



CAMBRIA COMMUNITY SERVICES DISTRICT

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RESPONSE BY CCSD AND CITIZENS FINANCE COMMITTEE FOR THE BUILDOUT REDUCTION PROGRAM TO QUESTIONS FROM RICHARD L. WATKINS ABOUT THE CCSD BUILDOUT REDUCTION PROGRAM

Richard L. Watkins distributed written questions in August 2006 throughout the central coast real estate business community (including Cambria) about the CCSD Buildout Reduction Program (BRP), and the CCSD and Citizens Finance Committee for the BRP provides the following responses.

1. How was the decision made that a Buildout Reduction Program is the only way to mitigate the potential growth inducing element of increased water supply associated with the completion of the desal plant?

The California Environmental Quality Act requires that the CCSD study the growth inducing impacts of all water projects and implement all feasible mitigation measures. The BRP is feasible and thus must be implemented as part of the approval process of the desalination plant. Along with all of the other identified mitigation measures.

2. Many other communities have concerns about water supply and growth, but have any within Coastal Commission jurisdiction undertaken a similar Buildout Reduction Program.

Yes, most communities on the California coast have concerns over buildout and water. These include Santa Monica (<http://www.coastal.ca.gov/web/fire/ucsbfire.html>); San Mateo (http://coastsider.com/images/uploads/planning/midcoastlcp/CCC_BOS_03-07-05.pdf#search='california%20coastal%20commission%20and%20buildout%20reduction'); Santa Barbara (www.countyofsb.org/plandev/toro/feir/5-0Policies.doc); and Monterey (http://www.co.monterey.ca.us/gpu/Reports/Existing%20Plans/1noco_lup.html). As you can see, they all have some form of a buildout reduction program.

Quoting from the Santa Monica plan:

"The proximity of the Malibu/Santa Monica Mountains to the Los Angeles metropolitan region coupled with it's coastal location, breath taking views, access to undisturbed natural areas, and sense of rural living make this a very desirable area. With proper land use planning, site planning, building codes and vegetation clearance it is possible to significantly reduce the threat of fire in the Chaparral community. However, the problem in the Santa Monica Mountains is there are literally thousands of existing legal

undeveloped parcels comprising hundreds of acres of land area that are located in very remote, topographically constrained, and environmentally sensitive areas. These factors make it quite difficult to mitigate the threat of fire and adverse environmental impacts.

There are also a number of very poorly planned subdivisions that were divided in the late 1920s and 1930s with lot sizes of less than an acre and many more typically 5,000 to 10,000 sq. ft. in size. These subdivisions were primarily designed for weekend cabin type of use. However, today the expensive homes built on these parcels are occupied on a year-round basis. There are approximately 6,000 of these ill-conceived small parcels in the Santa Monica Mountains. These subdivisions have very narrow winding roads, which cannot accommodate fire equipment and are for the most part very heavily wooded with both natural and exotic plant species.

These types of subdivisions are disasters just waiting to happen. In order to reduce the buildout of these subdivisions and remote environmentally sensitive parcels the California Coastal Commission developed the Transfer of Development program in the Malibu/Santa Monica Mountains Area of the Coastal Zone. Simply the Transfer of Development program requires that any time a new parcel is created through the subdivision process, the equivalent development rights on designated small lot subdivision lots or remote environmentally sensitive parcels have to be retired. In theory, the newly created subdivisions are located in areas more suitable for this type of development. To date 924 substandard lots have been retired in small lot subdivisions and some 800 acres of remote environmentally sensitive parcels have been retired. Making the Malibu/Santa Monica Mountains Transfer of Development program one of the most successful in the United States." Sound familiar?

3. What will prevent the remaining water positions and grandfathered meters from gravitating via transfers to parcels with the highest potential built-out value?

This is expected and accounted for in the BRP's analysis.

4. If that ongoing process of "water movement" continues, what is the likely impact to the supply of newly constructed workforce and affordable housing in the community?

The CCSD has and will have a separate list of water services for affordable housing and multifamily housing.

5. When the sites with the highest built-out value are developed, probably with structures approaching the largest gross structural area that planning standards allow, what changes will occur to Cambria community character based on charm and small town ambiance?

The San Luis Obispo County zoning laws limit the size of homes in Cambria. Without the BRP more lots would be built upon. As such the BRP acts to protect the character of Cambria.

6. The parcels with highest built-out value are concentrated in near coast and fine ocean view areas of Cambria. Few, if any, of those lots will be retired because of their relatively high value. Won't these areas experience a high degree of tree removal over time and aren't those areas the most visited by locals and tourists?

If lots near the ocean and with ocean views are the ones that will be developed less trees will be removed. San Luis Obispo County can require tree replacement upon the lots retired by operation of the BRP to maintain the health and continued sustainability of the forest. The BRP actually acts to affirmatively protect the forest forever. Without the BRP more trees would be cut because more lots would be built upon and there would be no control over where open space is preserved in light of the health of the entire forest.

7. Lots (and the trees thereon) purchased during the Buildout Reduction Program will be concentrated in areas farther from the coast that aren't often frequented by locals or tourists. The ecology of these slopes is not the same as those with direct coastal exposure. Is the CCSD focused on saving representative coastal habitats or actually more interested in saving money while attempting to control overall growth and the economic status of those able to afford newly constructed housing?

The inquirer does not see the forest for the trees removed. The land trust(s) that will acquire the lots will, to fulfill their mission, purchase lots to preserve the sustainability of the entire forest. It will be protected by the implementation of the Forest Management Plan with the advice of a certified forester or ecologist. This is already done on the Fiscalini Ranch Preserve where many acres of coastal forest are protected.

8. The \$20,000,000 (+/-) to be raised by increasing water rates and using supplemental water hook-up fees will remove money from the local economy. Retiring lots is ultimately a dead end in an economic sense. What is the cumulative economic impact of reducing the amount of money that is spent within the community by \$20,000,000?

The premise of this question misstates the dollars presumed to be lost to the community of Cambria. It assumes that over the 22 years of the program the money used to pay for connect fees and water service would be spent in the community. Assuming for argument's sake that all of the \$8.81 a month increase in water rates would have all been spent in the local Cambria economy it would equal about \$35,240 a month ($\$8.00 \times 4,000 \text{ customers} = \$35,240$). Even if this was true you would have to subtract the amount new residents and businesses would spend in the community. There will be an additional 785 residential and 157 commercial connections for a total of 942. The total amount each business (including their customers) and the people living in each residence would have to spend each month to break even would be $\$35,240/942 = \37.41 . In other words if each new home or business spent \$37.41 a month there would be no net loss to the local economy. This is equal to one minor shopping trip to the grocery, a meal for two, or a few gallons of gas. If this amount was doubled to \$74.81 it would cover the connect fees which by no stretch of logic would ever be spent

in Cambria by lot owners who could not build. It is logical to conclude that there will be a significant net gain to the local economy.

9. The Department of Housing and Community Development believes communities should strive to match their housing supply with needs of the community, i.e., “take care of their own.” How many current residents of Cambria can afford newly constructed housing, even now? It’s been over a year since a new house sold for less than \$1,000,000.

The provision of affordable housing is part of this program and has been a CCSD goal for many years. The CCSD provides separate water service for affordable housing and is currently actively working with People’s Self-Help Housing Corporation and Habitat for Humanity to provide new affordable housing in Cambria.

10. If the CCSD is willing to spend \$40,000,000 of the community’s money to retire lots that could potentially serve as sites for moderately priced new housing, would they consider setting aside a portion of that money to provide no interest loans for the renovation of the substantial number of substandard existing housing units and also offer low interest loans to fund additions to existing housing?

First, there is no guarantee that if lots were not acquired that they would be developed as moderate or low income housing. To accomplish this would require a government regulated and subsidized program to acquire and build such housing. There are already programs in place and the CCSD does have a separate water wait list for multi-family and affordable housing.

Second, the CCSD cannot use water rates and connect fees to sponsor affordable housing, including low interest renovation loans, as it violates the California Constitution.

Third, low interest loans for renovation and additions without significant resale controls would create the very problem suggested by the questions above. It would make homes more expensive and spoil the “charm and small town ambience” of Cambria.

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