

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

2020 W. El Camino Avenue, Suite 500
Sacramento, CA 95833
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov



June 16, 2023

Elias Isaacson, Director
Community Development Department
City of Santa Barbara
PO Box 1990
Santa Barbara, CA 93102-1990

Dear Elias Isaacson:

RE: City of Santa Barbara's 6th Cycle (2023-2031) Revised Draft Housing Element

Thank you for submitting the City of Santa Barbara's (City) revised draft housing element received for review on April 19, 2022. Pursuant to Government Code section 65585, subdivision (b), the California Department of Housing and Community Development (HCD) is reporting the results of its review. In addition, HCD considered comments from Steve Johnson and David Kellogg pursuant to Government Code section 65585, subdivision (c).

The revised draft element addresses many statutory requirements; however, revisions will be necessary to substantially comply with State Housing Element Law (Gov. Code, § 65580 et seq). The enclosed Appendix describes the revisions needed to comply with State Housing Element Law.

For your information, pursuant to Assembly Bill 1398 (Chapter 358, Statutes of 2021), if a local government fails to adopt a compliant housing element within 120 days of the statutory deadline (February 15, 2023), then any rezoning to make prior identified sites available or accommodate the regional housing needs allocation (RHNA), including for lower-income households, shall be completed no later than one year from the statutory deadline pursuant to Government Code sections 65583, subdivision (c) and 65583.2, subdivision (c). Otherwise, the local government's housing element will no longer comply with State Housing Element Law, and HCD may revoke its finding of substantial compliance pursuant to Government Code section 65585, subdivision (i). Please be aware, if the City fails to adopt a compliant housing element within one year from the statutory deadline, the element cannot be found in substantial compliance until these rezones are completed.

Public participation in the development, adoption and implementation of the housing element is essential to effective housing planning. Throughout the housing element process, the City should continue to engage the community, including organizations that

represent lower-income and special needs households, by making information regularly available and considering and incorporating comments where appropriate. Please be aware, any revisions to the element must be posted on the local government's website and to email a link to all individuals and organizations that have previously requested notices relating to the local government's housing element at least seven days before submitting to HCD.

Several federal, state, and regional funding programs consider housing element compliance as an eligibility or ranking criteria. For example, the CalTrans Senate Bill (SB) 1 Sustainable Communities grant; the Strategic Growth Council and HCD's Affordable Housing and Sustainable Communities programs; and HCD's Permanent Local Housing Allocation consider housing element compliance and/or annual reporting requirements pursuant to Government Code section 65400. With a compliant housing element, the City will meet housing element requirements for these and other funding sources.

For your information, some general plan element updates are triggered by housing element adoption. HCD reminds the City to consider timing provisions and welcomes the opportunity to provide assistance. For information, please see the Technical Advisories issued by the Governor's Office of Planning and Research at: <https://www.opr.ca.gov/planning/general-plan/guidelines.html>.

HCD appreciates the dedication the housing element team provided during the review. We are committed to assisting the City in addressing all statutory requirements of State Housing Element Law. If you have any questions or need additional technical assistance, please contact me at Paul.McDougall@hcd.ca.gov.

Sincerely,



Paul McDougall
Senior Program Manager

Enclosure

APPENDIX CITY OF SANTA BARBARA

The following changes are necessary to bring the City's housing element into compliance with Article 10.6 of the Government Code. Accompanying each recommended change, we cite the supporting section of the Government Code.

Housing element technical assistance information is available on HCD's website at <http://www.hcd.ca.gov/community-development/housing-element/housing-element-memos.shtml>. Among other resources, the housing element section contains HCD's latest technical assistance tool, Building Blocks for Effective Housing Elements (Building Blocks), available at <http://www.hcd.ca.gov/community-development/building-blocks/index.shtml> and includes the Government Code addressing State Housing Element Law and other resources.

A. Housing Needs, Resources, and Constraints

1. *Affirmatively further[ing] fair housing in accordance with Chapter 15 (commencing with Section 8899.50) of Division 1 of Title 2...shall include an assessment of fair housing in the jurisdiction. (Gov. Code, § 65583, subd. (c)(10)(A).)*

Disproportionate Housing Needs Including Displacement: The element now includes estimates for persons experiencing homelessness as well as disproportionate impacts on protected characteristics. However, the element should still analyze patterns or areas of higher need relative to access to transportation and services and add or modify programs as appropriate. Please see HCD's prior review for additional information.

Identified Sites and Affirmatively Furthering Fair Housing (AFFH): While the element includes a brief summary of sites, it must still evaluate identified sites by income group and location and evaluate impacts on patterns of existing socio-economic concentrations. Please see HCD's prior review for additional information. HCD will also send sample analyses under separate cover.

Contributing Factors to Fair Housing Issues: Based on the outcomes of a complete analysis, the element should re-assess and prioritize contributing factors to fair housing issues.

2. *An inventory of land suitable and available for residential development, including vacant sites and sites having realistic and demonstrated potential for redevelopment during the planning period to meet the locality's housing need for a designated income level, and an analysis of the relationship of zoning and public facilities and services to these sites. (Gov. Code, § 65583, subd. (a)(3).)*

Progress in Meeting the Regional Housing Need Allocation (RHNA): As noted in the prior review, the City's RHNA may be reduced by pending, approved, or built units since June 30, 2022. While the element now demonstrates the anticipated affordability of these units, it must still demonstrate their anticipated availability in the planning period.

Specifically, the element should discuss the status, any barriers to development, and other relevant factors to demonstrate their availability in the planning period.

Realistic Capacity: While the element now discusses various residential capacity assumptions, it must still account for the likelihood of residential development in zones that allow for 100 percent nonresidential development. For example, the element could discuss which zones allow 100 percent nonresidential development, evaluate all (residential and nonresidential) recent trends in the zones, discuss how often these developments include a residential component and account for that likelihood in the calculation of residential capacity. Alternatively, the element could include a program to establish residential performance standards that ensure a residential component.

Small Sites: The element now lists various past projects on sites smaller than a half-acre in size but should also analyze past projects and relate those circumstances to identified sites and add or modify programs as appropriate. The analysis should address the number of units, affordability levels, common ownership, number of parcels consolidated and then relate those circumstances to identified sites. Please see HCD's prior review for additional information.

Suitability of Nonvacant Sites: As noted in the prior review, the element must demonstrate the potential for redevelopment of nonvacant sites, as follows:

- *Sites Inventory*: The element must describe the existing uses of identified sites sufficiently to facilitate an analysis of the potential for redevelopment. For example, the element could list the sites by various indicators of redevelopment potential such as expressed interest in residential redevelopment, age of structure, existing versus allowable floor area ratio and improvement to land value ratio.
- *Indicators of Redevelopment Potential*: The element includes some discussion of improvement to land value ratio and past trends but should utilize and discuss additional factors and support the validity of those factors utilizing past trends. For example, the element could utilize expressed interest in residential redevelopment, age of structure and existing versus allowable floor area and include an analysis similar to improvement to land value ratio.
- *Extent Existing Uses Impede Additional Development*: While the element includes a broad discussion of lease information, it should expand the discussion of existing uses to demonstrate the potential for redevelopment. For example, the element could discuss the age of structures, expressed interest in residential redevelopment beyond a generic statement and indicators of turnover such as vacancy, for sale, structural conditions, lack of investment and recent change of use.

In addition, the element relies on more than 50 percent of the RHNA for lower-income households on nonvacant sites. For your information, absent findings (e.g., adoption resolution) based on substantial evidence, the existing uses will be presumed to impede additional residential development and will not be utilized toward demonstrating adequate sites to accommodate the RHNA.

Availability of Infrastructure: The element still only describes infrastructure capacity will be evaluated as part of the Program Environmental Impact Report but should still demonstrate sufficient existing or planned water and sewer capacity to accommodate the RHNA for the planning period and add or modify programs if necessary.

For your information, water and sewer service providers must establish specific procedures to grant priority water and sewer service to developments with units affordable to lower-income households. (Gov. Code, § 65589.7.) Local governments are required to immediately deliver the housing element to water and sewer service providers. The element should demonstrate compliance with these requirements and add or modify programs, if necessary. For additional information and sample cover memo, see the Building Blocks at <https://www.hcd.ca.gov/priority-for-water-and-sewer>.

Electronic Sites Inventory: For your information, pursuant to Government Code section 65583.3, the City must submit an electronic sites inventory with its adopted housing element. The City must utilize standards, forms, and definitions adopted by HCD. Please see HCD's housing element webpage at <https://www.hcd.ca.gov/community-development/housing-element/index.shtml#element> for a copy of the form and instructions. The City can reach out to HCD at sitesinventory@hcd.ca.gov for technical assistance.

Zoning for a Variety of Housing Types:

- *Emergency Shelters:* The element should still discuss hazardous conditions, and any conditions inappropriate for human habitability. The analysis should also discuss the extent existing uses impede the development of emergency shelters, including reuse and redevelopment opportunities. The element must demonstrate compliance with these requirements and include a program as appropriate.
- *Transitional and Supportive Housing:* Transitional housing and supportive housing must be permitted as a residential use in all zones allowing residential uses and only subject to those restrictions that apply to other residential dwellings of the same type in the same zone. While the element states compliance with these requirements, it also appears to indicate transitional and supportive housing are treated as group homes (p. 65 - see footnote) which can be subject to a conditional use permit. The element must demonstrate compliance with these requirements, including within the coastal zone, and include programs as appropriate.
- *Employee Housing:* The element states there are no agricultural zones in the City but also mentions agricultural uses are fairly stable in the City (p. 43). The element should clearly describe whether any zones allow agricultural uses and if so, add or modify programs to comply with the Employee Housing Act, particularly, section 17021.6 that requires employee housing consisting of no more than 12 units or 36 beds to be permitted in the same manner as other agricultural uses in the same zone.

3. *An analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the types of housing identified in paragraph (1) of subdivision (c), and for persons with disabilities as*

identified in the analysis pursuant to paragraph (7), including land use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, and local processing and permit procedures... (Gov. Code, § 65583, subd. (a)(5).)

Land Use Controls: The element mentions the City does not utilize maximum lot coverages and points to recent projects as supporting information that development standards, particularly heights, do not constrain housing development. However, the element should particularly evaluate heights, including the number of stories, and whether those standards impede the ability to achieve maximum densities, without exceptions, including the average unit program and State Density Bonus Law (SDBL).

Local Processing and Permit Procedures: While the element now lists approval findings for typical developments that are consistent with the general plan and zoning, it should also analyze the approval findings for impacts on approval certainty and add or modify programs as appropriate.

Additionally, the element should address public comments on this revised draft submittal and discuss compliance with the Permit Streamlining Act and intersections with CEQA and timing requirements, including streamlining determinations and add or modify programs as appropriate.

Local Ordinances: The element now describes the inclusionary housing requirement but should also discuss incentives to offset development cost impacts, including how the requirement interacts with SDBL.

On/Off-Site Improvements: The element mentions some typical on and off-site improvements but should also analyze their impact as potential constraints on housing supply and costs.

4. *An analysis of potential and actual nongovernmental constraints upon the maintenance, improvement, or development of housing for all income levels, including... requests to develop housing at densities below those anticipated in the analysis required by subdivision (c) of Government Code section 65583.2... (Gov. Code, § 65583, subd. (a)(6).)*

Developed Densities: The element now briefly describes that there is generally a trend toward higher densities but should still evaluate requests to develop densities less than those assumed in the inventory, evaluate hinderances on achieving the RHNA in the prior planning period and add or modify programs as appropriate. Please see HCD's prior review for additional information.

5. *Analyze any special housing needs such as elderly; persons with disabilities, including a developmental disability; large families; farmworkers; families with female heads of households; and families and persons in need of emergency shelter. (Gov. Code, § 65583, subd. (a)(7).)*

Farmworkers: The element includes some general data on farmworkers and then generally concludes their needs are negligible and can be accommodated through other programs. However, given the housing needs of farmworkers in the broader region, the element should recognize and evaluate their disproportionate housing needs, including household characteristics, income, housing types, affordability gaps or likelihood of disproportionate overpayment, resources, and strategies available, effectiveness of past efforts and add or modify programs as appropriate.

B. Housing Programs

1. *Include a program which sets forth a schedule of actions during the planning period, each with a timeline for implementation, which may recognize that certain programs are ongoing, such that there will be beneficial impacts of the programs within the planning period, that the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the Housing Element... (Gov. Code, § 65583, subd. (c).)*

As noted in the prior review, to have a beneficial impact in the planning period and achieve the goals and objectives of the housing element, programs should have specific commitment toward housing outcomes and discrete and early timing (e.g., at least annually or by a specified date). While the element revises several programs with discrete timing, it should revise Programs HE-14 (Affordable Housing Trust Fund) and 24 (Renters Rights Information) with at least annual outreach.

2. *Identify actions that will be taken to make sites available during the planning period with appropriate zoning and development standards and with services and facilities to accommodate that portion of the city's or county's share of the regional housing need for each income level... Sites shall be identified as needed to facilitate and encourage the development of a variety of types of housing for all income levels. (Gov. Code, § 65583, subd. (c)(1).)*

As noted in Finding A2, the element does not include a complete site analysis; therefore, the adequacy of sites and zoning were not established. Based on the results of a complete sites inventory and analysis, the City may need to add or revise programs to address a shortfall of sites or zoning available to encourage a variety of housing types.

In addition, while Program HE-13 (Housing Production Tracking) commits to monitor accessory dwelling units (ADUs), it should also specifically commit to adopt alternative measures such as rezoning or amending the element within a specific time (e.g., six months) if ADU assumptions are not met.

3. *The Housing Element shall contain programs which assist in the development of adequate housing to meet the needs of extremely low-, very low-, low- and moderate-income households. (Gov. Code, § 65583, subd. (c)(2).)*

As noted in the prior review, the element must also include a program(s) to assist in the development of housing for all special needs households (e.g., homeless, farmworkers, female-headed households). Program actions could include proactive outreach and assistance to non-profit service providers and developers, prioritizing some funding for housing developments affordable to special needs households and offering financial incentives or regulatory concessions to encourage a variety of housing types. Please see HCD's prior review.

4. *Address and, where appropriate and legally possible, remove governmental and nongovernmental constraints to the maintenance, improvement, and development of housing, including housing for all income levels and housing for persons with disabilities... (Gov. Code, § 65583, subd. (c)(3).)*

As noted in Findings A3 and A4, the element requires a complete analysis of potential governmental and nongovernmental constraints. Depending upon the results of that analysis, the City may need to revise or add programs and address and remove or mitigate any identified constraints.

5. *Promote and affirmatively further fair housing opportunities and promote housing throughout the community or communities for all persons regardless of race, religion, sex, marital status, ancestry, national origin, color, familial status, or disability, and other characteristics... (Gov. Code, § 65583, subd. (c)(5).)*

As noted in Finding A1, the element must include a complete analysis of AFFH. The element must be revised to add goals and actions based on the outcomes of a complete analysis. Goals and actions must specifically respond to the analysis and to the identified and prioritized contributing factors to fair housing issues and must be significant and meaningful enough to overcome identified patterns and trends. Actions must have specific commitment, milestones, geographic targeting and metrics or numeric objectives and, as appropriate, must address housing mobility enhancement, new housing choices and affordability in high opportunity areas, place-based strategies for community preservation and revitalization and displacement protection.

C. Public Participation

Local governments shall make a diligent effort to achieve public participation of all economic segments of the community in the development of the Housing Element, and the element shall describe this effort. (Gov. Code, § 65583, subd.(c)(9).)

While the element now describes how comments were collected, it should generally describe the comments and how public comments were considered and incorporated throughout the housing element process.