



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: Planning and Development
Department No.: 053
For Agenda Of: December 5, 2023
Placement: Departmental
Estimated Time: 2 hours
Continued Item: No
If Yes, date from: N/A
Vote Required: Majority (3/5ths)

TO: Board of Supervisors
FROM: Department Lisa Plowman, Director, Planning and Development
Director(s) Department, (805) 568-2086
Contact Info: Alex Tuttle, Deputy Director, Long Range Planning
(805) 884-6844
SUBJECT: 2023-2031 Housing Element Update

County Counsel Concurrence

As to form: Yes

Other Concurrence:

As to form: N/A

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

Planning & Development Department staff recommend that the Board of Supervisors consider the recommendations of the County Planning Commission and adopt a general plan amendment, Case No. 22GPA-00000-00002, to adopt the 2023-2031 Housing Element Update (HEU), dated December 2023, of the Santa Barbara County Comprehensive Plan as required by State housing element law (Government Code Sections 65580 through 65589.11).

The Board's action should include the following:

- a) Make the required findings for approval of the proposed general plan amendment, including California Environmental Quality Act (CEQA) findings, included as Attachment 1;
- b) Determine that the adoption of the HEU is exempt from CEQA pursuant to State CEQA Guidelines Section 15061(b)(3) ("common sense exemption"), included as Attachment 2;
- c) Adopt a resolution to approve the proposed general plan amendment, Case No. 22GPA-00000-00002, to adopt the HEU, included as Attachment 3 and Exhibit 1 of Attachment 3, respectively; and
- d) Authorize staff to submit the adopted HEU to the California Department of Housing and Community Development for a final determination as to whether the HEU complies with State housing element law.

Summary Text:

The Housing Element is a State-mandated "element," or chapter, of the Comprehensive Plan. Its principal purpose is to accommodate existing and projected housing needs for all residents of the

unincorporated county, including various household types, special needs groups, and lower-income households. State housing law requires that the County of Santa Barbara (County) update its Housing Element every eight years. The current update is for the 2023-2031 planning period.

State housing law establishes the Housing Element's minimum contents. The draft Housing Element Update (HEU) consists of a principal document with five chapters. It also includes nine separate appendices with detailed data and analyses. The draft HEU's content includes the following:

- Housing Needs Assessment
- Housing Resources and Opportunities
- Assessment of Fair Housing
- Housing Constraints
- Sites Inventory
- Goals, Policies, Programs, and Actions

The County must accommodate its fair share of the region's housing needs, or Regional Housing Needs Allocation (RHNA). The County's 2023-2031 RHNA totals 5,664 housing units divided into four income levels – very low, low, moderate, and above moderate. A sites inventory shows that the County lacks sufficient sites under current zoning to meet its RHNA for the lower and moderate-income levels. (State HCD and the County use the term “lower-income” to refer to the combined very low- and low-income levels.) At a minimum, the County must rezone sites (i.e., change land use and/or increase residential density) to meet 100 percent of its RHNA for each income level. The sites inventory includes more potential rezone sites than necessary to meet the RHNA plus a 15 percent buffer for the lower and moderate-income levels. Therefore, the Board will have some flexibility to keep or discard sites when it selects the final rezone sites. The sites inventory also identifies County-owned sites that could help meet the RHNA.

Chapter 5 of the draft HEU contains goals and policies that will help remove governmental constraints to new housing, conserve existing affordable housing, promote equal housing opportunities, ensure adequate sites for new housing development, and otherwise assist with the development of housing throughout the unincorporated county. Chapter 5 also contains 25 programs and 99 actions that the County will take to implement the goals and policies. The Planning & Development Department's (P&D's) Long Range Planning Division (LRP) would be responsible for implementing a majority of the programs and actions. Implementation will require considerable staff time and resources throughout the 2023-2031 planning period.

The California Department of Housing and Community Development (State HCD) reviews and determines whether draft and adopted housing elements comply with State housing element law. State HCD reviewed two formal draft HEUs and two sets of minor technical edits to specific sections of the draft HEU. On October 16, 2023, State HCD notified the County that the draft HEU substantially complies with State housing element law (Attachment 4) and was ready to move to adoption hearings. Please be advised that substantive revisions to the draft HEU could jeopardize State HCD's compliance determination.

During a hearing on November 8, 2023, the County Planning Commission recommended that the Board adopt the HEU (Attachment 5) with minor revisions to Program 22, Recreational Amenities for Housing Projects, described further below. The County Planning Commission staff report covers the material in this Board Letter but in more detail (Attachment 6).

On December 5, 2023, the Board will consider adopting the HEU. It will not consider or take any action on the potential rezone sites or County-owned sites. Following adoption of the HEU, the County Planning Commission will make recommendations and the Board will consider and select final rezone sites and County-owned sites as part of a separate hearing and adoption process in early 2024 once the Program Environmental Impact Report analyzing potential impacts associated with the rezones is complete. Staff has nonetheless included information in this Board Letter regarding the potential rezone sites and County-owned sites for informational and background purposes.

Background and Project Information:

Santa Barbara County is experiencing one of the nation's most severe housing crises, including inadequate supply, high costs, and overcrowding. The average rent in the county is \$2,447 per month. The median cost of a home in the county is \$1,072,500. However, in 2021, the average annual salary was \$62,020. As a result, the majority of the workforce in critical services (e.g., agriculture, healthcare, public safety, and education) struggle to afford local housing or live long distances from their jobs. For example, 55 percent of renters are cost burdened, which means they pay more than 30 percent of their income on housing. Each day approximately 31,000 workers commute to the South Coast from areas with more affordable housing. Please see Section 5.1 of the County Planning Commission staff report dated November 1, 2023 (Attachment 6), for additional background information.

1.0 RHNA and Income Levels

The RHNA process determines how many new homes, and the affordability of those homes, that each local government must plan for in its housing element. In accordance with State housing law, State HCD set the total housing units needed in Santa Barbara County (24,856) at the start of the update process. The Santa Barbara County Association of Governments (SBCAG) then allocated a portion of the total housing units to each incorporated city and the unincorporated County. SBCAG’s RHNA Plan also allocated the total housing units into the four income levels and two sub-regions – South Coast and North County. As shown in Table 1, below, the County’s 2023-2031 RHNA totals 5,664 housing units. Nearly 75 percent of the County’s RHNA was allocated to the South Coast to help, in part, address the jobs-housing imbalance, which increases housing demand, housing costs, and long-distance commuting, and in turn, greenhouse gas emissions. Meeting the County’s RHNA will reduce commuter trips to the South Coast, which will help the County achieve its climate goals contained within the Climate Action Plan.

Table 1 – 2023-2031 RHNA for Unincorporated Santa Barbara County

Sub-Region	RHNA by Income Level			Total RHNA
	Lower	Moderate	Above Moderate	Total
South Coast	1,766	1,051	1,325	4,142
North County	807	229	486	1,522
Total	2,573	1,280	1,811	5,664

2.0 No Net Loss and RHNA Buffer

In 2019, the State legislature passed the “No Net Loss Law” (GC Section 65863). This law requires that after the adoption of the Housing Element local governments must ensure that throughout the eight-year planning period there are sufficient sites at all times to meet their RHNA at every income level. If at any

point in the eight-year cycle the County is found to have a shortfall of sites, the agency must identify and rezone additional sites within 180 days. As recommended by State HCD, the County added a 15 percent “buffer” to its RHNA for the lower- and moderate-income levels. This buffer reduces the likelihood that the County will need to rezone additional sites during the planning period in the event that sites develop with fewer affordable units than anticipated. The RHNA (5,664 units) plus the 15 percent buffer (576 units) totals 6,240 housing units.

3.0 Sites Inventory

The sites inventory identifies specific parcels (sites) that are available and suitable for housing development. It also determines the County’s current capacity to accommodate its RHNA for each income level. The County’s current housing capacity includes the following categories:

- Vacant sites under existing zoning;
- Projected accessory dwelling units (ADUs); and
- Pending projects.

These three categories contribute 5,437 total units toward the County’s 2023-2031 RHNA. Table 2, below, shows the total number of potential units from the County’s current capacity in each sub-region for each income level. It also shows that the County lacks sufficient capacity to accommodate its lower- and moderate-income RHNA in the South Coast and its lower-income RHNA in the North County.

Table 2 – Shortfall and Surplus of RHNA Units by Income Level and Sub-Region

Sub-Region/Method of Meeting the RHNA	Units by Income Level		
	Lower	Moderate	Above Moderate
South Coast			
RHNA	1,766	1,051	1,325
RHNA + 15% Buffer	2,030	1,208	1,325
Current Capacity (Vacant Sites, ADUs, and Pending Projects)	366	351	2,110
Surplus (+)/Shortfall (-) ¹	-1,664	-857	+785
North County			
RHNA	807	229	486
RHNA + 15% Buffer	928	263	486
Current Capacity (Vacant Sites, ADUs, and Pending Projects)	441	439	1,730
Surplus (+)/Shortfall (-) [*]	-487	+176	+1,244

* Surpluses and shortfalls reflect RHNA plus a 15 percent buffer. Cells in red indicate a unit shortfall. Cells in green indicate a unit surplus.

4.0 Actions to Accommodate the RHNA plus 15 Percent Buffer

The County will accommodate its RHNA plus the 15 percent buffer for lower- and moderate-income levels through a combination of potential rezone sites and County-owned sites.

Potential Rezone Sites: Staff examined more than 1,000 vacant and non-vacant sites throughout the county and used a set of site selection criteria based on guidance from State HCD to identify an initial

list of potential rezone sites. Staff prioritized vacant infill development sites in designated Urban Areas. These sites are closer to public transit, water, sewer, utilities, and other services and infrastructure. However, some of the selected sites do not meet all of the site selection criteria due to the limited availability of optimal sites.

The draft HEU identifies 18 potential rezone sites in the South Coast with a total unit potential of 5,848 units. These sites fall within the Eastern Goleta Valley Community Plan area, Goleta Community Plan area, and Carpinteria Valley. Attachment 7 lists each potential rezone site in the South Coast and its potential number of units for each income level.

The draft HEU identifies 18 potential rezone sites in the North County with a total unit potential of 2,300 units. These sites fall within the following general locations: (1) Orcutt Community Plan area, (2) Santa Ynez Valley Community Plan area, (3) New Cuyama, and (4) Mission Hills. Attachment 8 lists each potential rezone site in the North County and its potential number of units for each income level.

County-Owned Sites: Staff examined approximately 500 vacant and non-vacant County-owned sites throughout the county. The draft HEU describes nine sites on the South Coast that are suitable for future housing development. Based on conceptual plans and proposed densities, future development of all of these sites would result in 320 units. Attachment 9 lists each County-owned site and its potential number of units for each income level.

5.0 Programs and Actions

Chapter 5 contains goals (6), policies (17), programs (25), and actions (99). The goals are statements that express the County's intent and general strategies for addressing housing-related needs.

- Goal 1:** Enhance the affordability, diversity, quantity, and quality of the housing supply and promote livable communities.
- Goal 2:** Promote, encourage, and facilitate housing for special needs groups.
- Goal 3:** Affirmatively further fair housing.
- Goal 4:** Preserve the affordable housing stock and cultivate financial resources for the provision of affordable housing ...
- Goal 5:** Foster cooperative relationships and efficient government.
- Goal 6:** Promote homeownership and/or the continued availability of affordable housing units ... including extremely low-, very low-, low-, moderate-, and/or upper moderate-income households ...

Each goal encompasses one or more policies, statements that describe the County's preferred course of action among a range of other options. The programs (listed in Table 3 below) and accompanying actions describe specific, measurable steps and outcomes that the County will take to implement the goals and policies. They include a timeframe for implementation and identify the department(s) responsible for their implementation. For example, Program 16 explains that Chapter 3 of the draft HEU identifies a range of governmental constraints to new housing development that the County plans to reduce or eliminate. One of the 11 accompanying actions directs the County to modernize the multifamily residential and commercial zone districts to allow and/or streamline the approval process for multifamily housing within three years of adoption of the HEU.

Table 3 – Draft HEU Program Summaries

Program	Summary	Responsible Department(s)
Program 1: Adequate Sites for RHNA and Monitoring of No Net Loss	Rezone sites to meet the RHNA plus 15 percent buffer and apply standards that require use-by-right ministerial processing for qualifying housing projects.	P&D
Program 2: Use-By-Right Approval	Update the zoning ordinances to address the zoning and use-by-right approval requirements, which provides that qualifying housing projects are not subject to discretionary review or CEQA.	P&D
Program 3: Replacement Housing	Update the zoning ordinances to include the replacement requirements for units that were rented in the past five years and occupied by low- or very low-income households.	P&D
Program 4: Inclusionary Housing	Amend the Inclusionary Housing Ordinance to ensure compliance with State law and increase the required term of affordability.	P&D and Community Services Department (CSD)
Program 5: Tools and Incentives for High-Quality Affordable Housing	Add administrative and financial incentives and tools to facilitate the development of affordable housing.	CSD
Program 6: Housing for Farmworkers and Other Employees	Evaluate and revise permit procedures to streamline the permit process for farmworker housing and housing for other employees.	P&D and CSD
Program 7: Project Homekey	Continue to support and expand Project Homekey sites.	CSD
Program 8: Housing for the Homeless	Implement the County’s Community Action Plan to Address Homelessness.	CSD
Program 9: Sites for Emergency Shelters	Amend the zoning ordinances to ensure there are sufficient sites zoned for emergency shelters to house the unincorporated county’s unsheltered homeless population.	P&D
Program 10: Accessory Dwelling Units (ADUs)	Update online resources, provide financial assistance to property owners, and amend the zoning ordinances to comply with State ADU law.	P&D and CSD
Program 11: Senate Bill 9 Implementation	Adopt an ordinance to implement SB 9.	P&D

Program 12: Priorities for Disposal of County Land	Dispose of County sites in accordance with the Surplus Land Act and develop housing on County-owned sites.	P&D and General Services
Program 13: Density Bonus Provisions	Create a County density bonus program for 100 percent moderate-income projects.	P&D
Program 14: Water and Sewer Services	Support the expansion of water and sewer facilities to accommodate RHNA units.	P&D, CSD, and Public Works
Program 15: Water and Sewer Service Priority for Affordable Housing	Deliver the adopted HEU and any subsequent amendments to all water and sewer providers.	P&D
Program 16: Reduction of Governmental Constraints	Update the zoning ordinances to comply with recent State laws that remove governmental barriers to housing development.	P&D
Program 17: Tenant Protection and Fair Housing Services	Continue to provide fair housing education and services by partnering with local providers.	P&D and CSD
Program 18: Preservation of Affordable Housing at Risk of Conversion to Market Rate and Mobile Home Parks	Monitor the status of and pursue funding to preserve affordable units at risk of conversion to market rate and mobile home parks.	P&D and CSD
Program 19: Short-Term Rentals	Develop a short-term rental program for the coastal zone.	P&D
Program 20: Housing Rehabilitation	Support affordable housing providers in conserving, improving, and rehabilitating existing affordable housing.	P&D and CSD
Program 21: Local Preference	Study the feasibility of developing a local preference housing program.	P&D and CSD
Program 22: Recreational Amenities for Housing Projects	Consider a tiered reduced Parks development impact fee for affordable housing projects.	P&D, CSD, and County Executive Office
Program 23: Workforce Housing Study	Complete a workforce housing study.	CSD and General Services
Program 24: Rental Housing Incentive Program	Create a program to incentivize rental housing development that includes an increase in density for smaller-sized units.	P&D
Program 25: Lower-Income Community Revitalization	Conduct outreach and prioritize funding for infrastructure projects in environmental justice communities.	P&D, CSD, and Public Works

Most of the programs and actions are necessary to comply with State housing law and State HCD's findings and revisions to the two draft versions of the HEU. As a result, the County has little opportunity to make substantive changes to these programs and actions without jeopardizing the draft HEU's compliance with State housing law.

Adoption of the HEU commits the County to completing the programs and actions within specified timelines. LRP would be solely responsible for implementing approximately one-half of the 99 actions. LRP would also help other departments implement approximately 20 additional actions. The Fiscal Analysis section, below, provides an estimate of LRP staffing necessary to complete those programs and actions that the County should complete within the next four years.

6.0 Public Outreach

Staff began public outreach activities at the start of the planning process, and they will continue these activities through adoption of the HEU and rezone sites. Outreach and engagement efforts over the past two years have included the following:

- Housing Element Update Website (English and Spanish)
- YouTube videos (English and Spanish)
- Mailed notices (790 draft HEU contacts, 10,000 total contacts)
- Housing needs and conditions survey (538 responses)
- Environmental impact report scoping hearing (August 25, 2022)
- Stakeholder meetings
- Public workshops (3, South Coast and North County) (June 22, 2022; November 16 and 17, 2022)
- Public review period for the draft HEU (509 comments)
- Interactive map (housing sites)
- Virtual housing plan simulations (South Coast and North County)
- Planning Commission update (June 8, 2022)
- Board of Supervisor hearings (February 14, 2023; April 4, 2023, and October 17, 2023)
- Planning Commission hearing (November 8, 2023)

7.0 Draft HEU Revisions

The County recently decided to make two technical revisions to the HEU. These revisions are described below. Staff discussed them with the County Planning Commission on November 8, 2023. These revisions will have no substantive effect on the draft HEU, but they alter the Board's selection of potential rezone sites and the County's calculation of the affordability, or income levels, of new housing units.

Affordability Assumptions for North County: During a hearing on October 17, 2023, the Board reviewed the unit affordability assumptions for North County vacant, residentially-zoned sites with a density of 20 units or more per acre. The draft HEU assumed that, on average, the development of such sites would result in 50 percent lower-income units countywide. Supervisor Nelson (4th District) raised concerns that housing in the North County is less expensive than the South Coast and, therefore, the unit affordability

assumptions for lower-income units should be increased for future housing development in the North County. The Board agreed and directed staff to increase the unit affordability assumptions for these sites from 50 percent to 65, 70, or 75 percent for lower-income units depending on the zone density. This change will reduce the number of rezone sites needed to meet the North County RHNA. State HCD indicated that the County could make this change but cautioned that the No Net Loss Law requires that the County ensure adequate sites are available to meet its RHNA each income level at all times during the 2023-2031 planning period. As a result, staff revised an action in Program 1 to initiate the rezone process to identify additional sites if the buffer is reduced to 5 percent or less. This will give the County additional time to complete the rezone process, including environmental review, and comply with the No Net Loss Law.

County-Owned Sites: The draft HEU listed nine County-owned sites in the South Coast as contributing 320 units to the County's current capacity and RHNA. However, the Board may not select all County-owned sites for future housing development. Therefore, staff revised the draft HEU to shift County-owned sites from current capacity to a new category of sites that the Board may select from to help meet the RHNA, similar to potential rezone sites. This change decreased the County's current capacity and increased the County's shortfall of lower- and moderate-income units in the South Coast.

8.0 County Planning Commission Recommendations

On November 8, 2023, the County Planning Commission held a hearing, received public comments, and adopted a resolution recommending that the Board adopt the HEU (Attachment 5). The motion included a recommendation to revise Program 22, Recreational Amenities for Housing Projects. In part, the revisions direct the County to consider incentives for developers to provide public recreational opportunities within future housing developments. A revision to the second action clarifies that the County will consider reduced impact fees for housing developments that include a "dedication of land for and construction of onsite public recreation facilities." A revision to the third action states that the pending County Recreation Master Plan will identify "incentives to encourage the inclusion of public recreational opportunities within future housing developments." The County Planning Commission action letter includes the full revisions (underlined text) (Attachment 10).

9.0 Environmental Review

The Board's adoption of the HEU is exempt from CEQA pursuant to State CEQA Guidelines Section 15061(b)(3), the "common sense exemption." It can be seen with certainty that there is no possibility that the adoption of the HEU may have a significant effect on the environment. The Notice of Exemption (Attachment 2) contains more information.

The County and its environmental consultant, WSP, are preparing a Program Environmental Impact Report that analyzes the significant environmental effects of the potential rezone sites and County-owned sites. P&D expects to release the Program Environmental Impact Report for public review in mid-December 2023.

10.0 Comprehensive Plan Consistency

The draft HEU's goals, policies, and programs help address the County's housing needs and comply with specific requirements of State housing element law. The goals and policies specify the County's intent and general strategies and courses of action for addressing the housing needs of all economic segments of the community. They address housing-specific topics and, where they relate to non-housing provisions in other elements of the Comprehensive Plan, were written to be consistent with these provisions. Overall, the goals and policies help meet the County's housing needs and, therefore, are in the public interest.

The programs and accompanying actions are limited to housing-specific topics and generally complement or have little or no effect on non-housing provisions in other elements of the Comprehensive Plan. However, some programs may conflict with certain provisions in the Comprehensive Plan depending on how they are implemented but, nonetheless are required by State housing element law. For example, some of the potential rezones in the North County would allow more residential development than permitted in the Orcutt Community Plan's Key Site policies and development standards. In these instances, the County may need to amend the existing provisions of the Comprehensive Plan to ensure consistency with the draft HEU's programs and State housing element law. Implementation of the programs will be separate projects subject to separate decision-maker review and approvals, at which time decision-makers will need to make findings that the programs are consistent with the Comprehensive Plan. As a result, the HEU's programs and actions would ultimately be consistent with the Comprehensive Plan, including the CLUP, community plans, and zoning ordinances.

Fiscal and Facilities Impacts:

Two State grants and the County General Fund have provided funding for preparation of the draft HEU. In 2020, State HCD awarded the County \$500,000 in Local Early Action Planning (LEAP) grant funding and \$164,403 in Regional Early Action Planning (REAP) grant funding to help cover the costs of preparing the draft HEU. All grant funds have been expended with the exception of \$50,000 of LEAP grant funds, which will be disbursed after Board adoption of the HEU. The County General Fund covered the remaining costs from Fiscal Year (FY) 2021-2022 through FY 2022-2023. The County Adopted Budget FY 2023-2024, page 318, includes funding for preparation of the draft HEU as part of P&D's LRP Division Budget Program.

Staff estimates that implementation of HEU programs and actions through the first half of the 2023-2031 planning period (i.e., through June 30, 2027) will require, on average, 2.75 FTEs annually in LRP staff time. This will be discussed further as part of the review of LRP's three-year work program during the budget hearings, as it will have ongoing implications on staffing resources available to work on other long-range planning projects throughout the 2023-2031 planning period.

Special Instructions:

P&D will satisfy all noticing requirements. The Clerk of the Board will provide copies of the Minute Order and the signed resolution to P&D, attention Jessi Steele-Blossom.

Attachments:

1. Findings for Approval (Case No. 22GPA-00000-00002)
2. Notice of Exemption
3. Board Resolution
Exhibit 1: Draft 2023-2031 Housing Element Update (links), dated September 2023
4. State HCD Substantial Compliance Letter, dated October 16, 2023
5. County Planning Commission Resolution
6. County Planning Commission staff report, dated November 1, 2023
7. South Coast Potential Rezone Sites
8. North County Potential Rezone Sites
9. County-Owned Sites

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10. County Planning Commission action letter, dated November 9, 2023

Authored by:

Allen Bell, Supervising Planner, and Jessi Steele-Blossom, Planner

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