



Ordinance to Amend County Code Chapter 46A

County of Santa Barbara | Board of Supervisors

March 4, 2025

Recommended Actions

- A. Consider the introduction (First Reading) of an Ordinance of the Board of Supervisors of the County of Santa Barbara to amend County Code Chapter 46A to amend Section 46A-2, 46A-3, 46A-4, 46A-5, and 46A-6 and implement the specific actions described in Program 4 of the County of Santa Barbara 2023-2031 Housing Element Update (HEU) (Attachment A);
- B. Determine that the proposed action does not constitute a “Project” within the meaning of the California Environmental Quality Act (CEQA), pursuant to Section 15378(b)(5) of the CEQA Guidelines, because it consists of an organizational or administrative activity of government which will not result in direct or indirect physical changes in the environment; and
- C. Continue to the Administrative Agenda of March 18, 2025 to consider recommendations as follows:
That the Board of Supervisors on March 18, 2025:
 - i. Consider the adoption (Second Reading) of an Ordinance of the Board of Supervisors of the County of Santa Barbara to amend County Code Chapter 46A to amend Section 46A-2, 46A-3, 46A-4, 46A5, and 46A-6 and implement the specific actions described in Program 4 of the County of Santa Barbara 2023-2031 Housing Element Update (HEU); and
 - ii. Determine that the proposed action does not constitute a “Project” within the meaning of the California Environmental Quality Act (CEQA), pursuant to Section 15378(b)(5) of the CEQA Guidelines, because it consists of an organizational or administrative activity of government which will not result in direct or indirect physical changes in the environment.

Purpose

6th Cycle Housing Element Update
(HEU) Program 4 Specific Actions

In adopting the County's 2023-2031 Housing Element Update (HEU), the Board of Supervisors called for updates to help increase the supply of affordable housing and reflect current state housing laws. Specifically, Program 4 requires the County amend the IHO as follows:

1. Replace the residential second unit provision to include Accessory Dwelling Units (ADUs),
2. Increase the length of time the unit retains the sales price restriction from 45 to 90 years,
3. Consider applying the IHO to rental housing developments, and
4. Make any other changes required to comply with state law.

1. Replace the residential second unit provision to include Accessory Dwelling Units (ADUs)



2. Increase the length of time an IHO unit retains a sales price restriction from 45 to 90 years

RECORDING REQUESTED BY AND RETURN TO

Community Services Department
Housing and Community Development Division
County of Santa Barbara
123 E. Anapamu Street, Room 202
Santa Barbara, CA 93101

ATTN: HCD Property Management

APN(s): XXX-XXX-XXX

AGREEMENT TO PROVIDE AFFORDABLE HOUSING
AND RENTAL RESTRICTIVE COVENANT

This Document Creates a Lien on Real Property

PROJECT NAME:
SAMPLE

PLANNING AND DEVELOPMENT CASE NUMBER:
SAMPLE

This Agreement to Provide Affordable Housing and Rental Restrictive Covenant and Preemptive Right (hereinafter "Agreement") by and between SAMPLE (hereinafter "Developer"), the County of Santa Barbara, a political subdivision of the State of California, (hereinafter "County") and SAMPLE LLC (hereinafter "Owner"), is entered into on the date set forth below.

RECITALS

WHEREAS, the County has granted Developer approval to develop a hotel consisting of 165,219 square feet of new net floor area as described in Project Case Number SAMPLE to be called the SAMPLE (the "Project"). Developer proposes to develop the Project on property owned by the Owner and further identified as Assessor Parcel Numbers XXX-XXX-XXX, located at Address, X Supervisorial District, and is more fully described in Exhibit "A" attached hereto and made a part hereof for all purposes (the "Subject Property"); and

WHEREAS, the County has determined that the granting of approval for SAMPLE requires as Project Conditions of Approval that Owner and Developer provide affordable housing; and

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3. Consider the application of Inclusionary Housing requirements to rental housing developments



State Law Changes for IHO Compliance (continued)

AB 1505 Compliance/Rental Proforma Feasibility Analysis

	Elements Apartments	
	100% Market Rate	20% Inclusionary
Product Type	Rental Apartments	
# of Units	167	167
Studio	10	10
1 Bedroom	28	28
2 Bedroom	10	10
3 Bedroom	119	119
Average Unit Size	1,149	1,149
Stories	4	4
Units/Acre (Density)	41	41
Net Operating Income ¹	\$4,653,158	\$4,414,968
Fair Market Value ²	\$93,063,153	\$88,299,370
Development Costs ³	(\$82,002,522)	(\$82,002,522)
Residual Land Value per Acre ⁴	\$2,724,293	\$1,550,948
Market Land Value per Acre ⁵	\$888,744	\$888,744
% Residual Exceeds Market Land Value per Acre	207%	75%
	Feasible	Feasible

1 - Rental income and other income minus operating expenses and vacancy @ 5.5%.

2 - NOI divided by Capitalization Rate (the ratio between the NOI and the fair market value of a property. Used to calculate the fair market value.

3 - Calculated using Marshall & Swift Construction Cost Index (a CoreLogic product) with two sets of location multipliers applied - as of June 2024.

4 - Residual land value calculated as Fair Market Value minus Development Costs.

5 - According to comparable sales in Santa Maria in 2023 and 2024 per Costar (a CoreLogic product).

State Law Changes for IHO Compliance (continued)

Housing Market Area	Median Rent (All Home types as of May, 2024)
Santa Maria	\$2,800
Lompoc	\$2,500
Buellton	\$2,395
South Coast	\$7,237
County-wide	\$3,304

IHO Household Income Categories	Maximum Affordable Housing Payment
Very-low income - 50% AMI \$59,550/year	\$1,489/month
Low-income - 80% AMI \$95,300/year	\$2,383/month
Moderate income - 120% AMI \$142,900/year	\$3,573/month
Workforce income - 200% AMI \$238,200/year	\$5,955/month

If Maximum affordable rental housing payment for an income category is > Median rent for an Housing Market Area (HMA), then IHO housing requirements for that income category are waived for that HMA's rental project.

4. Make any other changes required to comply with state law



State Law Changes for IHO Compliance: State Density Bonus Law (SDBL) for Ownership Units

SDBL Government Code § 69515(c)(2)(C)

SBDL allows for an equity sharing agreement to apply to the first owner of an affordable unit; it does not extend the affordability of the unit beyond the first owner.

Recommended Amendment to County Code § 46A-3

Allows for SDBL ownership units to be subject to the affordable housing covenant provisions of the Inclusionary Housing Ordinance.

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