

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



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

Agenda Number:
Prepared on: 10/1/02
Department Name: P&D
Department No.: 053
Agenda Date: 10/15/02
Placement: Departmental
Estimate Time: 1 hour
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Dianne Meester, Interim Director
Planning & Development

STAFF CONTACT: John Cuykendall, Planner (x3560)
Comprehensive Planning Division

SUBJECT: SBCAG Draft Regional Housing Needs Plan

Recommendation(s):

That the Board of Supervisors:

- A. Review and comment on the Santa Barbara County Association of Governments (SBCAG) Draft Regional Housing Needs Plan (RHNP) (Attachment A); and
- B. Authorize the Chair to submit a comment letter on the Draft RHNP to SBCAG (Attachment B).

Alignment with Board Strategic Plan:

The recommendations are primarily aligned with Goal No. 4. "A Community that is Economically Vital and Sustainable" and Goal No. 5. "A High Quality of Life for All Residents".

Executive Summary:

The Santa Barbara County Association of Governments has prepared a Draft Regional Housing Needs Plan (RHNP), dated May 2002. The Draft RHNP provides information on the regional housing needs assessment process and steps involved in preparing the RHNP. Santa Barbara County's "region" includes each of the eight cities and the unincorporated area in the County. Each of these entities has an obligation to provide sufficient land and land use regulations to meet their portion of the region's housing needs. State law recognizes the regional nature of the housing market, and requires every city and county to plan for its "fair share" of the region's housing need.

SBCAG, in accordance with State law, has determined each local jurisdictions' fair share of the regional housing need, and, per State law, has divided that need into four income categories of housing affordability.

Attached to this Board Letter is the proposed allocation of the regional housing needs by jurisdiction as outlined in the Draft RHNP (Attachment A).

The regional housing need allocations, as assigned by SBCAG, are intended to be used by jurisdictions when updating their Housing Elements. They are the basis to ensure that adequate sites and zoning are available to accommodate, at a minimum, the number of units allocated to the region by HCD, as well as at the income-level/affordability required by HCD.

The SBCAG Board considered the Draft RHNP on September 19, 2002 following the end of a 90-day public review period. The SBCAG Board received a presentation from SBCAG staff summarizing the process and comments received on the Draft RHNP. In response, the SBCAG Board recommended a policy change to the Draft RHNP that specifies a 50/50 regional housing need "credit" for annexations, with fifty percent of the credit for units produced through annexation going to the annexing city and fifty percent to the County. The SBCAG Board also directed staff to return on October 17, 2002 with additional options in applying jobs/housing ratios to the allocation model for SBCAG Board consideration and adoption.

Discussion

Regional Housing Needs Plan

The preparation and adoption of the Regional Housing Needs Plan is required by State Housing Element Law. This law requires each local Council of Government (COG), like SBCAG, to allocate the State Housing and Community Development (HCD) Department's estimate of the region's portion of statewide housing need to each local jurisdiction within the COG. This is accomplished through the RHNP.

The housing needs of each region in the state are determined every five years, coinciding with the five-year housing element cycle. State law requires that each jurisdiction revise and update their housing element at least every five years, and as part of that update, the housing element must include plans to meet the jurisdictions "fair share" of the regional housing needs as assigned by the local COG in the RHNP. The State Department of HCD first determines the regional housing need for every area covered by a COG. The COG then allocates to each local jurisdiction its fair share of the existing and projected need for the next five-year housing element period. This assigned need is broken down by income categories: very-low, low, moderate, and above-moderate. It is this regional housing needs that communities must use when making adequate provision for their housing needs in their local housing elements.

SBCAG Allocation Methodology

In determining the distribution of the regional housing needs that communities must use, state law requires that the following planning factors be taken into account: market demand for housing; employment opportunities; availability of suitable sites and public facilities; commuting patterns; type and tenure of housing need; loss of assisted multi-family housing units; and the housing needs of farm employees. The distribution of housing needs numbers within a region must also seek to reduce the concentration of low-income households within communities that already have a large proportion of low-income people.

SBCAG utilized a three-step process in the countywide allocation of the regional housing needs. The first step is an allocation of housing growth based on the 2000 Regional Growth Forecast (RGF) for the seven and one-half year RHNA period. The RGF allocates approximately 12,300 housing units of the total 17,531 countywide housing units assigned by HCD. This initial RGF baseline allocation is based on many of the

required planning factors, such as market demand for housing, employment opportunities, suitable sites and public facilities, commuting patterns, and maximum construction estimates over a five-year period, all of which are incorporated in the RGF.

The second step is allocation of the remaining 5,201 regional housing units from HCD based on SBCAG determined adjustment factors. The adjustment factors include the total number of jobs, number of farmworkers, and vacancy rates within a given jurisdiction. These factors are then weighted to provide emphasis on the individual criteria. For example, the number of jobs is emphasized with a higher multiplier so areas with more jobs are allocated more housing. For areas with high vacancy rates, less housing is allocated. The actual adjustment factors used are as follows: [(percent # of jobs x 5) + percent # of farmworkers – percent vacant units]. The adjustment factors are then applied to each jurisdiction to determine the additional regional housing units to be allocated to that jurisdiction.

The third and final step is to distribute the regional housing needs by income level. As identified above, the four income levels are very-low, low, moderate, and above-moderate. As part of the distribution by income level, SBCAG attempts to avoid further impaction of an area with a concentration of very-low and low-income units. This is accomplished by assigning higher income units to areas with a high percentage of lower income units and conversely, assigning more lower income units to those areas with a low percentage of lower income units.

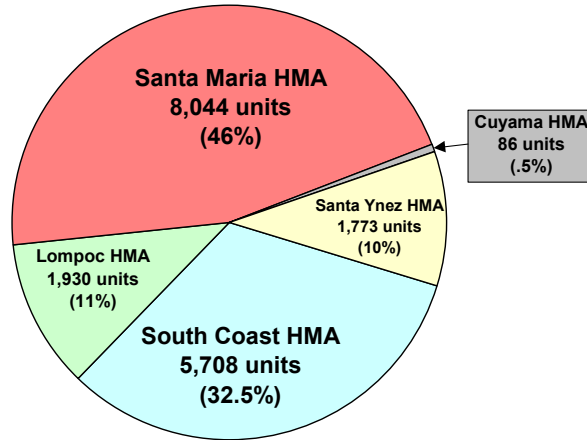
As shown in Table 1 below, the housing allocation performed by SBCAG generally assigned more units to the three largest cities (e.g., Santa Barbara, Goleta, Santa Maria) and was significantly influenced by existing jobs and future housing. However, cities were generally assigned a reduced share of new lower income units, with the unincorporated areas receiving a higher share of new lower income units.

Table 1: Regional Housing Need Allocation

Jurisdiction	Total Units	Income Distribution			
		Very-Low	Low	Moderate	Above-Moderate
City of Guadalupe	325	78	55	99	93
City of Santa Maria	4,694	1,127	798	1,150	1,620
City of Lompoc	842	197	140	209	275
City of Buellton	598	143	102	122	230
City of Solvang	338	81	58	61	139
City of Goleta	1,729	415	294	233	787
City of Santa Barbara	2,101	504	357	420	819
City of Carpinteria	277	67	47	68	96
Unincorporated Total	6,635	1,597	1,131	930	2,997
• Santa Maria Uninc.	3,023	726	514	469	1,315
• Lompoc Uninc.	1,109	266	189	133	521
• Santa Ynez Uninc.	837	201	142	113	381
• Cuyama Uninc.	86	21	15	23	27
• South Coast Uninc.	1,601	384	272	192	752
TOTAL	17,539	4,209	2,982	3,293	7,055

The percentage breakdown of the regional housing need allocation by Housing Market Area for the entire Santa Barbara County region is highlighted in the following chart.

**Santa Barbara County Total Regional Housing Needs
 (17,531 Housing Units)
 Distribution by Housing Market Area**



RHNP Process and Schedule

The RHNP is required to be adopted a full year prior to the date by which a jurisdiction must have their housing element revised and adopted. The last RHNP was adopted in 1992 as part of the 1993 Housing Element Update process. The 2002 RHNP is scheduled to be adopted by December 2002 a full year prior to the December 2003 Housing Element Update deadline. The RHNP process and schedule is summarized below in Table 2. For an in-depth discussion of the process and schedule, please refer to Attachment A, which contains the May 2002 Draft RHNP.

Table 2: RHNP Process and Schedule

- | | |
|---------------------------------|--|
| • November 2001 – December 2001 | Initial allocation of regional need by HCD |
| • December 2001 – February 2002 | Regional review of HCD assignment |
| • February 2002 – May 2002 | Preparation of Draft RHNP |
| • May 2002 – December 2002 | Public and local review |
| • December 2002 | RHNP adoption |

Technical Planning Advisory Committee (TPAC)

As part of the regional and local review of the HCD regional housing needs, SBCAG formed a Technical Planning Advisory Committee (TPAC) to assist SBCAG staff in reviewing the regional housing needs assigned by HCD and the proposed SBCAG allocation of units to each jurisdiction. TPAC members consist of representatives from each jurisdiction within the County and meet on a monthly basis (see Draft RHNP for list of TPAC members). TPAC members have reviewed and provided comments to SBCAG staff on the initial regional housing need assignment by the State and continue to provide input on the allocation methodology used by SBCAG in their preliminary allocation model. TPAC members are scheduled to meet prior to this Board hearing to review and discuss ways to better apply jobs/housing ratios and consider new farmworker data to be possibly used in the allocation model. Any new information resulting from this meeting will be forwarded to your Board before the hearing on October 15th.

Planning and Development Comment Letter

At the end of the Draft RHNP 90-day comment period for local jurisdictions, Planning & Development (P&D) submitted a comment letter outlining the Department's concerns and recommendations consistent with those presented and discussed during TPAC meetings. P&D's letter focused on three main points: 1) over-estimated buildout assumptions used in the baseline allocation should be corrected, 2) a 50/50 "credit" policy for annexations should be included, and 3) jobs/housing ratios should be applied in the allocation model. P&D's comment letter is included as Attachment C to this Board Letter.

At the September 19, 2002 SBCAG Board hearing to consider the Draft RHNP, SBCAG recommended that a 50/50 credit be adopted as a matter of policy for annexations between the annexing city and the County. SBCAG also directed their staff to consider applying jobs/housing ratios to the allocation model.

Outstanding Issue

As discussed in P&D's letter, a jobs/housing ratio should be considered and factored into the allocation model. This would emphasize a regional approach to the jobs/housing balance issue that has received much discussion over the last few years. If the jobs/housing ratio is to be used effectively, it must consider the regional nature of the problem, which means, analyzing it by Housing Market Area prior to assigning local jurisdictions additional housing to improve any imbalances identified. This would most likely result in a shift in units from the North County HMAs to the South Coast HMA. This approach would be consistent with the intent and purpose of the designated HMAs, which is to provide a geographic area that generally meets social and economic requirements of the area and provides its population with facilities such that commuting to another housing market area, is elective. As mentioned above, TPAC members will be considering various options to address this issue prior to this Board hearing and any new information resulting from this meeting will be forwarded to your Board at the hearing.

With respect to P&D's concern about the over-estimated buildout assumptions used in the RGF baseline allocation, even if corrected, it would have little effect on the RGF allocation of units.

Suggested Board Comment Letter

P&D encourages the Board to submit a letter expressing their support of the recent SBCAG Board policy recommendations and emphasize the importance of using a jobs/housing ratio in the allocation model to address the regional nature of the jobs/housing problem that exists within our County. P&D staff has prepared a suggested comment letter to SBCAG on the Draft RHNP for Board consideration (Attachment B).

Mandates and Service Levels: State Government Code 65588 requires that Housing Elements must be revised and updated at least every five years to evaluate progress and changes in conditions affecting housing needs. The statute also obligates the County to plan for meeting its fair share of the regional housing needs.

Fiscal and Facilities Impacts: Costs associated with reviewing and commenting on the RHNP are budgeted in General Plan Elements Program of the Comprehensive Planning Division on page D-262 of P&D's Adopted FY 2002/03 Budget.

Special Instructions: Please forward a copy of the minute order to John Cuykendall.

October 15, 2002

Santa Barbara County Association of Governments (SBCAG) Board Members
105 E. Anapamu Street, 4th Floor
Santa Barbara, CA 93101

RE: County of Santa Barbara Board of Supervisors Comments on the Draft RHNP

Dear SBCAG Board Members:

The County Board of Supervisors would like to take this opportunity to thank fellow SBCAG Board members and SBCAG staff for their work in preparing the Draft RHNP.

The County Board of Supervisors has reviewed the Draft RHNP and has the following comments. The Board supports that a 50/50 “credit” for housing units created as a result of annexations, with 50% of the credit accruing to the annexing city and 50% accruing to the County, as a matter of policy for annexations, and the direction to apply jobs/housing ratios to the allocation model.

With respect to applying jobs/housing ratios to the allocation model, the Board recommends that SBCAG emphasize the regional nature of the jobs/housing issue. This means evaluating the jobs/housing ratios by Housing Market Areas (HMA) prior to assigning local jurisdictions with additional housing units to improve any imbalance identified. HMAs are intended to be specific geographic areas that generally meet the social and economic requirements of the area and provides its population with facilities such that commuting to another housing market area, is elective. In this way, you achieve a more regional perspective of the problem. Any re-distribution of units would first occur regionally and then sub-regionally; any additional units are allocated to those jurisdictions experiencing jobs/housing imbalances within the respective HMA.

The County Board of Supervisors encourages SBCAG to continue working on these issues on a regional basis. It is the Board’s belief that this is the best approach toward addressing the housing needs of Santa Barbara County.

Sincerely,

Gail Marshall, Chair
County Board of Supervisors

cc: Board of Supervisors

September 4, 2002

Gail Marshall, Chair
Santa Barbara County Association of Governments
105 E. Anapamu Street, 4th Floor
Santa Barbara, CA 93101

RE: County of Santa Barbara Comments on the Draft Regional Housing Needs Plan

Dear Chair Marshall and Board Members:

Thank you for the opportunity to review and comment on the Draft Regional Housing Needs Plan. The County of Santa Barbara recognizes the difficult task of balancing the many issues associated with the allocation of the regional housing needs as assigned by the State Department of Housing and Urban Development (HCD).

The County of Santa Barbara appreciates the work of Santa Barbara County Association of Governments (SBCAG) staff and their cooperation and availability during the preliminary review process of the regional housing needs. The County generally accepts the preliminary allocation of 6,635 housing units to the five unincorporated sub-regions of Santa Barbara County. However, the County believes that this number is high for the following reasons.

The methodology used in allocating the State's regional housing needs of 17,531 units for Santa Barbara County involved a three-step process. The first step was to utilize the Regional Growth Forecast (RGF) prepared by SBCAG in assigning the baseline regional housing needs of 12,330 units. The second step was to allocate an additional 5,201 units using three criteria: number of jobs, number of farmworkers, and vacancy rates. The third and final step was to distribute the units by income levels.

In regard to the first step, the County believes that SBCAG's assessment of the County's land use elements in determining the capacity for additional residential development was over-estimated in the Santa Maria Housing Market Area. For the unincorporated Santa Maria area (Orcutt), the buildout estimate for this planning area included Key Site 22 (2,500 units). Key Site 22 is currently zoned for 53 residential units and would require a rezone and general plan amendment to accommodate 2,500 units, which is not to be considered until the year 2017 per Orcutt Community Plan policies. For this reason, the County's baseline allocation is high for that area.

Furthermore, the recent annexation request to the City of Santa Maria by the Bradley Land Company includes a significant portion of the Orcutt Planning Area including Key Site 33. The proposed annexation includes approximately 2,030 acres of farmland east of US 101 freeway.

This proposal could accommodate over 6,000 residential units, a high school, golf course, business park, resort-oriented services, recreation and industrial facilities. This proposal further reduces buildout potential in the Orcutt Planning Area and may likely reduce the feasibility of ever developing Key Site 22 due to limited local and supplemental water supplies in the Santa Maria Valley. In addition, it is the County's understanding that annexation areas were not included as part of the City of Santa Maria's existing general plan buildout estimates used in the RGF. If they had been, the result would have been a higher City of Santa Maria baseline allocation.

I recommend that a clear policy be established for allocating "credit" towards meeting regional housing needs through annexations. Failure to resolve this issue now may result in future conflicts and discourage cooperation effort toward building the infrastructure needed for housing. While various theories could be advanced on how credit should be allocated, the simplest is probably the best: fifty percent would go to the annexing city, which will provide services and fifty percent to the County unincorporated area, which will be giving up area on which it could have built housing. This seems in keeping with the principle LAFCO is considering that future urban development should generally occur in cities. The County recommends that a 50/50 policy be included in the plan. This is the agreement the County struck with the City of Santa Barbara over the St. Vincent's annexation. This would avoid the need for difficult case-by-case negotiations and emphasize a cooperation partnership approach.

With respect to the criteria used in the allocation of the additional 5,201 units, the County believes that the number of jobs and farmworkers alone does not take into consideration the relationship between jobs and housing within a given jurisdiction. As it stands right now, the allocation just considers the number of jobs and farmworkers within a jurisdiction without consideration of the number of existing housing units located within that same jurisdiction.

A jobs/housing ratio should be considered in the allocation model to account for those areas that may have a closer jobs/housing balance, thereby adjusting the allocation accordingly to emphasize jobs/housing balance. For example, the South Coast Housing Market Area jurisdictions with most of the jobs should provide more housing, while the North County housing market areas with more housing need to provide more jobs.

Lastly, while the County unincorporated area has traditionally included urban communities and been a provider of municipal services, state fiscal policy toward counties over the last decade has made this an increasingly difficult role. If the other jurisdictions of SBCAG intend the unincorporated area to continue to develop urban communities including affordable housing, there will need to be regional efforts to address the fiscal problems the unincorporated area faces on financing infrastructure and urban services.

The density required to provide housing at the lower income levels required by HCD cannot be provided on land served by septic systems. Allocation of units affordable to lower-income households should be made to areas located within, or next to, sanitary sewer districts.

The County supports and encourages SBCAG to continue working toward these issues on a more regional basis. It is our belief that this is the best approach to address the housing and transportation needs of Santa Barbara County. Toward this end, the policies in the Draft Regional Housing Needs Plan should be strengthened to support and facilitate regional planning between local jurisdictions and agencies.

The County of Santa Barbara looks forward to working with SBCAG in the future on these regional issues, especially on the balance of jobs and housing.

Sincerely,

John Patton, Director
Planning & Development Department

cc: Naomi Schwartz, 1st District Supervisor
Susan Rose, 2nd District Supervisor
Joni Gray, 4th District Supervisor
Tom Urbanske, 5th District Supervisor
Dianne Meester, Assistant Director, P&D
Jim Kemp, Executive Director, SBCAG
Michael Powers, Deputy Director, SBCAG
Brian Bresolin, Regional Analyst, SBCAG

September 4, 2002

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