



**BOARD OF SUPERVISORS
AGENDA LETTER**

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Submitted on:
(COB Stamp)

Department Name: Community Services
Department No.: 057
Agenda Date: April 21, 2026
Placement: Departmental Agenda
Estimated Time: 30 MINUTES
Continued Item: No
If Yes, date from: N/A
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director(s): Jesús Armas, Director, Community Services Department
Joe Dzonik, Assistant Director, Housing and Community Development
Lucille Boss, HCD Housing Programs Manager
SUBJECT: Ordinance to Amend County Code Chapter 46A – Inclusionary Housing

DS
JA

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Planning and Development

As to form: Yes

Recommended Actions:

That the Board of Supervisors on April 21, 2026:

- a) Consider the introduction (First Reading) of an Ordinance to amend County Code Chapter 46A, sections 46A-2, 46A-4, and 46A-6 (Attachment A);
- b) Read the title and waive further reading of the Ordinance in full;
- c) Receive and File the County of Santa Barbara Inclusionary Housing Ordinance Program Administrative Manual (Attachment C);
- d) Determine that the proposed action does not constitute a “project” within the meaning of the California Environmental Quality Act (CEQA), pursuant to section 15378(b)(5) of the CEQA Guidelines, because it consists of an organizational or administrative activity of government which will not result in direct or indirect physical changes in the environment; and
- e) Continue to the Administrative Agenda of May 5, 2026, to consider recommendations as follows:

That the Board of Supervisors on May 5, 2026:

- i) Consider the adoption (Second Reading) of an Ordinance to amend County Code Chapter 46A to amend sections 46A-2, 46A-4, and 46A-6; and
- ii) Determine that the proposed action does not constitute a “project” within the meaning of the California Environmental Quality Act (CEQA), pursuant to section 15378(b)(5) of the CEQA Guidelines, because it consists of an organizational or administrative activity of government which will not result in direct or indirect physical changes in the environment.

Summary Text:

The Board of Supervisors adopted County Code Chapter 46A (commonly referred to as the Inclusionary Housing Ordinance, or IHO) more than a decade ago. Since that time the need for affordable housing has increased, and the State has adopted many new housing laws. The purpose and intent of the IHO is to increase the supply of affordable housing units, retain the long-term affordability of those housing units, and implement policies of the Housing Element Update (HEU).

The recommended actions are intended to facilitate development of affordable units and provide additional details regarding an applicant selection process designed to better serve the housing needs of County residents and employees. If adopted, these amendments will only apply to units approved after the effective date of this Ordinance. In brief, the amendments:

1. Allow market-rate multi-family residential projects to satisfy their affordable housing requirements off-site, provided the units are constructed on a parcel located within the unincorporated area of the County and within one mile from the market-rate development.
2. Provide additional details regarding prioritization for people who live and/or work within the South Coast Housing Market Area (HMA)¹ to have preference regarding the rental or purchase of affordable housing units.

Staff recommend that sections 46A-2, 46A-4, and 46A-6 of the IHO be amended to implement the recommendations above.

Discussion:***The recommended amendments address the following issues:***

1. Offsite Development of Affordable Housing Units. Developers report that private financing for multi-family housing projects has become more difficult to obtain, limiting the type of projects which may be developed to meet the growing housing needs of our community. Standalone affordable housing developments can leverage public subsidies like Low-Income Housing Tax Credits (LIHTC) or bond financing, which are often unavailable to a development with individual, affordable units scattered within a market-rate development. To address this, the recommended amendment would allow market-rate multi-family residential projects to construct the affordable units to satisfy their requirements through building the affordable deed-restricted units on a different parcel, provided the parcel is within one mile of the market-rate development. County staff recognize this offsite development of affordable units as being increasingly used by other local jurisdictions and allowed by the State.

State Density Bonus Law (SDBL) requires that cities and counties provide a density bonus and concessions/waivers to local development standards for projects that provide affordable units. SDBL housing projects satisfy the County's Inclusionary Housing requirements through providing affordable housing units, provided that such projects are subject to and comply with Code Chapter 46 and 46-A. County staff recommend the addition of an offsite affordable unit development option to encourage and facilitate increased development of below market-rate units to serve the community.

Establishing an offsite option provides affordable housing while allowing County residents to continue to live in the communities with which they are already familiar. An additional benefit of

¹ Housing market area or HMA means a geographic area that generally provides the social and economic services to the community and provides its population with facilities such that commuting to another housing market area in order to work or shop is elective. The boundaries of the HMAs generally coincide with county census divisions, as defined by the U.S. Census Bureau, and include the following five HMAs: South Coast, Santa Ynez, Lompoc, Santa Maria, and Cuyama.

developing market-rate and affordable units in proximity to one another is it minimizes the prospect of County residents having to move to other geographic areas.

2. South Coast Housing Market Area Prioritization. Renting or purchasing an affordable housing unit through the IHO program requires an applicant to be determined eligible. Once applicants purchasing or renting an affordable housing unit developed in the South County HMA meet the IHO eligibility requirements, tenants will be selected through a preference designed to prevent displacement, foster neighborhood stability, and promote economic diversity.

Prioritization is recommended for people who live and/or work within the South Coast HMA (over other persons) intending to rent or purchase affordable housing units. The Community Services Department's Annual Update to IHO requirements and in-lieu fees recognizes the South Coast HMA has an uneven housing-cost-to-income relationship when compared to the other HMA's in the County (Attachment D). Preference determination for IHO units will comply with the 2023-2031 HEU Policy 6.2 (reduction of vehicle miles traveled) and Program 21 (prioritize providing lower- and moderate-Santa Barbara County households opportunity to rent or purchase a residential unit). This preference expands upon the existing IHO preference in the selection of potential occupants of affordable housing units, for applicants who work near the affordable housing site and/or are employed within the County of Santa Barbara. Staff recommends establishing a prioritization for the marketing and resident selection plan for a project that includes deed-restricted, below market-rate housing specific to the South Coast HMA. This is intended to help existing residents and/or employees within the County, as the amendment will give persons who live and/or work within the South Coast HMA preference over other persons to rent or purchase deed-restricted lower-, moderate- and workforce-income housing units within the South Coast Housing Market Area. This updated policy framework effectively addresses the housing needs of all economic segments of the unincorporated population in Santa Barbara County. However, this policy would not apply to Public Housing Authority or other non-profit development projects that have financing or funding-related tenant requirements that conflict with this program.

In addition to the proposed amendments, accompanying this Board Letter is the Administrative Manual. The Manual, originally developed in 2014 and periodically updated to reflect changes in local, state or federal regulations, is utilized by staff to implement the provisions of the IHO. The Manual is designed to provide consistent implementation of the IHO and serves as a resource for staff to respond to inquiries from the public. The Manual is included as Attachment C.

Background:

In 2023, the County adopted its Housing Element (HEU) to ensure the County appropriately plans and accommodates enough housing across all income levels and special needs groups. Within the HEU, Goals and Policies were identified to enhance the affordability, diversity, quantity and quality of the County's housing supply. Program 4 of the County's 2023-2031 HEU requires the County amend the IHO to ensure compliance with state law and increase the required term of affordability. Program 21 states the county will study the feasibility of a process that prioritizes people who live and/or work within the county to rent or purchase lower-, moderate-, and workforce-income housing units. The recommended actions to amend the County's IHO will assist in accomplishing these goals.

On March 18, 2025, the Board adopted Ordinance 5243 amending the County Code to:

- Replace the residential second unit provision to include Accessory Dwelling Units (ADUs),
- Increase the length of time the unit retains the sales price restriction from 45 to 90 years,
- Apply the IHO to rental housing developments, and
- Make changes as required to comply with current State law.

Performance Measure:

CSD works closely with Planning & Development to ensure applicable housing affordability requirements are met via recorded agreements to provide affordable housing and applicable resale restrictions of homeownership units and, as applicable, rental units. Staff monitors all properties for the duration of the affordability period, assists homeowners with ensuring that any resale of their units complies with deed and code requirements, and enforces owner-occupancy and other requirements.

On an annual basis, County staff prepares a report that monitors the effectiveness of the IHO in providing housing affordable to lower-income households. Annual reports track all projects subject to the IHO, and include in-lieu fees collected, housing projects funded using in-lieu fees, and affordability-restricted units produced by the IHO and their contribution to meeting the County's RHNA at each income level (e.g., lower-, moderate-, and above moderate-income).

Fiscal and Facilities Impacts: N/A

Fiscal Analysis: N/A

Staffing Impacts: N/A

Special Instructions: Once adopted, the Clerk of the Board shall publish the ordinance in accordance with Government Code section 25124.

Attachments:

Attachment A – Chapter 46A Amendment

Attachment B – Chapter 46A Amendment (redlined)

Attachment C – Chapter 46A Administrative Manual

Attachment D – 2025 IHO Requirements

Attachment E – Hearing Notice

Contact Information:

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