

SANTA BARBARA COUNTY SOUTH COAST HOUSING CRISIS

A CALL TO ACTION

SUMMARY

The housing shortage in Santa Barbara County's South Coast, particularly for low- and moderate-income residents, is reaching crisis levels. This growing concern is now a frequent topic at public hearings, advocacy meetings, and in news reports.

The root of the problem is a lack of new housing development for many years. The situation has been made worse by the rise in short-term rentals and an increasing number of second or third homes left vacant for much of the year. While the County has met its obligation under the California Regional Housing Needs Allocation (RHNA) to plan for increased housing supply, there are serious barriers to building this housing, particularly affordable and workforce housing.

Numerous barriers continue to stand in the way of actual construction. These include high land and labor costs, development fees, restrictive zoning, and neighborhood opposition (commonly known as "Not In My Back Yard" or NIMBY). Complex regulations further delay or block projects. The many federal and state programs that offer subsidies for affordable housing are underfunded, oversubscribed, and beset with confusing rules and deadlines. Recent shifts in federal policy have cast uncertainty on the future of these programs.

Although RHNA only mandates planning, not building, housing, the County and cities do have tools to directly facilitate construction. These include expanding ministerial approvals, using objective design standards for accessory dwelling units (ADUs), revising restrictive codes, and rezoning land specifically for affordable and workforce housing.

The 2024-25 Santa Barbara County Grand Jury (Jury) observed that our local governments on the South Coast, local non-profit organizations, many developers, and some employers are striving to create more housing, but much more needs to be done. To truly address the South County's housing needs and meet RHNA goals, local agencies must go beyond planning. They must commit meaningful resources to the actual development of this needed housing.

BACKGROUND

The South Coast of Santa Barbara County is known for its beauty, climate, and geography. Residents have long sought to preserve this unique character, often by supporting regulations that slow housing development. However, due to increasing population and workforce growth, the

region now faces a severe housing shortage, especially for low- and moderate-income families. Currently, more than 65 percent of local workers cannot afford to live in the area and are forced to commute long distances to work. As of March 25, 2025, the City of Santa Barbara Housing Authority (HASB) had 7,732 households on its Section 8 (see Glossary) waitlist. On that date, HASB announced it would pause new voucher issuances due to uncertainty over federal housing funding.

The California State Legislature has long recognized the need for more affordable housing, passing numerous laws over decades to support local governments, agencies, and developers. The State Legislature continues to introduce more legislation aimed at producing more affordable housing.¹

Since 1969, California’s Department of Housing and Community Development (HCD) has required local governments to plan for the housing needs of all income levels through California’s Housing Element Law. This planning is guided by the Regional Housing Needs Allocation (RHNA), which assigns housing targets to each region every eight years across six income categories based on the Area Median Income (AMI). In 2024, the AMI for Santa Barbara County was \$119,100.

The Santa Barbara County Association of Governments (SBCAG) reviews state-assigned housing targets and distributes them among cities and unincorporated areas (see Additional Resources). Each jurisdiction must then adopt a Housing Element in its General Plan to meet these targets.

Previously, housing targets were weighted toward North County due to greater land availability. However, the current cycle shifts the focus to the South Coast, where housing needs are most acute. The South Coast now bears approximately 60% of the County’s total RHNA allocation of 24,856 units. The allocation of units for the South Coast is shown in Table 1. Accordingly, the Jury has focused its attention on the South Coast.

Table 1: Current Santa Barbara County RHNA Allocation					
South Coast Jurisdiction	RHNA Allocation	Allocation by Income Level			
		Very Low	Low	Moderate	Above Moderate
Carpinteria	901	286	132	135	348
Santa Barbara	8,001	2,147	1,381	1,441	3,032
Goleta	1,837	682	324	370	461
Unincorporated	4,142	809	957	1,051	1,325

¹ Buffy Wicks, “California Legislature Releases Sweeping Bill Package to Fast Track Housing Production,” press release, March 27, 2025. <https://a14.asmdc.org/press-releases/20250327-california-legislature-releases-sweeping-bill-package-fast-track-housing>

Historically, Santa Barbara County has failed to meet its RHNA targets in terms of actual construction, largely due to overly optimistic planning and local resistance to housing development.

In the current RHNA cycle (2023–2031), the State has imposed significantly higher housing targets and enacted stricter laws with real penalties for missing deadlines for Housing Element adoption. This includes stronger enforcement tools, such as AB 1893 (2024) (Builder’s Remedy, see Glossary), for jurisdictions that missed their Housing Element deadlines.

Progress to Date by Local Jurisdiction for the South Coast Housing Element

All the jurisdictions on the South Coast missed the initial deadlines for obtaining State approvals for their completed Housing Element plans but were spurred into action when developers threatened to invoke Builder's Remedy exemptions on pending or proposed projects. As of March 2025, all Housing Elements in the County have been approved by the State and have been incorporated into each jurisdiction's respective General Plan. These are readily available on the County and city websites (see Additional Resources).

All jurisdictions on the South Coast have prudently identified additional sites to exceed the RHNA requirements by 10 to 15 percent to avoid falling short should any sites become unavailable for development by 2031. The County and cities are only required to identify suitable sites and are not directly responsible for actually building housing. They are, however, required to make it as easy as possible for developers to be able to build housing in the various categories needed. As detailed in the documents listed in the Additional Resources section of this report, each Housing Element includes a variation of the following key goals, each of which is expanded into specific implementation plans and programs:

- Process improvements
- Changes to existing design standards
- Relaxation of existing regulations
- Funding
- Fee structures
- Public and private development partnerships

METHODOLOGY

The Jury reviewed documents and conducted interviews to investigate the reasons behind the housing shortage on the South Coast. The Jury focused on affordable housing because the availability of market rate housing does not present a significant problem. Data on affordable housing was analyzed based on the RHNA definitions. The Jury’s methods of investigation included:

- Interviews with city (Santa Barbara, Goleta, and Carpinteria) and County staff and housing providers
- Interviews with Santa Barbara County Association of Governments (SBCAG) staff
- Attendance at County Board of Supervisors meetings and city council meetings
- Review of California housing laws
- Review and analysis of the County's and South Coast cities' General Plans and Housing Elements for the 2023-31 cycle
- Review of the County's and South Coast cities' ordinances and resolutions related to affordable housing
- Review and analysis of affordable housing agreements between developers and the County
- Examination of building permit applications, approved projects under development, news media coverage, and public hearings

DISCUSSION

The Jury reviewed the Housing Elements of the County and cities on the South Coast and found there is a critical need for housing for people who cannot afford market-rate housing. Therefore, the Jury decided to focus on the obstacles to affordable housing development and potential solutions.

Housing Developments in Progress

Several housing projects with 100 percent affordable units have been launched by non-profit organizations, such as People's Self-Help Housing, and public agencies, such as HASB and the Housing Authority of Santa Barbara County (HASBARCO). Some projects have been completed (e.g., a 60-unit project in Goleta), others are under construction, and many are still in the planning phase. Some private developments incorporate inclusionary housing requirements where a proportion of units must be affordable, although terms vary and are often negotiated between developers and local governments. Accessory Dwelling Units (ADUs) and Junior ADUs (JADUs) are also being built under streamlined state laws, such as ministerial approvals using objective design standards (see Glossary), although only about 65 percent are expected to qualify as affordable.

For example, in the City of Santa Barbara over a thousand ADUs have either been completed or are under development. Local employers such as Yardi Systems, Inc., the Rosewood Miramar Hotel, the Santa Barbara Cemetery Association, Cottage Health, and others have also begun sponsoring affordable housing projects for their employees.

In addition, the County, cities, and public agencies have identified and started to develop housing projects on land that they do not anticipate using. Some examples include:

- The City of Santa Barbara is working with HASB to develop workforce housing on a vacant lot and has designated the current site of the Santa Barbara Police Department for future housing
- The Santa Barbara Unified School District has leased two parcels of land to HASBARCO to build affordable housing
- The Santa Barbara Metropolitan Transit District (MTD) has reached an agreement with a private developer to build transit-oriented, multi-family rental housing, which will include 15% affordable units, on MTD's vacant property

While the County and some of the municipalities have included a few parcels of publicly owned land in the Housing Element, there is more land owned by them and other public agencies that could be identified and repurposed for affordable and workforce housing. Utilizing these publicly owned lands would help to foster public-private partnerships since the cost of land will become less of an obstacle to building affordable and workforce housing.

Obstacles to Development

South Coast residents have historically supported land use policies that preserved neighborhood character, which has unintentionally contributed to severe housing shortages. Costly development fees, community opposition, labor costs, land acquisition costs, and prolonged development entitlement processes (see Glossary) further stall progress. Though some employers and school districts are leveraging their land for housing, such efforts are infrequent.

1. Funding Limitations

Affordable housing depends on a complex mix of federal, state, and private funds. Each of these funding sources has its own criteria and timelines. The availability of federal and state funding for affordable housing construction is predicated on meeting strict eligibility requirements and tight timing windows. The complexity of this process requires successful participants in these programs to have experienced and dedicated staff or consultants to navigate the process. The State of California produces a Notice of Funding Availability (NOFA) calendar² to assist those who want to use grant or credit programs to build more affordable housing. The complexity of this chart reflects the complexity of this funding process.

Typically, these sources are oversubscribed and subject to unexpected rule changes. For example, current uncertainties about federal funding have caused the Housing Authority of the City of Santa Barbara to cease issuing the Section 8 vouchers. Developers often factor the availability of these vouchers into decisions about whether to include affordable units.

Even though some cities have implemented creative financing mechanisms and public-private partnerships, these efforts have not kept pace with the rising need for affordable housing.

² See the HCD's website for the latest NOFA calendar: <https://www.hcd.ca.gov/grants-and-funding/nofa-calendar>

The County of Santa Barbara and the City of Santa Barbara have both established housing trust funds certified as Community Development Financial Institutions (CDFI, see Glossary). These funds are intended to supplement the development of affordable housing projects. The County has deposited fees collected from developers into their fund. In addition to depositing developer fees, the City of Santa Barbara has also transferred some resources into their fund from their contingency reserves.

On June 10, 2025, the City of Santa Barbara budgeted \$3.5 million to be added to their housing trust fund to fund affordable housing over the next two years; the Jury applauds this action, but believes that much more needs to be done given the pent-up demand for affordable housing in the City. Recent experience has shown that one unit of affordable housing may cost as much as one million dollars to build in the City of Santa Barbara.

Both the City of Santa Barbara and the County need to access other sources to increase the impact of these funds. For example, the County of Ventura actively promotes its housing trust fund and advertises for contributions from the philanthropic community.

Neither the City of Goleta nor the City of Carpinteria have established CDFI-certified housing trust funds to date.

2. Regulatory and Legal Complexity

Streamlined approval processes are now in place for affordable housing and ADUs, but many projects still face delays due to overlapping agency jurisdictions (e.g., Coastal Commission), siloed city and county permitting and approval processes, appeals, lawsuits, and neighborhood objections. These barriers disproportionately affect affordable housing projects, which are unable to absorb high carrying costs during such delays.

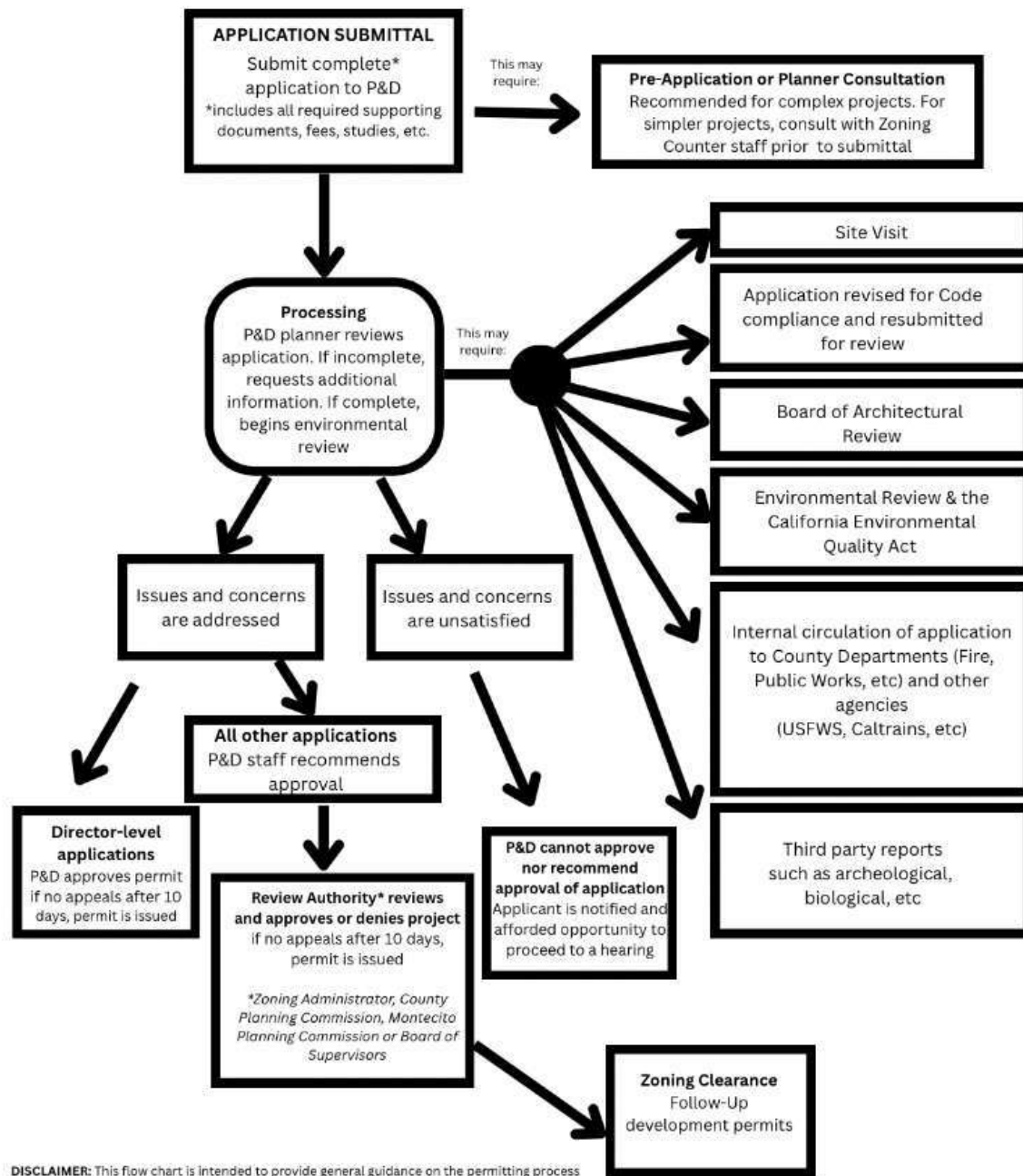
Within this system, there is no single individual tasked with assisting developers of affordable housing to navigate this complex process and to deal with multiple regulatory agencies. Figure 1 (below) illustrates the planning permit process in Santa Barbara County.

3. Development Costs

Government fees, prevailing wage requirements, interest on loans, and prices of land and material all drive up costs for affordable housing. Any uncertainty in the development process, such as appeals, litigation, and unexpected delays in approvals, can add to project costs.

Deed restrictions and rent caps required by inclusionary housing mandates often discourage developers from proceeding with below market rate housing projects.

Figure 1



Source: County of Santa Barbara Planning and Development Department

Strategic Solutions

The current housing crisis has created a flurry of activity at the state and local levels. Every day, new measures are taken: bills are proposed in the legislature; ordinances are drafted at the local levels; and solutions are proposed in the media. The Jury recognizes all these efforts and hopes that some of the solutions will be realized.

All of the governments in the South Coast are working diligently on these problems, and the Jury applauds their efforts. However, to make significant numbers of housing units available, the region must adopt a more unified, forward-thinking approach. All aspects of the development process, from application to completion of construction and occupancy, must work seamlessly together and all the involved agencies must collaborate to help the developer navigate the steps involved in an expeditious manner. The County and municipalities on the South Coast could consider taking measures such as those listed below:

A. Modernize Local Ordinances

- Update zoning, design standards, and utility requirements for density and affordability
- Ensure alignment with state mandates to avoid development delays and legal vulnerability

B. Streamline Approval Processes

- Shift to parallel permitting processes across jurisdictions
- Increase use of ministerial approvals for qualifying projects
- Establish a mechanism for parallel processing across jurisdictions, both municipal and separate agencies, from whom developers must obtain approvals
- Specify guidelines that will allow developers to qualify for exemptions from some requirements of the review process if project criteria are met up front
- Provide navigation assistance to allow developers to move expeditiously through the approvals required from various agencies

C. Expand and Stabilize Funding

- Develop and promote housing trust funds to leverage the benefits of Community Development Financial Institutions and philanthropic partnerships
- Reinvest market-rate development fees into affordable housing

D. Utilize Public and Surplus Land

- Inventory land owned by cities, school districts, and special districts and repurpose any that is surplus to their operational requirements
- Prioritize high-opportunity areas near jobs and transit

E. Community Engagement and Public Outreach

- Continue community forums used during the Housing Element update
- Publicly track and share development milestones
- Promote understanding of housing's role in community resilience

CONCLUSION

The affordable housing crisis on the South Coast remains a complex and urgent challenge, shaped by high land costs, state and local regulatory hurdles, and limited financial resources. The development process is often slow and fragmented, and affordable housing projects face competition for limited funding.

Although the jurisdictions on the South Coast will meet the RHNA goals that require identification of suitable building sites, it is unlikely that the target of increasing the inventory of affordable and moderate-income housing on the South Coast will be realized by 2031.

Ultimately, providing needed housing on the Santa Barbara South Coast will require sustained collaboration among local governments, developers, community stakeholders, and the broader public to build a more inclusive, affordable, and resilient housing landscape.

FINDINGS AND RECOMMENDATIONS

Finding 1: Santa Barbara County and the cities of Santa Barbara, Goleta, and Carpinteria own land that is surplus to their operational requirements, some of which could be used for affordable housing.

Recommendation 1a: The Grand Jury recommends that the Santa Barbara County Board of Supervisors and City Councils of Santa Barbara, Goleta, and Carpinteria identify publicly owned properties within their jurisdiction that could be utilized for affordable housing.

Recommendation 1b: The Grand Jury recommends that the Santa Barbara County Board of Supervisors and City Councils of Santa Barbara, Goleta, and Carpinteria invite public and private developers to work with them to build affordable housing on the publicly owned land identified as available.

Finding 2: The process for issuance of a permit for affordable housing development projects in the County and the cities of Santa Barbara, Goleta and Carpinteria is costly, time consuming, and complicated.

Recommendation 2a: The Grand Jury recommends that the Santa Barbara County Board of Supervisors and City Councils of Santa Barbara, Goleta, and Carpinteria each create a position to be staffed by a qualified person who can coordinate and facilitate the application and approval processes for affordable housing projects, with the authority to bring together all interested parties to arrive at an expeditious resolution of any issue.

Recommendation 2b: The Grand Jury recommends that the Santa Barbara County Board of Supervisors and City Councils of Santa Barbara, Goleta, and Carpinteria review their processes for development approvals to prioritize affordable housing projects.

Recommendation 2c: The Grand Jury recommends that the Santa Barbara County Board of Supervisors and City Councils of Santa Barbara, Goleta, and Carpinteria apply the ministerial approval process to all development projects comprising seventy five percent or more of low-income housing.

Recommendation 2d: The Grand Jury recommends that the Santa Barbara County Board of Supervisors and City Councils of Santa Barbara, Goleta, and Carpinteria conduct a review of all development and impact fees and find ways to waive, reduce or amortize fees for affordable housing projects.

Finding 3: There are insufficient funds available to develop needed affordable housing.

Recommendation 3a: The Grand Jury recommends that the City Councils of Goleta and Carpinteria establish dedicated housing trust funds, certified as Community Development Financial Institutions, to facilitate the building of affordable housing.

Recommendation 3b: The Grand Jury recommends that the Santa Barbara County Board of Supervisors increase funding to the Housing Trust Fund of Santa Barbara County to facilitate the building of affordable housing.

Recommendation 3c: The Grand Jury recommends that the Santa Barbara City Council further increase funding to the City of Santa Barbara Local Housing Trust Fund to facilitate the building of affordable housing.

Recommendation 3d: The Grand Jury recommends that the Santa Barbara County Board of Supervisors and the City Councils of Santa Barbara, Goleta and Carpinteria promote contributions to their housing trust funds by other non-governmental organizations, the philanthropic community, and the public.

REQUIREMENTS FOR RESPONSES

Pursuant to California Penal Code §933 and §933.05, the Grand Jury requests each entity or individual named below to respond to the findings and recommendations within the specified statutory time limit.

Responses to Findings shall be either:

- Agree
- Disagree with an explanation
- Disagree partially with an explanation

Responses to Recommendations shall be one of the following:

- Has been implemented, with a summary of the implementation actions taken
- Will be implemented, with an implementation schedule
- Requires further analysis, with an analysis completion date of fewer than 6 months after the issuance of the report
- It will not be implemented with an explanation of why

Santa Barbara County Board of Supervisors – 90 Days

Findings 1, 2, 3

Recommendations 1a, 1b, 2a, 2b, 2c, 2d, 3b, 3d

City of Santa Barbara – 90 Days

Findings 1, 2, 3

Recommendations 1a, 1b, 2a, 2b, 2c, 2d, 3c, 3d

City of Goleta – 90 Days

Findings 1, 2, 3

Recommendations 1a, 1b, 2a, 2b, 2c, 2d, 3a, 3d

City of Carpinteria – 90 Days

Findings 1, 2, 3

Recommendations 1a, 1b, 2a, 2b, 2c, 2d, 3a, 3d

GLOSSARY

AB (Assembly Bill): A bill introduced in the California State Assembly (e.g., AB 1893).

ADU (Accessory Dwelling Unit): A secondary housing unit on a property, such as a converted garage or standalone structure.

Affordable Housing: Affordable housing refers to housing that is priced on the basis of ability to pay and not on the market rate of a housing unit. If the total housing expense of a family remains at or below 30% of their gross household income, then the housing unit is considered affordable.

Area Median Income (AMI): The income value at which an equal number of families earn more, and an equal number of families earn less. The AMI value is derived from census data and is determined annually by the US Department of Housing and Urban Development (HUD) and is specific to an area. Thus, the AMI on the South Coast of Santa Barbara varies for each city and for the unincorporated of the County and is defined in their respective Housing Elements.

Builder's Remedy: A legal provision in California that allows developers to bypass local zoning restrictions when cities or counties fail to comply with the Housing Element Law. The Builder's Remedy can be invoked when a city or county fails to obtain state approval for its Housing Element by the State's deadline either because it has not been submitted in time or because the Housing Element proposals do not meet the State's requirements. Under such circumstances, developers can propose housing projects that do not conform to local zoning regulations if at least 20% of the units are designated as affordable housing, or 100% are moderate-income housing. The city or county cannot reject these projects based on some zoning or General Plan inconsistencies.

CDFI (Community Development Financial Institution): A non-profit financial institution that supports affordable housing and economic development. The federal CDFI Fund was created to help certified CDFIs generate economic growth and opportunity. It provides funding, resources, and technical assistance to help local financial institutions take a market-driven approach to support the economic needs of a community. By being a certified CDFI, a housing trust fund is eligible to receive funding and other assistance from the CDFI fund to build affordable housing.

Development Entitlement Process: The entitlement process is a critical phase in real estate development, involving the legal and regulatory approval required to proceed with a development project to ensure compliance with zoning laws, building codes, and other regulations. Steps in the entitlement process include zoning approval, land use permits, environmental impact assessments, site plan approval, public hearings, and permits. Such approvals are necessary to ensure legal compliance, to manage legal and environmental risks, to obtain community support, and to confirm project feasibility.

HASB (Housing Authority of the City of Santa Barbara): The agency responsible for managing affordable housing programs in the City of Santa Barbara.

HASBARCO (Housing Authority of Santa Barbara County): The public agency focused on affordable housing development and management in Santa Barbara County, excluding the City of Santa Barbara.

HCD (California Department of Housing and Community Development): The agency tasked with developing housing policy and administering funding and development programs in the State of California.

Housing Element: The component within local government's General Plans that meets the state requirement that all cities and counties in California adequately plan to meet the housing needs of everyone in their communities at all income levels.

HUD (U.S. Department of Housing and Urban Development): The federal agency responsible for housing policy and programs.

Inclusionary Housing: To be considered inclusionary, a housing development is required to have a certain percentage of affordable housing units (typically five to 20 percent) to be included when market-rate housing is being built.

JADU (Junior Accessory Dwelling Unit): A smaller unit within the primary home, usually repurposed from existing space.

Ministerial Approval: Ministerial approval is a faster and less complex approval process compared to discretionary review, which involves public hearings and more subjective judgment.

NIMBY (Not in My Backyard): A term describing opposition to development projects, especially housing.

Notice of Funding Availability (NOFA): A NOFA or Notice of Funding Opportunity (NOFO) is a document that announces a funding opportunity for grants. NOFAs can be used to announce funding opportunities for various housing-related programs, such as HUD's housing counseling programs, Community Development Financial Institution programs (CDFI), and programs for rural housing.

Objective design standards: Projects seeking ministerial approval must demonstrate compliance with clear, objective standards and regulations, often outlined in zoning ordinances or specific codes.

The South Coast Housing Market Area includes the cities of Carpinteria, Santa Barbara, and Goleta, as well as unincorporated Montecito, Summerland, Toro Canyon, Mission Canyon, Eastern Goleta Valley, Isla Vista, Hope Ranch, UCSB, and Gaviota.

Workforce Housing: For purposes of this report, workforce housing refers to housing that is needed for households who do not qualify for affordable housing because their income exceeds the AMI for moderate income in any city or County area on the South Coast, but cannot afford market rates for housing for rent or sale. A large number of the workers employed by public and private employers fall within this category.

ADDITIONAL RESOURCES

Housing Elements for the 2023-2031 Cycle:

1. City of Santa Barbara:
<https://santabarbaraca.gov/HousingElement>
2. City of Goleta:
cityofgoleta.org/home/showpublisheddocument/29869/638375666841470000
3. City of Carpinteria:
<https://carpinteriaca.gov/city-hall/community-development/planning/housing-element-update/>
4. County of Santa Barbara:
<https://www.countyofsb.org/3177/Housing-Element-Update>

Housing Element Annual Progress Reports for 2024:

1. City of Santa Barbara Housing Element Annual Progress Report, 2024:
<https://santabarbaraca.gov/sites/default/files/2025-03/HE%20APR%20SantaBarbara2024.pdf>
2. City of Goleta Housing Element Annual Progress Report, 2024:
<https://www.cityofgoleta.org/home/showpublisheddocument/31599/638785768381830000>
3. City of Carpinteria Housing Element Annual Progress Report, 2024:
<https://carpinteriaca.gov/wp-content/uploads/2025/05/2024-HE-APR-Staff-Report-with-Attachments-3-10-2025.pdf>
4. County of Santa Barbara Housing Element Annual Progress Report, 2024:
<https://content.civicplus.com/api/assets/1aa7eb3e-858e-450a-82fb-549760e6fee8>