



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 14, 2019

TO: Mayor and Councilmembers

FROM: Community Development Department

SUBJECT: Recommendations Of The Downtown Economic Vitality Working Group And Update On The Accelerate Program Offering Expedited Customer Service And Permitting For Businesses Along State Street From Cabrillo Boulevard To Sola Street And Along Coast Village Road

RECOMMENDATION: That Council:

- A. Receive a report regarding the recommendations of the Downtown Economic Vitality Working Group and an update on the Accelerate Program;
- B. Direct staff to continue to implement recommendations of the Downtown Economic Vitality Working Group; and
- C. Continue implementation of the Accelerate Program for ground-floor tenant spaces along State Street, and remove Coast Village Road from the Accelerate Program.

DISCUSSION:

Accelerate Program

Over the past 18 months, with the continued growth of online retail sales and the reduction in demand for brick-and-mortar retail square-footage, the City of Santa Barbara has experienced the effects of these changes most profoundly along the downtown portion of State Street. The City Council initiated the Accelerate Program on August 8, 2017, as one element of the City's comprehensive effort to assist with economic revitalization of the State Street corridor from Cabrillo Boulevard to Sola Street. On March 13, 2018, the City Council expanded the program area to include Coast Village Road in support of recovery efforts for businesses impacted by the Montecito debris flow in January of 2018.

The goal of the Accelerate Program is to expedite the City's design review and permit plan check processes without compromising the quality of the final design, and to enable

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property and business owners to more quickly improve and occupy commercial tenant spaces. As discussed below, the City's efforts have generally resulted in improvements in project review and permitting timelines.

Vacancy rate determinations initially involved block-by-block field observations by staff coupled with building permit record research. Data gathering has now transitioned to reliance on figures provided by Radius Group for consistency with industry standard. Since August 2017, staff has reported that the vacancy rate has ranged from 11 percent in August 2017 to nine percent in February 2018, and back up to 11 percent in August 2018. Relying now on Radius Group's data, the vacancy rate along State Street between Gutierrez Street and Sola Street has dropped from 14.8% in June 2018 to 13.4% in March 2019.

Along Coast Village Road, staff continues to survey the commercial district as this data is not compiled by Radius Group. In April 2019, staff observed seven vacant storefronts out of 145, reflecting a vacancy rate of 4.8%, a reduction from the 8.2% reported for August 2018. The vacancy rate has reached a healthy five percent milestone in the commercial district between Hot Springs Road and Olive Mill Road.

The City remains committed to assisting property and business owners; to this end, City Council has authorized fee waivers of Certified Access Specialist (CASp) reports and plumbing fixture count reviews by Building and Safety Division staff as well as a one-time fee waiver of Planner Consultations to encourage early project consultation and assessment. Additionally, staff has developed a process to expedite the installation of "pop-ups," or short-term shops, within vacant storefronts, and to allow for temporary, standardized window signage that meets State and City exemptions for both building permits and Sign Committee review.

A complete update on the Accelerate Program is provided as Attachment 1.

Downtown Economic Vitality Working Group

On August 14, 2018, City Council received a report from the City Administrator's Office highlighting multiple efforts to enhance Downtown economic vitality. These included City initiatives involving public safety, infrastructure and facilities, transportation and parking, arts and culture, and economic development. Also described were initiatives undertaken by other organizations such as the Santa Barbara Chapter of the American Institute of Architects and Downtown Santa Barbara.

Given the importance of the issue, a large audience of stakeholder groups prepared numerous comments and recommendations, many of which involved the City's design review and building permit processes, and related administrative procedures. Despite initiation of the Accelerate Program a year prior, it was clear that additional improvement in the City's approach to the land use entitlement and permitting processes was needed.

In response, Community Development Department staff convened the Downtown Economic Vitality Working Group (Working Group). Comprising representatives from Downtown business owners, the Chamber of Commerce, and principals from local architectural, construction, planning, and commercial real estate firms, this group met approximately once a month between September 2018 and March 2019. The collective objective was to consider more than 20 recommendations aimed at improving a host of business practices, including but not limited to communication, customer service, predictability, oversight, and accountability. As a result of the extensive collaboration that allowed for a better understanding of the issues, the Working Group developed revised recommendations for Council consideration. All recommendations along with status updates and implementation timeframes are presented in Attachment 2.

CONCLUSION:

As discussed in Attachment 1, the Accelerate Program has resulted in improved design review and building permitting turnaround times, and the vacancy rate along Coast Village Road has returned to a healthy five percent; however, the overall storefront vacancy rate along the State Street corridor remains well above this mark.

Staff observes that although the improved processing time is beneficial, the State Street vacancy rate appears largely unaffected, perhaps suggesting that changes to additional variables, either those under City control or those in the private domain, are needed to generate a greater synergy along this corridor. Therefore, staff recommends that the Accelerate Program, including the aforementioned fee waivers, continue with the exception of Coast Village Road, which has now returned to a healthy equilibrium.

Resulting from Council direction at the August 14, 2018, meeting on Downtown Economic Vitality, the services of Los Angeles-based Kosmont Companies has been procured, and significant public engagement and other work is now underway. In addition, significant staff effort is being directed toward development-standard amendments and customer service, entitlement, and permitting-process improvements. Each of these efforts is described in Attachment 2, and staff will continue with this work through completion or redirection by Council.

Throughout the months of May and June 2019, multiple hearings will be conducted as the City Council considers budget proposals from each City department. If, in the course of those deliberations, Council determines it to be appropriate for funding appropriation of a workflow/organizational study of the City's Land Development Team, staff would support such an effort, as this would demonstrate continued commitment to organizational improvement. The benefits of such a study would be realized on land development and construction projects Citywide.

ENVIRONMENTAL REVIEW:

None of the initiatives or activities described in this report constitute a “project” under CEQA. Several recommendations of the Working Group defer to existing or future larger planning work efforts that will be subject to environmental review. All other recommendations of the Working Group and continuation of the Accelerate Program, constitute administrative activities, personnel-related actions, general policy and procedure making, or organizational or administrative activities of government that will not result in direct or indirect physical changes in the environment (CEQA Guidelines Section 15378).

BUDGET/FINANCIAL INFORMATION:

All of the Downtown Economic Vitality Working Group’s recommendations/initiatives have either received specific Council funding appropriation or are achievable through existing department budgets.

ATTACHMENTS:

1. Accelerate Program Background
2. Downtown Economic Vitality Working Group Findings

PREPARED BY: George Buell, Community Development Director
Andrew Stuffer, Chief Building Official
Renee Brooke, City Planner
Marck Aguilar, Acting Senior Planner

SUBMITTED BY: George Buell, Community Development Director

APPROVED BY: City Administrator’s Office