

MONTECITO PLANNING COMMISSION

Staff Report Regarding the 2021 Comprehensive Plan Annual Progress Report

Hearing Date: February 16, 2022

Staff Report Date: February 8, 2022

Case No.: N/A

Environmental Document: Notice of Exemption, California Environmental Quality Act (CEQA) Guidelines Sections 15060(c)(3) and 15378(b)(5)

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1.0 REQUEST, RECOMMENDATION, AND PROCEDURES

Staff is requesting that the Montecito Planning Commission receive and file the *2021 Comprehensive Plan Annual Progress Report*. Staff recommends that the Montecito Planning Commission follow the procedures outlined below in order to provide by April 1, 2022, the *2021 Comprehensive Plan Annual Progress Report* to the Board of Supervisors (Board), Governor's Office of Planning and Research (OPR), California Department of Housing and Community Development (HCD), and City of Santa Barbara. The Montecito Planning Commission's actions should include the following:

1. Receive and file a staff report regarding the *2021 Comprehensive Plan Annual Progress Report* (Attachment A);
2. Provide any comments regarding the *2021 Comprehensive Plan Annual Progress Report* to the County Planning Commission, for consideration of recommendation to the Board, OPR, and HCD; and
3. Determine that the Montecito Planning Commission's actions regarding the *2021 Comprehensive Plan Annual Progress Report* are not subject to CEQA, pursuant to CEQA Guidelines Sections 15060(c)(3) and 15378(b)(5) (Attachment B).

2.0 JURISDICTION

Pursuant to Government Code Section 65400(a) each city and county planning agency shall:

... [p]rovide by April 1 of each year an annual report to the legislative body, the Office of Planning and Research, and the Department of Housing and Community Development that includes all of the following:

(A) The status of the plan and progress in its implementation.

(B) The progress in meeting its share of regional housing needs ... and local efforts to remove governmental constraints to the maintenance, improvement, and development of housing ...

(F) The degree to which its approved general plan complies with the guidelines developed and adopted pursuant to Section 65040.2 and the date of the last revision to the general plan.

For purposes of Government Code Section 65400(a), Santa Barbara County Code Section 2-25.69 establishes the Board as the legislative body for the County of Santa Barbara (County), and Section 2-

25.1 establishes the County Planning Commission as the planning agency on matters that affect the entirety of the unincorporated county. As a result, the County Planning Commission must review, file, and provide by April 1 of each year the annual progress report to the Board, OPR, and HCD.

Santa Barbara County Code Section 2-25.1(b) states that the Montecito Planning Commission may provide recommendations to the County Planning Commission on matters that affect the entirety of unincorporated county, including affordable housing. Therefore, as a countywide matter over which the County Planning Commission has jurisdiction, the Montecito Planning Commission may provide comments on the *2021 Comprehensive Plan Annual Progress Report* to the County Planning Commission, for consideration of recommendation to the Board, OPR, and HCD by April 1, 2022.

3.0 SUMMARY

The *2021 Comprehensive Plan Annual Progress Report* serves two key functions. First, it summarizes the projects that the Planning and Development Department (P&D) undertook in 2021 to maintain and implement the Comprehensive Plan, including the 2015-2023 Housing Element Update. The 2015-2023 Housing Element Update contains 37 programs to help meet the housing goals and needs of the unincorporated county. The County made significant progress implementing several of these programs in 2021. The County also initiated significant updates to the Circulation Element, Housing Element, and Seismic Safety and Safety Element, and began preparation of an entirely new Environmental Justice Element.

Second, the *2021 Comprehensive Plan Annual Progress Report* discusses the County's progress in meeting its Regional Housing Needs Allocation (RHNA) in the first seven years of the current 8.75-year (January 1, 2014, to September 30, 2022) RHNA projection period. As discussed further in Section 4.3, below, the County exceeded its RHNA for the low, moderate, and above moderate-income categories; and has only met 43 percent of its RHNA for the very low-income category. One important consequence for the County not meeting its pro-rata share of very low-income housing is that qualified housing projects within the unincorporated County are subject to a streamlined, ministerial approval process (Government Code Section 65913.4). Please see Section 4.4, below, for additional information regarding this streamlined, ministerial approval process for qualifying housing projects.

4.0 PROJECT INFORMATION

4.1 Housing Element Program Implementation

The *2021 Comprehensive Plan Annual Progress Report* shows that the County continues to make progress toward maintaining and implementing the Comprehensive Plan. In particular, the following summarizes three programs listed in Chapter 5 of the 2015-2023 Housing Element Update that P&D implemented in 2021.

- Program 1.4 Tools to Incentivize High-Quality Affordable Housing. *Ongoing*. Program 1.4 directs the County to "... adopt/apply ... land-use tools ... to encourage the development of unit types that are affordable by design ..." The unit types include accessory dwelling units (ADUs) and agricultural employee dwellings (AED). In 2019, the County initiated the implementation of this program

through the Housing Bill Implementation Project and ADU ordinance amendments.

From 2016 to 2021, the State amended certain sections of the Government Code related to planning and housing. In spring 2019, the County began analyzing the bills and drafting zoning ordinance amendments for the Housing Bill Implementation Project. Phase I of the project includes zoning ordinance amendments to comply with the Housing Accountability Act (HAA) (housing development project protections), State Density Bonus Law (SDBL) (density bonuses for affordable housing), and Assembly Bill (AB) 101 (streamlined low barrier navigation centers approvals). Staff plans to finish drafting the amendments and conduct public hearings starting in summer 2022. Staff plans to finish drafting the amendments and conduct public hearings starting in summer 2022. On March 15, 2022, staff will present options to the Board for preparing zoning ordinance amendments to implement other housing and SDBL as part of Phase II of Program 1.4, starting in late 2022/early 2023. The options will include zoning ordinance amendments to comply with AB 2162 (streamlined supportive housing approvals), the development of objective multifamily design and planning standards, and the creation of a new, ministerial permit for qualifying housing development projects.

On January 1, 2021, new State ADU and junior ADU (JADU) laws went into effect and caused the County's Inland Area ADU ordinances to become null and void. From early 2020 to early 2021, staff drafted zoning ordinance amendments to comply with the new State laws. On May 18, 2021, the Board adopted the ADU and JADU amendments, which went into effect in the Inland Area of the unincorporated county on June 16, 2021. Staff submitted the Local Coastal Program Amendment (LCPA) for the ADU and JADU Coastal Zoning Ordinance (CZO) amendment to the California Coastal Commission (CCC) for review and certification in August 2021. CCC staff has presented questions and requested additional information in order to continue processing the LCPA—particularly with regard to parking requirements for ADUs. In order to continue processing the LCPA, the Board would need to authorize funding for a parking study that CCC staff has requested, and revise the LCPA to change the parking standards that the Board adopted for ADUs based on the findings of the parking study. Staff will be requesting the Board's direction on this matter when staff presents a report on the LRP Work Program to the Board on March 15, 2022. Unless the Board directs staff to do otherwise, activity on the LCPA will remain on-hold at least until the next fiscal year (FY) (beginning on July 1, 2022), given that the remaining tasks that must be completed to address CCC staff's requests are unfunded in the current P&D budget.

In early 2021, the County received grant funding totaling \$307,000 through the SB 2 Planning Grants Program. LRP will use this grant funding to cover the costs of preparing and implementing the Housing Bill Implementation Project during FY 2021-2022 through 2022-2023.

- Program 1.13 Isla Vista Monitoring. *Ongoing*. Program 1.13 directs the County to monitor housing permit activity within Isla Vista from 2009 through 2021. Housing permit activity in Isla Vista is collected and reported in the Comprehensive Plan Annual Progress Report. Table 5 of the Comprehensive Plan Annual Progress Report summarizes housing production by household income category in Isla Vista from 2009 through 2021. Of the 200 new units, 79 units, or 40 percent, were affordable to very low- and low-income households; 88 units, or 44 percent, were affordable to moderate-income households; and 33 units, or 16 percent, were affordable to above moderate-income households. In 2021, the County issued six building permits for new housing units in Isla Vista.
- Program 2.4 Farmworker Housing. *Ongoing*. Program 2.4 directs the County to consider actions that further streamline the permit process for AEDs. In December 2018, the Board adopted zoning ordinance amendments to streamline the permit process for AEDs in the Agricultural I (AG-I) and Agricultural II (AG-II) zones in the unincorporated areas of Santa Barbara County. These amendments (1) allow certain AEDs with a Zoning Clearance in the Inland Area and Coastal Development Permit (CDP) in the Coastal Zone, (2) increased the number of employees allowed to occupy AEDs at each permit level, and (3) modified the AED employment/location requirements within certain zones and permit levels. The amendments also clarified that AEDs may include mobile homes, manufactured homes, and park trailers that comply with State law. The LUDC amendment went into effect in the Inland Area in January 2019, and Coastal Zone in May 2021.

In addition, the Community Services Department Sustainability Division and Housing and Community Development Division continue to coordinate with P&D to maintain and implement Housing Element programs. In 2021, these two divisions took steps to implement 13 programs. These programs include providing incentives for energy-efficient and green building techniques, educating first-time homebuyers, and promoting affordable housing opportunities. Table D of Attachment 1 of the Annual Progress Report provides information on this progress. Finally, P&D staff continues to participate in the County Executive Office's Homelessness Inter-Agency Policy Council (HIAPC), which consists of a working group of County departmental representatives who strategize and advise on County programs to reduce homelessness.

4.2 Reporting Requirements and HCD Data Tables

Government Code Section 65400(a)(2)(B) requires that annual progress reports use HCD's tables and forms to summarize housing activities throughout the reporting period. These tables set forth the following planning and building permit information:

- Housing development applications received;
- Units included in all development applications;
- Units approved and disapproved;

- Sites rezoned to accommodate that portion of the Cities’ or County’s share of their RHNA for each income category that could not be accommodated on sites identified in the housing element site inventory;
- New units that have been issued a completed entitlement, building permit, or certificate of occupancy thus far in the housing element cycle, and the income category of each unit; and
- Information on all housing development applications submitted, including the location and income category of developments approved, building permits issued, and units constructed pursuant to Government Code Section 65913.4.

4.3 RHNA Progress

Annual progress reports track annual housing production to show the County’s progress in meeting its RHNA. The table below lists the number of building permits that the County issued for new residential units (organized by income category) within the unincorporated areas of the county from calendar year 2014 through 2021. The final row of the table lists the County’s 2014-2022 RHNA.

Housing production significantly increased in 2021. The County issued building permits for 390 units in 2021 compared to 205 units in 2020. Of the 390 units, 275 were located in North County and 115 in South County. Of those 115 South County units, 45 were located in Montecito, including three single-family dwellings and 42 ADUs. All of the Montecito units were affordable to above moderate-income households.

2014 to 2022 RHNA Projection Period Residential Units by Income Category (Issued Building Permits)					
Year	Very Low	Low	Moderate	Above Moderate	Total
2014	0	0	59	80	139
2015	49	41	44	94	228
2016	0	7	13	31	51
2017	8	1	54	145	208
2018	1	14	82	231	328
2019	0	26	21	195	242
2020	0	30	60	115	205
2021	10	79	72	229	390
Total	266 (62 Very Low + 198 Low)		405	1,120	1,791
RHNA	265 (159 Very Low + 106 Low)		112	284	661

Consistent with past annual progress reports, the data in this table (above) and the HCD data tables (Attachment 1) do not include building permits issued for reconstructed housing units, including those lost and rebuilt due to disasters. These replacement units do not add net new units to the County’s housing stock and, therefore, do not count toward the County’s RHNA.

In 2021, the County issued six building permits for reconstructed housing units lost in the Thomas Fire and resulting debris flow event in January, 2018.

4.4 Government Code Section 65913.4 Streamlined Ministerial Approval Process

In addition to amending annual progress report requirements, Government Code Section 65913.4 established a streamlined, ministerial approval process for qualifying housing developments in jurisdictions that have not met their pro-rata share of regional housing needs. In part, qualifying developments must be located on an urban infill site zoned for residential or mixed uses and provide at least 10 or 50 percent of the units for lower-income households. In addition, all projects over 10 units must pay prevailing wages and larger projects must provide skilled and trained labor.

On June 25, 2019, HCD determined that, based upon data from the *2018 Comprehensive Plan Annual Progress Report*, the County had not met its pro-rata share of very low- and low-income housing thus far in its 2014 to 2022 RHNA projection period. As a result, the County became subject to the streamlining provisions for proposed developments with at least 50 percent affordability [Government Code Section 65913.4(a)(4)(B)(ii)]. As of January 3, 2022, the County remained subject to the streamlining provisions based upon data from the *2020 Comprehensive Plan Annual Progress Report*. In 2021, the County received three new applications and approved two for very low- and low-income housing projects.

In order to plan for qualifying housing developments and facilitate increased housing production for very low- and low-income categories, staff applied for and received grant funding in order to process zoning ordinance amendments to create objective design standards for qualifying projects during Fiscal Years 2021-2023.

4.5 Local and Regional Action Planning Grants

In early 2021, HCD awarded the County a Local Early Action Planning (LEAP) grant in the amount of \$423,500 to help cover the cost of the 2024-2032 Housing Element Update tasks in FY 2020-2021 through 2022-2023. The LEAP grant is in addition to a Regional Early Action Planning (REAP) grant that the Association of Monterey Bay Area Governments (AMBAG) awarded the County in December 2020, in the amount of \$164,403. The REAP grant covers certain costs associated with preparing the Housing Element Update through FY 2022-2023.

5.0 ENVIRONMENTAL REVIEW

CEQA Guidelines Section 15060(c)(3) states that an activity is not subject to CEQA if the activity is not a project as defined in CEQA Guidelines Section 15378. Section 15378(b)(5) specifies that projects do not include organizational or administrative activities of governments that will not result in direct or indirect physical changes to the environment. Preparation of the *2021 Comprehensive Plan Annual Progress Report* is an administrative activity that does not authorize new development or otherwise result in direct or indirect physical changes to the environment. Therefore, the report is not a project as defined by CEQA Guidelines Section 15378(b)(5) and is not subject to environmental review pursuant to CEQA Guidelines Section 15060(c)(3).

6.0 NEXT STEPS

The County Planning Commission is scheduled to receive and file the *2021 Comprehensive Plan Annual Progress Report* on February 23, 2022. Staff will submit the report to the Board, OPR, and HCD by April 1, 2022.

Upon adoption of the Mission Canyon Community Plan in April 2014, the Board directed the Planning and Development Department "... to provide an annual report to the City of Santa Barbara detailing the major housing units that were approved or completed in the Mission Canyon Community Plan Area during the reporting year." Therefore, staff will also provide a copy of the *2021 Comprehensive Plan Annual Progress Report* to the City of Santa Barbara by April 1, 2022.

ATTACHMENTS

A. *2021 Comprehensive Plan Annual Progress Report*