

## MONTECITO PLANNING COMMISSION

### Staff Report Regarding the 2022 Comprehensive Plan Annual Progress Report

**Hearing Date:** February 15, 2023

**Staff Report Date:** February 7, 2023

**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 *2022 Comprehensive Plan Annual Progress Report*. Staff recommends that the Montecito Planning Commission follow the procedures outlined below in order to provide by April 1, 2023, the *2022 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 *2022 Comprehensive Plan Annual Progress Report* (Attachment A);
2. Provide any comments regarding the *2022 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 *2022 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 the 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 *2022 Comprehensive Plan Annual Progress Report* to the County Planning Commission, for consideration of recommendation to the Board, OPR, and HCD by April 1, 2023.

### 3.0 SUMMARY

The *2022 Comprehensive Plan Annual Progress Report* serves two key functions. First, it summarizes the projects that the Planning and Development Department (P&D) undertook in 2022 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 2022. The County also initiated significant updates to the Circulation Element, Housing Element, Seismic Safety and Safety Element, Land Use Element, and the new Environmental Justice Element. The County also initiated and completed Cannabis Ordinance Amendments and Childcare Facilities Zoning Ordinances Amendments in 2022.

Second, the *2022 Comprehensive Plan Annual Progress Report* discusses the County's progress in meeting its Regional Housing Needs Allocation (RHNA) in the 8.75 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 46 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 *2022 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 two programs listed in Chapter 5 of the 2015-2023 Housing Element Update that P&D implemented in 2022.

- 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 2022, 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 fall 2023.

On January 11, 2023, ordinance amendments to the County Land Use and Development Code (LUDC) were presented to the County Planning Commission to implement a State-mandated streamlined, ministerial permit review process for certain affordable housing projects; and provide objective design standards for multiple-unit and mixed use housing projects to be consistent with the requirements of the Housing Accountability Act, SB 330, SB 35, and AB 2162. The proposed objective design standards will only apply within the inland area, outside the Montecito Community Plan Area and Coastal Zone, until they are incorporated in these areas in the future. The recommended ordinance amendments were approved and adopted by the Board of Supervisors on January 24, 2023.

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.

Since that time, new State ADU and JADU laws were adopted and became effective on January 1, 2023. The current Land Use and Development Code (LUDC) and Montecito Land Use Development Code (MLUDC) ADU and JADU regulations do not comply with current State ADU and JADU laws and, therefore, are null and void. Staff will rely on State laws for the zoning regulations and entitlement processes for ADUs and JADUs, until the time at which the Board amends the LUDC and MLUDC to comply with current State law. However, with regard to the Article II Coastal Zoning Ordinance (Article II), the coastal resource protection regulations will remain in effect until the time at which Article II is amended to comply with current State law.

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 a portion of the costs for preparing and implementing the Housing Bill Implementation Project in FY 2022-2023 and FY 2023-2024. In addition, the Santa Barbara County Association of Governments (SBCAG) awarded the City of Lompoc a grant totaling \$450,000 to expedite the permitting process and reduce pre-construction fees for housing (“Permit Ready Accessory Dwelling Unit Program”). The State must review and ultimately approve SBCAG’s grant award; provided that the State approves SBCAG’s grant award, the City of Lompoc will be inviting the County and other cities to participate in, and capitalize on, the program. Staff will be presenting this potential ADU and JADU ordinance amendment work to the Board for consideration of incorporation in the FY 2023-2024 Long Range Planning Division Work Program.

- Program 1.13 Isla Vista Monitoring. *Ongoing*. Program 1.13 directs the County to monitor housing permit activity within the unincorporated community of Isla Vista. 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 2022. Of the 211 new units:
  - 79 units, or 37 percent, were affordable to very low- and low-income households;
  - 88 units, or 42 percent, were affordable to moderate-income households; and
  - 44 units, or 21 percent, were affordable to above moderate-income households.

In 2022, the County issued seven building permits for eleven new housing units in Isla Vista.

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 2022, these two divisions took steps to implement 12 programs. These programs included 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 County's share of the County's 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.

See Attachment A, *2022 Comprehensive Plan Annual Progress Report*, for this reporting data.

### **4.3 RHNA Progress**

Annual progress reports track annual housing production to show the County's progress in meeting its RHNA. Table 1 below lists the number of building permits the County issued for new residential units (organized by income category) within the unincorporated areas of the county from calendar year 2014 through 2022. The final row of the table lists the County's 2014-2022 RHNA.

Housing production decreased in 2022. The County issued building permits for 272 units in 2022 compared to 390 units in 2021. Of the 272 units, 152 were located in North County and 120 in South County. Of those 120 South County units, 41 were located in Montecito, including 11 single-family dwellings and 30 ADUs. All of the Montecito units were affordable to above moderate-income households.

<b>Table 1</b>					
<b>2014 to 2022 RHNA Projection Period</b>					
<b>Residential Units by Income Category</b>					
<b>(Issued Building Permits)</b>					
<b>Year</b>	<b>Very Low</b>	<b>Low</b>	<b>Moderate</b>	<b>Above Moderate</b>	<b>Total</b>
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
2022	5	68	8	191	272
<b>Total</b>	<b>339 (73 Very Low + 266 Low)</b>		<b>413</b>	<b>1,311</b>	<b>2,063</b>
<b>RHNA</b>	<b>265 (159 Very Low + 106 Low)</b>		<b>112</b>	<b>284</b>	<b>661</b>

The issued building permits between the years of 2014 to 2021 in the data in Table 1 (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. At the time, these replacement units were not considered to add to the net-new units of the County’s housing stock and, therefore, did not count toward the County’s RHNA. As of 2022, annual progress reports now require a report on all units, not just net-new units. Demolished units that are associated with or replaced by a new housing development are now included and reported to State HCD.

In 2022, the County issued two building permits for reconstructed housing units lost during the Thomas Fire and resulting debris flow event in January, 2018. The County issued an additional eight building permits to replace demolished single family dwellings. These 10 issued building permits for reconstructed housing units are included in the total for the year 2022 reflected in Table 1 above.

**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, 2023, the County remained subject to the streamlining provisions based upon data from the *2021 Comprehensive Plan Annual Progress Report*. In 2022, the County received two new applications and approved one for very low- and low-income housing projects.

As part of Housing Program 1.4 (discussed above), 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. The purpose of these efforts is to plan for qualifying housing developments and facilitate increased housing production for very low- and low-income categories.

#### **4.5 Local and Regional 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 2023-2031 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.

Also, as discussed above, assuming that the State approves SBCAG's grant award, the City of Lompoc will be inviting the County to participate in, and capitalize on, the Permit Ready Accessory Dwelling Unit Program. Although the County is not the direct recipient of this grant award, participation in this grant-funded program will offset costs that the County otherwise would have to incur, if the County initiated its own program.

### **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 *2022 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) (Attachment B).

### **6.0 NEXT STEPS**

The County Planning Commission is scheduled to receive and file the *2022 Comprehensive Plan Annual Progress Report* on February 22, 2023. Staff will submit the report to the Board, OPR, and HCD by April 1, 2023.

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 *2022 Comprehensive Plan Annual Progress Report* to the City of Santa Barbara by April 1, 2023.

## **ATTACHMENTS**

- A. *2022 Comprehensive Plan Annual Progress Report*
- B. *Notice of Exemption*

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