

Memorandum to: The Goleta Valley Planning Advisory Planning Committee

Regarding: Land use options for the Western More Mesa Nursery Area

From: Groen Rose Co., Inc
1170 More Ranch Rd.
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Groen Rose Co., Inc purchased its 20 acre property (Parcel # 65-250-28) in 1949 and started greenhouse construction. At the time of purchase the property was fallow, had no water on it and never had irrigated crops on it. From then until 1980 the company constructed 287,844 sq ft of greenhouses. Production from these greenhouses was primarily cut roses that were sold at the Los Angeles Flower Market. About 1980 the company started diversifying into potted plant crops.

When the property was purchased, it was considered rural land. When the County of Santa Barbara first rezoned the area in the late 1950's from its rural designation, the Groen property and all the other nurseries in the area were zoned either 10-R-1 or 20-R-1. With the inception of the Coastal Commission, all of those properties lost their residential zoning when they were arbitrarily rezoned to A-1-5 or A-1-10 to conform to the Coastal Commission's statutes, which stated that zoning and current land use must be consistent. To the best of our knowledge, no nursery in the area that was down zoned from a residential designation as part of that action has ever been able to subdivide its property to take advantage of even that minimal zoning.

Beginning in about 1980 significant amounts of imported offshore cut flower production primarily from Colombia, Ecuador and Mexico began to impact the economic viability of domestic cut flower producers. In 1980 there were over 240 domestic cut rose producers in the U. S. and today it is estimated that only about 10% still remain. And for those few, cut roses are no longer their primary crop.

In the late 1980's the company joined with several of its neighbors to propose a master development plan for the South Patterson area as part of the last Goleta General Plan update process that started in 1988 and was finished in late 1993. That proposal was supported by 10 landowners representing 14 parcels totaling 247 acres and was called the Patterson Park Golf Community Project. That comprehensive land use plan was ultimately denied inclusion into the Goleta Community Plan with the further stipulation from the Planning Department that the zoning on all the parcels in the South Patterson Ag Block should remain as it is for the life of that plan or may be reconsidered after 10 years, whichever comes first. That was almost 17 years ago. We have all struggled through this

period since then with no alternative land use options. You are now participating in the formulation a new plan and now is the time to consider some changes.

At that same time Groen Rose Co. Inc. was facing increasing economic pressures from offshore cut flower competition, which was providing cheaper product to the flower market. With the addition of rising operational costs and declining revenues each year, coupled with deteriorating efficiency of the aging greenhouses, and the prohibitive costs to modernize operations, Groen Rose Co., Inc. had to make the difficult decision after 45 years in the flower business in Goleta to cease production in March 1993. Those same pressures have continued to intensify today for those other growers in this county who have remained in the cut flower business. Some of those who have stuck with it are currently at financial risk and others are out of business now.

Some of our greenhouse space was leased to neighboring nurseries that produce potted plants. Some space remained empty. As of this date sections of the greenhouses are unoccupied and beyond the point where they can be used practically and efficiently for either cut flower or potted plant production without significant upgrades or reconstruction. There is no prospect for leasing the remaining aged greenhouse space at this time. Only the newer sections of greenhouses are occupied and under production with potted plants on relative short term leases.

With the recent economic downturn, the lack of new construction locally and in southern California in general and water restrictions in Los Angeles and Orange counties limiting the amount of water that can be used on landscapes, the producers of potted plants and container nursery stock whose customers are in those areas are now facing serious economic hardships. These circumstances make remodeling and updating our facility an extremely risky investment with a declining market and little future prospect for return on the investment. Added factors such as water and energy availability will continue to severely impact agricultural costs and take a heavy toll on farming and the nursery industry for the undetermined future. Therefore, it leaves little doubt than more growers will go out of business, and the land will go into transition to another use.

In view of these developments this is a simple economic summary of what Groen Rose Company now faces. The current tenants today provide only sufficient income to pay the property taxes, insurance, water and utilities. Approximately 66% of greenhouses have been unoccupied for some time now are in such a condition that they cannot be rented without major repairs. The cost of demolishing our entire 300,000 sq ft of greenhouses in order to return it to bare land to grow row crops is economically prohibitive. By leasing the bare land to a farmer for an estimated \$4000/acre/year to grow row crops, we could expect an income of only \$28,000/year. We would never be able to amortize the cost of demolition and our operating costs in that situation. And if we decided to demolish all the greenhouses and rebuild them to today's standards and efficiency, the return on that capitalization would have a negative rate of return.

Currently there are 11 dwelling units immediately adjacent to our property. That in itself notoriously presents urban/ag conflicts that compromise our ability to operate efficiently.

In the past we and the other nurseries in our area have had a significant number of customers in southern California and specifically in Los Angeles and Orange counties. Those areas have serious water shortage problems that a couple of rainy years will not help. Demand for the ornamental plants that we grow is dropping and projections from within the industry indicate that trend will continue. No one in today's economy would even think of risking that kind of money to rebuild our nursery in a declining and insecure market. And to the best of our knowledge no large commercial greenhouse operations in this state have ever been torn down and the property converted to row crops.

We believe that it is now appropriate in this Goleta General Plan Update to allow the nursery properties on the western end of More Mesa and south of Maria Ignacia and Atascadero Creeks some alternative zoning or other land use option. The nurseries in this area are:

Santa Barbara Orchid Estate*
Cal-Orchid*
Deigaard Nursery
West Covina Nursery
Seacrest Nursery
Seaview Nursery*
F. W. Meyer Inc*
Por La Mar Nursery
Groen Rose Co., Inc

The nurseries with the asterisk operate on parcels of 5 acres or less. A fifth nursery, Central Coast Plan Company*, operates its business on 3 acres of leased property owned by Groen Rose Co., Inc.

Along More Ranch Rd. alone, where Groen Rose Co. is located, there are currently 13 dwelling units. Several of these are contiguous with the Groen property. And although there are three nurseries on the road, the appearance and residential character of the area is much the same as the Orchid Drive and Austin Road area to the east, which is entirely developed as half acre lots. The case could be made to allow all of the nursery properties a 20-R-1 or A-1-5 designation that would allow for half acre or 5 acre ranchette development or a mix thereof consistent with the rest of the parcels in the area. At the very least the new General Plan and zoning ordinances should allow that the owners of the parcels to split their properties according to their current zoning, apply for a zoning change or present a development plan on a case-by-case basis in the future that will be heard by the county. This would at least allow slow growth options to the nursery properties.

The area is already extensively urbanized and the urban/ag conflicts will continue to intensify in the next few years making long term use of this area for nurseries impractical and uneconomical. If the owners of the nurseries have no alternatives in the new Goleta General Plan, which will no doubt have a new 10-15 year life, then their only economical option will be to put their property on the market and hope that it will sell. This may be

sooner for some and later for others. Under this scenario, the Goleta General Plan will have missed an opportunity to develop a General Plan for the area that can provide consistency and eliminate the present patchwork zoning and incompatible land uses in the area.

Santa Barbara is a desirable place to live and fortunately for some of us there are individuals looking for this type of beachfront property. Allowing some infill development in this urban coastal section now, which is already extensively developed into housing may also offer some alternative to the increasing development pressure on the currently undeveloped property to the immediate east of this area toward Hope Ranch and farther west along the Elwood and Gaviota coast as well.

It would seem reasonable in this General Plan that some comprehensive and consistent alternative land use should be designated for this area while the opportunity exists. It will be only a matter of time that these parcels develop in the future, and the opportunity will be lost to provide a more comprehensive land use plan to address the diverse and conflicting land use issues present in the area, and address planning elements, such as circulation, open space, density and incompatible adjoining land uses.

In summary and on the behalf of the Groen Rose Co., Inc property and the property owned by the Nielsen family on More Ranch Rd, we would like to recommend the following:

We respectfully request that as a whole or on a case by case basis the nursery properties in the Western More Mesa area south of Maria Ignacia Creek and Atascadero Creeks be considered for a low density alternative land use that will maintain the current character of the area, provide for consistent future land uses and still offer a long term land use option to the owners.

This proposal is consistent with the GVPAC Residential Land Use Planning Tools in the following ways:

1. This may make smaller urban agricultural parcels available to more people. If you recommend a minimum 5 acre parcel size as an example, you would be creating less than 20 new parcels in the area.
2. It could retain the agricultural zoning and character of the entire area and provides consistency for any for any future development. There are currently 10-R-1, 20-R-1 properties and an apartment building along side of A-l-10 agriculture.
3. It would not create high-density housing. Some nurseries may remain as they are for years to come.
4. Growth and development of those parcels would be slow.
5. In the future property owners could possibly cooperate in submitting development plans for some of those parcels that could include a variety of housing types and other public benefits.
6. It allows the owners an economic alternative and a slow growth option to the community.