

URBAN GROWTH BOUNDARY REPORT

The following report is prepared pursuant to California Elections Code 9212, for the purpose of analyzing the effects of a proposed Urban Growth Boundary (UGB) initiative that is being considered for the City of Buellton. The UGB would place limitations on future growth in areas currently outside the City, by creating a boundary coterminous with the current City limits and Sphere of Influence. If passed, annexations and City development beyond that boundary could only occur through future voter approval, with limited exceptions as stated in the initiative. The UGB initiative would be in effect through December 31, 2025.

A. INTENT AND REGULATORY BASIS

The intent of this report is to provide information regarding possible outcomes of the initiative, to allow for the City Council to make an informed decision about whether to approve the proposed initiative, or to send it to the voters for their potential approval in November 2008. The basis and contents of this report are described in California Elections Code Section 9212. The Elections Code clearly states that this is an optional report, and not required as part of the initiative process. Nevertheless, it may be prepared to help facilitate the process.

The specific contents of this report are described in Section 9212 as follows:

9212. (a) During the circulation of the petition, or before taking either action described in subdivisions (a) and (b) of Section 9214, or Section 9215, the legislative body may refer the proposed initiative measure to any city agency or agencies for a report on any or all of the following:

- (1) Its fiscal impact.*
- (2) Its effect on the internal consistency of the city's general and specific plans, including the housing element, the consistency between planning and zoning, and the limitations on city actions under Section 65008 of the Government Code and Chapters 4.2 (commencing with Section 65913) and 4.3 (commencing with Section 65915) of Division 1 of Title 7 of the Government Code.*
- (3) Its effect on the use of land, the impact on the availability and location of housing, and the ability of the city to meet its regional housing needs.*
- (4) Its impact on funding for infrastructure of all types, including, but not limited to, transportation, schools, parks, and open space. The report may also discuss whether the measure would be likely to result in increased infrastructure costs or savings, including the costs of infrastructure maintenance, to current residents and businesses.*
- (5) Its impact on the community's ability to attract and retain business and employment.*
- (6) Its impact on the uses of vacant parcels of land.*
- (7) Its impact on agricultural lands, open space, traffic congestion, existing business districts, and developed areas designated for revitalization.*



(8) *Any other matters the legislative body requests to be in the report.*

(b) *The report shall be presented to the legislative body within the time prescribed by the legislative body, but no later than 30 days after the elections official certifies to the legislative body the sufficiency of the petition.*

This report describes the effects of the proposed initiative relative to each of the issues identified in the California Elections Code.

B. ANALYSIS

1. Fiscal Impacts

An Urban Growth Boundary could limit the long-term expansion potential of the City, and could restrict its economic potential, but also potentially limit negative fiscal impacts associated with growth not currently anticipated in the General Plan. The basis for this analysis is from two primary sources:

- The City's General Plan Economic Development Element includes goals and policies related to the City's long-term economic health. This portion of the General Plan was itself developed based on a fiscal impact study that examined several long-term growth scenarios, one of which ultimately formed the basis of the General Plan.
- On February 28, 2008, the City of Buellton sponsored a Professional Advisory Service (PAS) to consider options for developing long-term sustainable and effective economic development efforts. The PAS team consisted of professionals outside the Buellton community, who were tasked with providing objective recommendations relative to the City's future economic development, based on their interviews with key stakeholders and Buellton community leaders. This document is on file at the City Planning Department and is also available on the City's website.

General Plan Economic Development Element. The General Plan envisions planned growth in the City through 2025. This growth does not anticipate development beyond the current City limits, which are coterminous with the City's Sphere of Influence. This suggests that growth beyond the current City limits is not needed to sustain the City's long-term economic health through 2025.

That said, the General Plan identifies the need to attract new businesses to the community "to both diversify the City's economic base and provide retail and employment opportunities for City residents." It also states that attracting new visitor-serving businesses and the economic revitalization of the town center are priorities. These objectives are articulated through various General Plan goals, policies and programs.

In accomplishing these goals, the General Plan does not specifically identify the need to expand the City limits or Sphere of Influence unless certain parameters can be met (Land Use Policy L-2). At the same time, Program 2 of the Economic Development Element calls for ensuring "that adequate commercial land along Highway 246 and Avenue of Flags is designated to meet present and future needs of residents of the City and maintain economic vitality." Without a



detailed commercial/industrial absorption study, it cannot be determined if sufficient land within the City is available to accommodate the future commercial service needs of those within the City limits and those currently outside the City who may rely on such services as part of the greater Buellton community. Future growth near the City within unincorporated portions of the County could also occur to provide commercial growth areas. The fiscal impact of this is unclear, but if indirect demand on City services and infrastructure maintenance (e.g. parks and recreation, circulation infrastructure, etc.) would increase from growth outside the City, there is the potential for adverse fiscal impacts.

Additionally, should demand for commercial and/or industrial lands within the City be absorbed prior to the 17-year sunset of the UGB, demand for the conversion of lands outside City limits to commercial and/or industrial uses, especially along Highways 101 and 246, could increase development pressure on those County lands. Such commercial and/or industrial conversion could result in revenue leakage, especially if new commercial or industrial uses outside the City compete with uses within the City.

Furthermore, Program 6 calls for actively recruiting larger employers to the region and City. It is unclear whether there is sufficient land and the right type of industrial, commercial or office space within the City to attract such employers at this time. The City is going to prepare an absorption study to address this issue later in 2008. The fiscal impact of this is unclear.

Buellton PAS. The recommendations of the PAS focused on the development and revitalization of the Avenue of Flags corridor and the City as a whole. It does not explicitly call for expansion of the City limits to achieve its recommendations. However, another important recommendation was to obtain community consensus on the types of commercial uses and industries to be targeted for future growth, to allow the long-term planning of necessary infrastructure to support such industry. Since it appears the community has not yet developed a consensus on long-term targeted businesses, it is difficult to plan for future infrastructure, or to identify if there is sufficient vacant land for such uses. As previously stated, the City will be preparing an absorption study to address this issue. This is not likely to be a fiscal concern in the short-term, but a UGB may adversely influence the achievement of long-term economic and fiscal goals if it limits land available to the City for such purposes by requiring additional processing steps on lands currently outside City limits. One unknown is whether new businesses will want to come to Buellton if the time and cost of going to a vote for an annexation is too cumbersome compared to just going to another City with available land or lease space.

2. Land Use Policy Consistency

The proposed UGB is intended to be consistent with the existing City General Plan. Where it is not consistent, proposed amendments to the General Plan, as included in the language of the initiative, are intended to ensure policy consistency.

The UGB initiative does not allow development or the provision of City services (including, but not limited to water and wastewater) beyond the proposed UGB, except in certain circumstances. These include the following:



- Housing. The City Council may amend the UGB to comply with state law related to providing adequate housing to meet regional needs, both in terms of number of homes and their affordability to all segments of the community. This may be done only after making the specific findings described in the initiative, which relate to the need for new housing, the lack of available land within the City to do so, and the condition that the annexed land is adjacent to the City and able to be connected to City services. This is consistent with the intent of the City's General Plan Housing Element to provide adequate housing sites in accordance with State law.
- Schools and Parks. The City Council may amend the UGB to include land in the City for the provision of schools and parks to meet identified future community needs. This may be done only if appropriate findings can be made related to the lack of land within the City for these facilities, and the ability for other City services to be provided to these facilities. This is consistent with the intent of the City's General Plan Parks and Recreation Element, and the City's General Plan Public Facilities and Services Element, to provide adequate public facilities for use by the residents of the City of Buellton.

General Plan Land Use Element. The UGB initiative also includes proposed modifications to the City's General Plan Land Use Element to ensure further consistency. For the most part, these include the insertion of appropriate references to the UGB in the General Plan, but not substantive changes to the policy framework of the plan itself. These include modifications to Figure LU-1, and General Policies L-1 and L-2. The modification to Policy L-2 codifies the instances that a potential annexation could be considered (relative to housing, parks or schools), consistent with the process and other provisions as included in the language of the initiative.

The UGB initiative also includes language directing the City to amend the General Plan, any specific plan, the zoning ordinance, and any other applicable ordinances to ensure their consistency with the proposed UGB initiative. Projects for which there are currently vesting development rights would be exempt from the provisions of the UGB initiative.

The City's General Plan Land Use Element states the following:

Goal 5. Focus growth inward to accommodate population increases and housing needs. Compact contiguous development within existing City boundaries is preferred over annexation and sprawling development.

The clear intent of this goal is to manage growth, and focus it within the City limits. It does not, however, preclude potential annexations, which are explicitly allowed within Policy L-2, even as amended through the UGB initiative. Based on the UGB initiative, annexations must be, as stated previously, based on the need to meet state housing goals, or to provide necessary schools and parks. Annexations to accommodate potential commercial or industrial uses that may be needed to achieve the City's economic goals as stated in its General Plan must go to a vote of the people.

Over the life of the initiative, there may be development pressure for more intensive land use patterns within the City limits since the UGB does limit the potential outlet for such pressure outside the City limits by requiring annexations to proceed to a vote of the people. While such



development patterns would be consistent with Land Use Element direction regarding maintenance of a compact urban form, more intensive development patterns within the City could conflict with Land Use Element Goal 1, which in part is to preserve the character of the City, and Land Use Element Policy L-16, which seeks to “maintain the existing small town character of Buellton”. More intensive development patterns within City limits could also produce greater land use incompatibilities with surrounding less intensive patterns, and additional demand on resources and infrastructure within the City.

General Plan Economic Development Element. Please see the discussion of the City’s Economic Development Element under Item 1 of this analysis, Fiscal Impacts.

General Plan Conservation and Open Space Element. The proposed UGB requires any annexation of lands outside the City limits for urban use to go to a vote of the people with certain exceptions as noted previously. This would help achieve Conservation and Open Space Element goals related to the preservation of agriculture, open space, habitat, and water quality. In addition, more intensive development patterns within the existing City limits would facilitate walkable communities and alternative modes of transportation, which would result in less traffic congestion and fewer emissions of air contaminants, including greenhouse gases. A compact urban form also reduces the amount of impervious surfaces and the overall amount of water pollution.

At the same time, it would not preclude future development along the boundaries of the City by the County. In this instance, the City could not control or coordinate the development at the City’s edge, which may have adverse consequences relative to the achievement of these goals. In addition, the UGB could result in development pressure for more intensive land use patterns within existing City limits, which could place additional demand on natural and open space resources within the City.

General Plan Housing Element. As noted above, the proposed UGB would not adversely impact the City’s ability to achieve Housing Element goals, since it includes provisions for ensuring that housing growth could continue consistent with the provisions of state law. There is currently adequate residentially-designated land in the City to accommodate projected housing needs through the current and upcoming Housing Element cycle. However, if State HCD requirements for housing increase in future cycles, which require the Housing Element to be updated every five years, and which will occur four more times prior to the year 2025, the City may have difficulty accommodated future residential growth within the City limits due to a possible scarcity of suitably-zoned vacant land. As discussed previously, the proposed UGB would allow the City Council to pursue annexations for this purpose if appropriate findings can be made.

General Plan Public Facilities and Services Element. The proposed UGB would not adversely impact the City’s ability to achieve Public Facilities and Services Element goals, since it would limit growth to within the City limits, except as noted previously.



3. Effect on Housing Needs

Please refer to the previous discussion in Item 2, Land Use Policy Consistency.

4. Impact on Funding for Infrastructure

Under the City's General Plan, new development is required to "pay its own way" to fund new infrastructure that may be needed to offset its impacts. The location of certain facilities that may be needed, including City utility infrastructure, schools and parks, can be accommodated under the UGB initiative. Thus, impacts relative to funding new infrastructure are not expected to be adversely affected by the proposed UGB, particularly in the short-term (Bill Albrecht, Public Works Director, Telephone Communication, June 23, 2008). Compact urban development patterns that may result from the UGB would reduce the need for costly public infrastructure extensions.

In the long-term, it may be that future commercial and industrial development outside existing City limits could be discouraged in such a way as to minimize the revenue stream that could otherwise be anticipated if there is economic opportunity. This may make it somewhat difficult to achieve long-term funding for certain facilities, such as regional transportation improvements, or other facilities that cannot be easily funded if future development is limited. At the same time, if growth outside the City is limited, the long-term need for such facilities may be less than would otherwise be expected.

5. Impact on Long-Term Business and Employment

Please refer to the previous discussion in Items 1 and 2, Fiscal Impacts, and Land Use Policy Consistency.

6. Impact on Use of Vacant Land

The proposed UGB could reduce the inventory of vacant land, and increase the property value of such land as growth outside the City limit would be more difficult, costly, and time consuming. However, types of uses of such land would not likely be substantially affected. There may be a greater desire to resist conversion of commercial or industrial lands within the City, since annexations to accommodate such uses would require the additional process of a public vote. It may also result in a pressure to re-designate vacant residential land in the City to commercial or industrial uses to accommodate long-term economic goals relative to those uses. It follows that lost residential development potential could then be accommodated outside the current City limits through annexation, if it were determined to be needed to meet state housing law requirements. The net long-term effect of this could be to concentrate commercial and industrial uses in the City's core, and allow residential development at the urban fringe.



7. Impact on Agricultural Lands, Open Space, Traffic, Business Districts, and Areas Designated for Revitalization

Please refer to the previous discussion in Items 1, 2, and 6 (Fiscal Impacts, Land Use Policy Consistency, and Impacts on use of Vacant Land).

8. Other Considerations

The UGB will transfer some of the traditional powers accorded to a General Law City from the City Council to the voters within the City Limits. In doing so, annexations to the City will be voted on by the registered voters within the City Limits at a Special Election or at a General Election. This process would take additional time and additional costs would be incurred by the City. Most likely the cost would be passed on to an applicant requesting annexation. As noted previously, the additional cost and time could be a hindrance to a business wanting to come to the City of Buellton.

