housing in the future.

Thank you for your consideration of our concerns.

Sincerely,



Kristen Miller, President/CEO
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