



**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

Department Name: CEO
Department No.: 012
For Agenda Of: January 9, 2024
Placement: Departmental
Estimated Time: 1 hour
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Director
Contact Info: Wade Horton, Assistant County Executive Officer

Mona Miyasato, County Executive Officer

DocuSigned by:
Mona Miyasato
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SUBJECT: Discussion of Criteria to Consider When Determining Parcels to Rezone as part of the 6th Regional Needs Housing Allocation (RHNA) Cycle in the State-Mandated Housing Element Update Process

County Counsel Concurrence

As to form: Yes

Other Concurrence: N/A

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions: That the Board of Supervisors

- a. Discuss criteria to consider for rezones related to Housing Elements regarding general community benefits and a means of communicating developer’s intent to the Board;
- b. Provide direction to staff as appropriate; and
- c. Determine pursuant to California Environmental Quality Act Guidelines Section 15478(b)(5) that the above action is an organizational or administrative activity of government that will not result in direct or indirect physical changes in the environment.

Summary Text:

The purpose of this item is to provide the Board an opportunity to discuss criteria that it may wish to consider in the future when identifying sites to be rezoned as part of the State-mandated Housing Element Update to accommodate the 6th Regional Housing Needs Allocation (RHNA) cycle. The criteria can assist the Board in determining which parcels to rezone to serve the interests of the general community welfare and be consistent with good zoning practices. The criteria can also guide housing developers and property owners seeking rezones as they design proposed projects to be consistent therewith.

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In short, potential criteria could include the following, although the Board may have other criteria it wishes to discuss:

- Provision of additional very-low and low-income units beyond the 20% that qualifies projects for other incentives.
- Creation of moderate-income housing (“the missing middle”) that prioritizes the local workforce, in alignment with Housing Element Programs 13 (Density Bonus) and 21 (Local Preference).
- Offer of new unrestricted units to local employees before offering them on the open market.
- Provision of child care onsite.
- Provision of access to public parks, public trails or open space.

Currently, the County’s zoning ordinances set out the following three findings the Board must make to approve rezones:

1. The request is in the interests of the general community welfare.
2. The request is consistent with the Comprehensive Plan, the requirements of the State planning and zoning laws, and this Development Code.
3. The request is consistent with good zoning and planning practices. (LUDC § 35.104.060; Article II § 35-180.6; MLUDC § 35.494.060.)

These findings are not further defined in County ordinances, and the Board has broad discretion over rezones. These findings, therefore, can be elaborated upon to explain in more detail what Supervisors may consider to be in “the general community welfare” when making future rezone decisions. The Board has flexibility in making the rezone determinations and can discuss what these criteria mean to individual Supervisors and what the Board would like to see when deciding which parcels to rezone.

According to the Housing Trust Fund, our County is the 5th least affordable small metropolitan housing market in the country, affecting households across the income spectrum. In 1983, the median priced home in our County was four times the median family income, but in 2021 the median home price is 22 times the median family income. This large “affordability gap” between the cost of housing and the price that people can reasonably afford was worsened during COVID when prices rose even more sharply. In February 2023, the median home price in South County reached \$2.3 million. Higher interest rates have reduced home prices slightly, but overall costs are not expected to go down appreciably.

Santa Barbara County’s housing production has not kept pace with its economic growth. Between 2013 and 2018, the County only added one new housing unit for every four new jobs. However, increasing housing supply is not the whole answer to achieving a housing-jobs balance. Santa Barbara County, especially South County, is a highly desirable area to have a residence—for highly paid remote workers, investors, second home buyers, and short-term rental companies. Therefore, the risk is that housing built under this cycle’s aggressive RHNA may not go to our local workforce unless deliberate steps are taken towards this goal. Program 21 in the Housing Element aims to address local preference for new housing units within the bounds of fair housing laws.

Additionally, the passage of Proposition 19 in 2020 gave eligible homeowners the ability to transfer their existing, lower property tax basis to a new residence within the State, irrespective of the County. This provision allows older homeowners greater flexibility in relocating while maintaining the advantages of their original property tax rates, which is particularly valuable in areas with rising property values and potentially higher tax assessments.

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Discussion:

Low-Income Housing.¹RHNA requires a specified number of units in North (1,522) and South (4,142) counties, and these must be allocated across different levels of affordability with the very low and low eligible for subsidies and incentives. These lower income units are designed to remain affordable at those income levels over time. Either the landowner or developer commits to keeping them affordable for a specified period, or an affordable housing provider such as the Housing Authority of the County of Santa Barbara County builds and manages the units, guaranteeing their affordability in perpetuity.

Very low-income housing (<50% area median income) and low-income housing (50% - 80% area median income) are in short supply in our County. The Santa Barbara Foundation's *Housing Affordability, Philanthropic Solutions for Santa Barbara County 2023* states that significant segments of our population – farmworkers, cooks, home health care workers, retail salespersons, child care providers, cleaners, janitors, gardeners (very low-income), as well as elementary school teachers, social workers, transportation workers, and administrative professionals (low-income) – generally fall into these very low and low-income categories for which housing is in short supply.

There are existing incentives to build housing for these lower income levels through the State's Density Bonus law (e.g., reduced parking, setback requirements, increased height, and density bonuses). The majority of these projects include a high percentage (50-80%) market-rate or luxury units to offset the costs. Thus, to achieve the number of lower-income units required by this RHNA cycle, the County needs to rezone sufficient land to accommodate both affordable and above moderate units. A potential consideration for the Board is therefore to encouraging developers to maximize affordable units on their parcels, beyond the 20% that qualifies them for other incentives.

Moderate-Income Housing. RHNA calls for 1,280 moderate income level housing units, 1,051 in South County and 229 in North County. This income level is the “missing middle” (80-120% area median income) because it is not eligible for State and federal subsidies and does not currently receive other incentives. According to the Santa Barbara Foundation's *Housing Affordability, Philanthropic Solutions for Santa Barbara County 2023*, nurses, pharmacists, dental hygienists, public administrators, architects, engineers, and public safety workers generally fall into this moderate-income category. The County's Housing Element contains policies that could increase housing at this income level. However, unlike lower-income housing, moderate-income housing has no mechanisms in place to maintain affordability. In addition, there are many that earn between 120-200% of area median income, upper-moderate, that are housing cost burdened. Program 13 in the Housing Element seeks to develop a density bonus program that stimulates development of housing affordable to moderate-income households for an extended period of time.

In South County, even very small units that are built to be “affordable by design” can cost more than middle class working people can afford. To buy or rent housing today in South County is out of reach for many people working in the community. The Santa Barbara South Coast Chamber of Commerce has published a *Roadmap to Recovery, The Road Home (Apr. 2023)* that identifies several strategies including

¹ Income levels for Santa Barbara County:

- Very Low (annual income for family of four up to \$69,850)
- Low (annual income for family of four up to \$111,900)
- Moderate (annual income for family of four up to \$120,120)
- Above Moderate (annual income for family of four above \$120,120).

The countywide annual median household income is for a family of four is \$100,100.

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an Employer-Sponsored Housing Collaborative. It notes that larger employers, such as hospitals and universities, can purchase their own employee housing. For smaller employers, it suggests a consortium model with multiple businesses working together through a third-party development corporation to build and manage workforce housing for purchase or for rent. Employers are already investing in subsidized rents, company rented units, and hiring incentives. They might better redirect that money towards employer-sponsored housing that results in a tangible, long-term investment.

The Santa Barbara Foundation's *Housing Affordability, Philanthropic Solutions for Santa Barbara County 2023* report sets out a package of approaches, including community ownership where a land trust or other entity owns and develops or refurbishes housing. When buyers later sell, they would capture the appreciation on the structure but not the land, keeping the prices more affordable over the long run.

Child Care, Parks and Open Space. In addition to new low-income, moderate income, and upper moderate and housing that help to restore access to the County's housing stock, additional public benefits could enhance the general community welfare. Accessible and affordable child care is essential for working families and is in critically short supply in Santa Barbara County, especially for infants and toddlers. The 2020 Santa Barbara County Child Care Planning Council Report highlights a significant gap between the need for care and capacity in the County, with an estimated deficit of 9,371 spaces for children ages 0-5 in licensed care facilities. The Board could prioritize developments that offer child care in the consideration of which parcels to rezone.

Another public benefit could be greater access to public parks, public trails, open space or other public recreational activities. To accommodate greater densities of housing and people, access to outdoor spaces will become more critical for physical and mental well-being.

In sum, the County has more parcels available for rezoning than needed to meet the RHNA requirements. The criteria for 'general community welfare' discussed above will provide a framework to distinguish among potential rezone sites that will ultimately provide a greater percentage of low-income housing, moderate and upper moderate housing that is affordable over time, and other public benefits such as child care, parks, trails and open space. Additionally, this discussion benefits developers by sharing what criteria will influence Board rezones.

References:

- i. [Santa Barbara County Child Care Planning Council Report 2020](#)
- ii. [South Coast Chamber of Commerce Roadmap to Recovery -- the Road Home](#)
- iii. [Santa Barbara Foundation Housing Affordability Report 2023](#)