

# SANTA BARBARA COUNTY PLANNING COMMISSION

## Housing Element Briefing

**Hearing Date: September 5, 2007**  
**Staff Report Date: August 24, 2007**  
**Regulatory Program Report**

**Director: John McInnes**  
**Division: Long Range Planning**  
**Staff Contact: David Matson**  
**Phone #: 805-568-2068**

### 1.0 RECOMMENDATIONS

Staff recommends the Planning Commission receive and file this briefing on the status of the Housing Element. No action from the Planning Commission is necessary at this time.

### 2.0 PURPOSE OF BRIEFING

The Planning Commission will receive an update from the Office of Long Range Planning regarding the status of the County's Housing Element. The briefing will discuss:

- The completion of the 2003-2008 Housing Element and the implications of the recent Board adoption of the Isla Vista Master Plan, and
- A preview of the 2007-2014 Regional Housing Needs Allocation (RHNA) planning period and the related 2009-2014 Housing Element Cycle

### 3.0 BACKGROUND

Under State law, Housing Elements must be updated every five years and submitted to the State Department of Housing and Community Development (HCD) for review. The current Housing Element planning period runs from 2003 through 2008. After a jurisdiction prepares its Housing Element, it is required to submit the element to HCD for review and HCD is required to issue findings certifying whether the element substantially complies with state Housing Element law. Housing Element certification is important for several reasons: to maintain eligibility for certain grant funding programs, to ensure the legal adequacy of the General Plan, and to preserve local control of land use decisions. The following timeline briefly summarizes County actions related to the Housing Element.

**March 12, 2004:** County splits Housing Element into the Adoption and Action Phases and adopts the 2003-2008 Housing Element.

**May 9, 2006:** Board of Supervisors Adopts Revised 2003-2008 Housing Element and Certifies the Negative Declaration applies to the revised element.

**August 2, 2006:** HCD Issues conditional certification for the Revised 2003-2008 Housing Element.

**June, 2007:** HCD grants extension to December 31, 2007 for County to complete Housing Element implementation, specifically the rezone requirement.

**August 21, 2007:** Board of Supervisors approves IVMP and certifies the IVMP Final EIR.

**August 24, 2007:** A letter requesting Housing Element final certification sent to State HCD by County.

## **Regional Housing Needs Assessment**

Prior to the beginning of a Housing Element planning period, State HCD issues the Regional Housing Needs Assessment (RHNA), which is then allocated by the Santa Barbara County Association of Governments (SBCAG) in the RHNA Plan. This plan describes the methodology to distribute State HCD's assessment and quantifies the housing need for each city as well as the unincorporated by income category for the planning period. Under state law, the RHNA and housing elements must identify and plan for housing needs in four income categories:

- Very Low (50% or less of county median income);
- Low (51-80% of median income);
- Moderate (81-120% of median income); and
- Above Moderate (greater than 120% of median income)<sup>1</sup>.

Housing Elements must also demonstrate that sufficient vacant or underdeveloped land is available with appropriate zoning to accommodate the housing needs of each of these economic categories. The emphasis of the analysis is on the very-low and low income categories, which together are referred to as lower-income. For suburban jurisdictions, State law establishes 20 dwelling units per acre (du/ac) as the minimum density required to facilitate the development of housing at prices or rents that are affordable to lower-income families in Santa Barbara County.

## **4.0 2003-2008 HOUSING ELEMENT**

The land inventory analysis contained in the Housing Element (p. 117-126) examined both vacant and "underdeveloped" parcels (i.e., parcels where existing zoning would allow more intensive development). This analysis concluded that based on current zoning, the land inventory would need to be increased by 1,235 units to accommodate the need for lower-income housing identified in the RHNA. This shortfall led the County to adopt Policy 1.10: Action Item 1, which requires the rezoning of 62 acres necessary to accommodate 1,235 lower-income units to complete the County's current RHNA assignment of 6064 units.

The 2003–2008 Housing Element update has proceeded in two phases: the "adoption" and the "action" phases. The first phase detailed:

- The County's housing needs and inventory,
- Identified constraints to developing affordable housing, and
- Set forth goals, programs, and policies necessary to satisfy the County's RHNA obligation for this planning period.

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<sup>1</sup> Cal. Government Code Sec. 65584(e)

## **Conditional Certification**

The adoption phase was completed on May 9, 2006 when the Board approved the 2003-2008 Housing Element. The element was submitted to State HCD, who issued findings in a letter dated August 2, 2006 that the County of Santa Barbara's Housing Element was conditionally in compliance with state housing law (See Attachment 1). State HCD indicated that full certification of the County Housing Element was contingent on the County completing the following three conditioned actions:

1. Implement Housing Element Policy 1.10: Action Item 1, requiring the rezoning of land to accommodate the lower-income need of the 2001-2008 RHNA assignment. The Housing Element identified a shortage of land zoned at densities necessary to facilitate production of housing that would be considered affordable-by-design. Specifically, the County sought to rezone enough land to accommodate 1,235 units at a density of 20 du/ac.
2. Ensure that all of the pending or approved projects identified in Appendix E, Table E-2, page E3 of the Housing Element be built, or if final build out capacity of these projects is less than described in the Housing Element, increase the amount of acreage that must be rezoned at 20 du/acre or greater to accommodate the RHNA assignment.
3. Be diligent in ensuring residential development opportunities necessary to accommodate the housing needs of lower-income households are made available in the South Coast Housing Market Area (HMA), which has the greatest job creation rates, when implementing Housing Element Policy 1.10.

### ***Condition 1: Rezone Land***

The Housing Element Action Phase focused on the identification of sufficient sites with potential to accommodate the additional 1,235 multi-family housing units at a density of 20 units per acre<sup>2</sup>. At this density, 62 acres of land would provide the capacity for 1,235 additional lower-income units. In 2006, the County initiated a process to evaluate potential sites for rezoning and began preparing an EIR to address the potential environmental impacts related to the rezone of the ten sites previously identified by the Planning Commission. As a part of the evaluation, additional alternative sites are analyzed as required by the California Environmental Quality Act (CEQA). Until recently, staff was working to update the County's current land inventory for the purpose of identifying potential rezone alternatives.

Both staff and decision-makers have remained cognizant that at any point in time, the Isla Vista Master Plan and/or the Santa Ynez Valley Community Plan could be adopted. Adoption of either plan would have significant potential to help make up the RHNA shortfall identified in the Housing Element's land inventory. More specifically, Policy 1.10, Action Item 4 identifies the land rezoning potential of the Isla Vista Master Plan (IVMP) which would provide opportunities for multi-family housing. At the time the Housing Element was drafted, the status of the IVMP was uncertain and the amount of land available for additional affordable units through rezoning was speculative. As such, the Isla Vista area was largely excluded from analysis in the Housing

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<sup>2</sup> Santa Barbara County and its cities are considered suburban jurisdictions, which are assigned a lower-income "default" density of 20 du/ac under state law.

Element in terms of the number, type, and tenure of housing that would eventually be made possible in the adopted plan.

On August 21, 2007, the Santa Barbara County Board of Supervisors adopted the Isla Vista Master Plan (IVMP), which rezoned 259.5 acres of land and provided a net increase of 1,447 additional multi-family units in the South Coast HMA. Of these, 1,415 units could be built at densities ranging from 25-45 dwelling units per acre (du/ac); consistent with the State's requisite density for lower-income housing in Santa Barbara County. The unit potential in the IVMP exceeds the RHNA shortfall of 1,235 units by 180 units (15%) and thereby satisfies State HCD's primary condition for certification of the 2003-2008 Housing Element.

Since the County's inventory of affordable housing sites now exceeds the shortfall identified in the Housing Element for the current RHNA assignment, the rezoning requirement has been completed. Based on recent conversations with State HCD staff, it is our understanding that the County Housing Element is now eligible for certification. County staff has submitted a letter to State HCD requesting that State HCD issue a letter with findings certifying that the County is now in substantial compliance with state law (See Attachment 2).

***Condition 2: Appendix E***

To date the projects identified in Appendix E of the Housing Element remain on track for development.

***Condition 3: Consider South Coast HMA for Rezone Options***

The Isla Vista planning area is entirely contained within the South Coast HMA.

**Remaining Action Items and Future Reports**

Since the County has now met its RHNA shortfall, no additional rezone actions are necessary. As such, the need to modify current community plans to provide consistency with the General Plan, as well as the need to make changes to the Land Use Development Code have become unnecessary. In conversation with State HCD, staff has pledged to provide a status report of the County's efforts to address the State's affordable housing goals, as described in the Housing Element action items in future General Plan Annual Reports. The next Annual Report is due April 2008.

**California Environmental Quality Act (CEQA) Compliance**

With the adoption of the IVMP and certification of the IVMP Final EIR (03-EIR-08), there is no longer a shortfall in the County's land inventory for affordable housing; therefore no additional sites need be identified during this planning period. Since the identification and rezoning of additional sites for lower-income housing was the primary impetus behind the Housing Element EIR, this analysis is no longer necessary and work on the EIR has been suspended. During the next RHNA process, and related land inventory analysis, this previously completed work will prove useful, as the data contained within the draft analysis will help frame the argument surrounding the County's ability to accommodate future RHNA assignments by highlighting significant resource and infrastructure constraints.

## **5.0 2007–2014 RHNA PLAN**

The Office of Long Range Planning has lead responsibility for representing the County in the RHNA and Housing Element processes and is currently engaged in a number of activities to prepare for the upcoming RHNA and Housing Element cycle. David Matson, Deputy Director of the Office of Long Range Planning, is the County of Santa Barbara's representative on SBCAG's Technical Planning Advisory Committee (TPAC).

The Office of Long Range Planning has developed a strategy for negotiating the unincorporated area's "fair share" portion of the countywide RHNA allocation which includes:

- Updating the countywide land inventory to determine the current buildout capacity of the County's general plan, including a community-by-community analysis of housing opportunities and environmental constraints for development.
- Analyzing labor statistics to determine where new jobs are being created and the housing impacts associated with those jobs.
- Reviewing State HCD's RHNA methodology, SBCAG's regional growth forecast, and comparing this data with the County's own population and household forecasts and cohort modeling.
- Evaluating the status and effectiveness of current County Housing Element policies.
- Analyzing demographic and local economic trends to determine how changes to the Federal, State, and regional economies will affect employment and housing demand in the County.
- Evaluating how changes in household sizes will impact local communities.
- Preparing an implementation plan for the recently enrolled AB1019 legislation in conjunction with developing countywide annexation policy. The office closely supports land use policy legislation and all annexation proceedings in coordination with the CEO's office.
- Conducting a review of current literature and best practices related to housing, including demographic characteristics, jobs-housing issues, and the environmental impacts of population growth.
- Preparing a schedule of key regulatory milestones for the public, elected representatives, and the Planning Commission to keep the responsible and interested parties informed, involved, and engaged.
- Provide regular updates on the status of the Housing Element update and HCD activities to the Planning Commission, the Board of Supervisors, SBCAG's TPAC and the SBCAG Board.

On July 31, 2007, State HCD held a consultation meeting in San Luis Obispo with members of SBCAG staff as well as representatives from the TPAC. The purpose of the meeting was to receive an update on major changes to State housing law, obtain an overview of the RHNA process, and to receive the preliminary draft RHNA determination for the SBCAG region. The preliminary RHNA for all the cities and unincorporated county is 13,112 units. For purposes of comparison, the RHNA for the last cycle was 17,530 units. This RHNA assignment of 13,112 units for the 2007-2014 planning period is preliminary, and no specific determination has been finalized or distributed to local jurisdictions within the SBCAG region. Although the timeframe for the next Housing Element will be 2009–2014, the RHNA covers the 7-1/2 year planning period from January 2007 through June 2014; therefore any housing units built or approved after January 1, 2007 will be credited toward the next RHNA. The preliminary draft RHNA is determined by State HCD using population and household growth projections issued by the State Department of Finance.

The preliminary RHNA was reviewed by the SBCAG – TPAC at the August 2, 2007 meeting. At that meeting, presentations were made by the staff and TPAC members who had attended the consultation meeting with State HCD. TPAC, after receiving those presentations and discussing the issues surrounding the consultation voted to draft a letter to HCD asking for a consultation in order to seek clarification of the methodology used by HCD to prepare the preliminary RHNA. State law requires that the final RHNA determination handed down by State HCD be developed in consultation with a local Council of Governments<sup>3</sup>. A recommendation was forwarded to the SBCAG Board to pursue additional administrative remedies prior to accepting State HCD's RHNA determination for the 2007-2014 planning period.

To date, SBCAG has not received a response from State HCD regarding its request for consultation. Once consultation and negotiations with State HCD have been completed and the final RHNA issued, SBCAG is required by State law to prepare a draft RHNA allocation<sup>4</sup>.

The Office of Long Range Planning has actively participated in all SBCAG – TPAC activities associated with the 2007-2014 RHNA planning period. Those activities related to the 2007-2014 RHNA will continue over the next 12 months, culminating in the SBCAG Board adoption of a final RHNA Plan, which distributes the RHNA numbers to individual jurisdictions within the County. The deadline for submission of the adopted RHNA Plan by SBCAG to State HCD is August 31, 2008. From that date, the County has one year to update, adopt, and submit the 2009-2014 Housing Element to the State for review and certification consideration<sup>5</sup>.

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<sup>3</sup> Cal. Government Code Section 65584 (b)

<sup>4</sup> Cal. Government Code Section 65584.4

<sup>5</sup> Recent amendments to state law extended the current Housing Element period by one year, from 2008 to 2009, hence the next 5-year planning period will be 2009 – 2014.

## **Regional Growth Forecast**

Additionally at the August 2, 2007 meeting, SBCAG – TPAC made minor revisions to the 2005-2040 Regional Growth Forecast (RGF) and voted to recommend final adoption of the RGF to the SBCAG Board of Directors at their August 16, 2007 meeting.

The adoption of the RGF is an important milestone that will enable SBCAG and TPAC representatives to negotiate with HCD regarding the RHNA determination for 2007-2014. State law requires that State HCD's RHNA determination be based on population projections by the State Department of Finance and regional population forecasts. The RGF provides the regional population forecasts that form the statutory basis for local jurisdictions to enter into consultation with State HCD, and if agreement is not attained, provides a statistical basis for filing a formal objection<sup>6</sup>.

The SBCAG Board has directed staff and its TPAC to exhaust all administrative options available to negotiate for a fair and equitable RHNA that is consistent with the adopted RGF. In addition, the SBCAG Board reserved its right to file a formal legal complaint against the State should the RHNA determination be deemed unreasonable. The staff report provided to the SBCAG Board on August 16, 2007 is attached for reference (Attachment 3).

## **Future RHNA Action**

City and County representatives will have the opportunity to participate in the development of the methodology through SBCAG's TPAC meetings and during regular briefings and public hearings held by the SBCAG Board and staff. Once the methodology plan has been adopted by the SBCAG Board and approved by State HCD, the final RHNA allocation will be divided between the cities and unincorporated county by jurisdiction and income category. As mentioned previously, the SBCAG Board must adopt the final RHNA Plan by August 31, 2008. Subsequent to the final RHNA Plan assignment, each jurisdiction is required to update its Housing Element, which must be adopted and submitted to HCD by August 31, 2009.

## **6.0 CONCLUSION AND RECOMMENDATIONS**

This report provides an update on the status of the 2003-2008 Housing Element. The most significant development has been the final approval of the Isla Vista Master Plan by the Board of Supervisors on August 21, 2007. As a result of that approval, the County has now satisfied the primary condition of the Housing Element Action Phase, which was the requirement to rezone adequate land to eliminate the shortfall in the inventory of developable land zoned at residential densities, in order to accommodate its share of RHNA allocation. The County is waiting to hear from State HCD regarding its request for full certification of the 2003-2008 Housing Element, and the completion of the housing cycle.

No action is being requested from the Planning Commission at this time. Staff will continue work to prepare for the RHNA negotiation process, as well as begin data collection necessary to

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<sup>6</sup> Cal. Government Code Section 65584.1 et.seq.

facilitate the 2009 Housing Element update. Status briefings and/or reports will be provided to the Planning Commission as appropriate.

## **ATTACHMENTS**

1. August 2, 2006 letter from State HCD
2. August 24, 2007 Letter from County to State HCD
3. August 16, 2007 SBCAG RHNA staff report

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# **ATTACHMENT 1**

Conditional Certification Letter  
from State HCD to Santa Barbara County  
August 2, 2006

**ATTACHMENT 2**

Letter from Santa Barbara County to State HCD  
Requesting Certification  
August 24, 2007

**ATTACHMENT 3**

SBCAG RHNA Staff Report  
August 16, 2007