

## 3 Project Description

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The project analyzed in this Program Environmental Impact Report (EIR) is the implementation of the 6<sup>th</sup> Cycle Housing Element programs (Housing Plan), including potential Municipal Code, general plan, and local coastal program (LCP) amendments, and associated residential development to the year 2035<sup>1</sup>. The 6<sup>th</sup> Cycle Housing Element was adopted by Santa Barbara City Council on December 12, 2023, and certified by the State Department of Housing and Community Development on February 13, 2024. This section of the Program EIR describes the key characteristics of the project, including Housing Element background, project objectives, and the Housing Plan. The types and extent of development evaluated as part of the project include residential development forecasted under the 6<sup>th</sup> Cycle Housing Element as well as nonresidential development needed to accommodate anticipated growth to the year 2035.

### 3.1 6<sup>th</sup> Cycle Housing Element Background

Since 1969, the State of California has required that cities and counties adequately plan to meet the housing needs of everyone in the community through preparing a Housing Element as one of the required elements of the General Plan. The Housing Element provides the City of Santa Barbara's goals, policies, actions, and objectives for housing in the community, particularly the availability, affordability, and adequacy of housing.

The Housing Element requires periodic updates per State law. The City's first Housing Element was adopted in 1979. Subsequent housing element laws require the City's Housing Element to be updated in coordination with Santa Barbara County Association of Governments (SBCAG) every other Regional Transportation Plan update (i.e., at least every eight years). Housing Element planning periods are referred to as "cycles." The current Housing Element is the 6<sup>th</sup> cycle, for the period from 2023-2031.

The 6<sup>th</sup> Cycle Housing Element establishes goals, policies, and actions to further the goal of meeting the existing and projected housing needs of all household income levels of the community, and provides evidence of the City's ability to accommodate the Regional Housing Needs Allocation (RHNA) through the year 2031, as established by the Santa Barbara County Association of Governments (SBCAG).

In accordance with State law (Government Code Sections 65580 – 65588), the 6<sup>th</sup> Cycle Housing Element includes the following:

- An assessment of the City's population, household, and housing stock characteristics, existing and future housing needs by household types, and special needs populations.
- An analysis of resources and constraints related to housing production and preservation, including governmental regulations, infrastructure requirements and market conditions such as land, construction, and labor costs as well as restricted financing availability.
- Identification of the City's quantified objectives for the 2023-2031 RHNA and inventory of sites determined to be suitable for housing.

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<sup>1</sup> 2035 was chosen for this analysis to account for effects on the environment from program which would be effective later in the 6<sup>th</sup> Cycle. The Santa Barbara County Association of Governments' Regional Growth Forecast also includes population projections for 2035 used in this analysis.

- Identification of opportunities for energy conservation in residential development.
- Review of the prior 5<sup>th</sup> Cycle Housing Element to identify progress and evaluate the effectiveness of previous policies and programs.
- A housing plan to address the City's identified housing needs, including housing goals, policies, and programs.

A notable addition in the 6<sup>th</sup> Cycle Housing Element is the need to affirmatively further fair housing as a required objective for local housing elements statewide. The concept of furthering fair housing comes from the Federal Fair Housing Act. It means that the City must take actions to overcome historic patterns of segregation, promote fair housing choice, and foster inclusive communities that are free from discrimination. Appendix B of the Housing Element includes the assessment of fair housing.

### 3.1.1 Regional Housing Needs Allocation

SBCAG received a regional determination of 24,856 housing units from the State Department of Housing and Community Development (HCD), and each local jurisdiction within the County was allocated a portion of the projected housing need through the RHNA process. The City's RHNA represents the minimum number of housing units that the City is required to plan for within the eight-year Housing Element planning period. The Housing Element must address the City's fair share of the regional housing need and specific state statutory requirements and should reflect the vision and priorities of the local community.

New housing units may occur anywhere in the city where residential uses are allowed, with current densities across the city ranging from one dwelling unit per acre (du/ac) in the residential single unit zone (RS-1A) up to 63 du/ac for projects using the Priority Housing Overlay under the Average Unit-size Density (AUD) Incentive Program. The 6<sup>th</sup> Cycle Housing Element continues to encourage the creation of the higher density housing projects near transit and within easy walking and biking distance to commercial services and activity centers; as well as prioritize affordable housing availability for all residents, tailored to the unique demographics of the community. The RHNA allocation informs planning and development to support the evolving housing needs of Santa Barbara residents.

As shown in Table 3-1, Santa Barbara's RHNA for the 2023-2031 planning period is 8,001 units, which is distributed among four income categories (HCD 2020).

**Table 3-1 City of Santa Barbara RHNA**

Income Category	RHNA
Very Low	2,147
Low	1,381
Moderate	1,441
Above Moderate	3,032
<b>Total</b>	<b>8,001</b>

### 3.1.2 Suitable Sites Inventory

Government Code Section 65583(a)(3) requires that housing elements contain a parcel-specific inventory of appropriately zoned, available, and suitable sites that meet the City's housing need for designated income levels. The purpose of the inventory is to identify land suitable for housing development and determine whether the City's residential development potential is adequate to meet the City's share of projected regional housing needs. The Suitable Sites Inventory demonstrates that the City has sufficient land inventory and zoning capacity to accommodate the City's assigned share of regional housing need within existing General Plan and zoning capacities. Chapter 4 of the Housing Element includes a description of how the inventory was prepared and Appendix G includes a spreadsheet of the sites suitable to accommodate housing.

The Housing Element is required to identify sites to accommodate the RHNA by income level, or identify any rezoning to accommodate any shortfall. Sites identified to accommodate lower income units must meet certain criteria for lower income housing, including minimum densities. Lower income includes both the very low- and low-income categories in RHNA. The "No Net Loss" Law (Government Code Section 65863) requires maintenance of sufficient sites to meet the RHNA for all income levels throughout the planning period. During the eight-year planning period, if sites are developed with nonresidential use or developed with a lower number of units at each income level, the City must demonstrate that there are adequate remaining sites in the inventory to accommodate the remaining RHNA by income level. If the City finds there is insufficient remaining capacity at any income level, additional sites would need to be added to the inventory or rezoning would be necessary.

For this reason, HCD recommends local jurisdictions provide a sufficient buffer beyond that required by the RHNA to accommodate realistic production rates of affordable housing units and ensure that adequate site capacity exists throughout the eight-year planning period. The 6<sup>th</sup> Cycle Housing Element includes a buffer of approximately 807 units (average 11 percent across all income categories) as recommended by HCD to ensure sufficient capacity will be available throughout the planning period.<sup>2</sup> The sites inventory demonstrates suitable capacity to accommodate the RHNA plus the buffer.

## 3.2 Project Objectives

The purpose of the Housing Plan is to implement programs that meet the requirements of State law and to carry out the Housing Element's goals as stated in the Executive Summary and in Chapter 5 of the 6<sup>th</sup> Cycle Housing Element. The CEQA project objectives listed below are built upon the goals as follows:

- Meet the State-mandated 6<sup>th</sup> Cycle RHNA for the City.
- Locate housing close to jobs, transit, and services.
- Increase production of deed-restricted affordable housing, and housing for special needs households.
- Streamline and increase predictability in the residential development approval process.
- Implement processes and procedures to comply with state housing laws and regulations.

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<sup>2</sup> The buffer calculation does not include sites on the Suitable Sites Inventory. The 6<sup>th</sup> Cycle Housing Element (December 2023) cites a buffer of approximately 1,113 units (average 14 percent across all income categories).

- Facilitate a variety of housing types and equitable housing access in areas that historically excluded diverse housing opportunities.
- Protect historic, cultural, biological, and other environmental resources.
- Provide financial resources and supportive services for members of the community who need housing assistance.
- Maintain and improve the physical condition of existing housing at all affordability levels.
- Promote greater housing stability for tenants.
- Prioritize permanent housing over other uses where possible.

### 3.3 Project Location

The Housing Plan applies to the entire geographic area located within the boundaries of the City of Santa Barbara, which encompasses approximately 19.7 square miles of land area. The regional location of the City is shown in Figure 2-1 in Section 2, *Environmental Setting*. The City's boundaries are shown in Figure 2-2 in Section 2, *Environmental Setting*. However, no housing is proposed in the Airport area under the Housing Plan, and the Airport, along with offshore areas, is largely excluded from the area of analysis in the Program EIR.

### 3.4 Residential Growth Assumptions

The RHNA described in Section 3.1.1. is the State-mandated target for the number of residential units the City needs to plan for in the Housing Element; however, the RHNA is not a prediction of building permits, construction, or housing activity. The City is responsible for demonstrating that suitable sites are available and zoned to meet this need. The City's Suitable Sites Inventory described in Section 3.1.2 shows that the RHNA of 8,001 units can be accommodated with existing zoning.

State law acknowledges that total housing needs identified through the RHNA process may exceed available resources and the community's ability to satisfy this need. Therefore, the quantified objectives described in Chapter 4, Housing Resources, of the 6<sup>th</sup> Cycle Housing Element, estimates 3,346 housing units by income category that are likely to be built, rehabilitated, or conserved/preserved over the 6<sup>th</sup> cycle planning period. However, for the purpose of analysis in this Program EIR, the 2035 growth analysis is based on the RHNA target of 8,001 units as a conservative maximum number of housing units anticipated to be permitted and constructed up to 2035. Because some of the units receiving building permits anticipated under the 6<sup>th</sup> Cycle Housing Element will be constructed beyond 2031, this residential growth analysis extends several years past the eight-year Housing Element planning period, through 2035.<sup>3</sup>

The residential growth assumptions include units anticipated across a range of categories, including pending applications at the time the Housing Element inventory was submitted to the State (January, 2024), multi-unit development, accessory dwelling units (ADUs), infill development on Housing Authority sites, as well as specific development locations that are proposed to accommodate a large number of units (e.g., La Cumbre Plaza Planning Area). The Suitable Sites

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<sup>3</sup> Changes to the Housing Element and associated programs could occur after 2031 as part of the 7<sup>th</sup> Cycle Housing Element. However, these changes are currently unknown. This EIR assumes that housing units permitted under programs included in the 6<sup>th</sup> Cycle Housing Element will continue to be constructed through 2035.

Inventory did not include parcels with a development potential of less than ten net new units, parcels with known environmental or other constraints, or City-owned parcels.

Based on a review of existing development requirements, pending projects, and growth trends within the City General Plan buildout projections, it is also estimated that up to 525,000 square feet of cumulative net new nonresidential development would occur during this period through 2035. This includes the loss of 252,000 square feet of commercial development within the La Cumbre Plaza Planning Area. Anticipated nonresidential development is not considered a direct result of the Housing Plan; however, it is discussed in this Program EIR as part of the cumulative conditions (also refer to Section 4, *Environmental Impact Analysis*).

## 3.5 Housing Plan

The Housing Plan is a component of the Housing Element that lays out the goals, policies, and programs needed to meet the housing needs of current and future City residents. The Housing Plan is informed by current housing conditions and the demographics and technical assessments conducted throughout the 6<sup>th</sup> Cycle Housing Element, including the housing needs assessment, governmental and non-governmental constraints assessment, and input from community members, local stakeholders, and advocacy groups.

### Housing Plan Programs

Housing Plan Programs are the core of the project, translating 6<sup>th</sup> Cycle Housing Element goals and policies into actions. These programs, shown in Table 3-2, include on-going programs, procedural adjustments, Municipal Code amendments, and other actions that implement the housing policies to achieve housing goals. Programs with the potential to create direct or indirect environmental impacts are described in more detail after Table 3-2. Programs marked with an asterisk in Table 3-2 have no potential to create physical environmental impacts and are not described in more detail below.

**Table 3-2 Programs Included in the 6<sup>th</sup> Cycle Housing Element**

No.	Program Title	Summary
HE-1*	Facilitate Conversion of Nonresidential Buildings to Housing	Develop and adopt an adaptive reuse ordinance and prepare outreach materials, forms, and applications.
HE-2	La Cumbre Plaza Planning Area	Prepare and adopt a planning document for the La Cumbre Plaza site to facilitate full residential development.
HE-3**	Amend the Zoning Ordinance for Special Needs Housing	Amend the zoning ordinance to 1) clarify permit requirements for Community Care Facilities, Residential Facilities for the Elderly, and Hospices; 2) allow low barrier navigation centers in mixed-use and nonresidential zones; 3) categorize agriculture as an accessory use where allowed by zoning; and 4) amend parking standards for emergency shelters in compliance with state law.
HE-4	Use-By-Right Permitting	Ensure sites identified for housing in the 4th (vacant) and 5th (vacant and nonvacant) cycles allow use-by-right approval when 20 percent or more of the units are affordable to very low- and low-income households.
HE-5	Process Improvements	Implement some of the process improvements identified in the Novak Report and Government Constraints Analysis in phases: Phase 1 for single unit residential; Phase 2 for multi-unit and mixed-use residential.

No.	Program Title	Summary
HE-6**	Facilitate Production of Accessory Dwelling Units (ADUs)	Evaluate and update the ADU ordinance; develop pre-approved plans; conduct outreach and develop guidance; and implement a pilot program for deed-restricted or housing choice voucher ADUs.
HE-7*	Objective Design Standards	Adopt a new Title in the Municipal Code to implement Objective Design and Development Standards for multi-unit and mixed-use residential and amend the zoning ordinance to outline objective design review process and findings.
HE-8	Innovative Housing Types	Conduct outreach and update the zoning ordinance to facilitate more innovative housing types.
HE-9	Resource Protection and Development Certainty	Adopt Municipal Code amendments and Master Environment Assessment procedures to protect resources and streamline development approval.
HE-10	Multi-Unit Housing Program	Amend the Average Unit-Size Density (AUD) Incentive Program ordinance to further facilitate multi-unit housing.
HE-11	Livable Neighborhoods	Promote and preserve Rental Housing Mediation Program, complete the State Street Master Plan, complete pedestrian and bikeway projects in underserved locations, support CDBG funding for projects in low- and moderate-income areas, and facilitate electrification of housing stock. Target 1-2 improvements per year.
HE-12	Prioritize Deed-Restricted Affordable Housing	Conduct a feasibility study, develop strategies, and amend the zoning ordinance to increase deed-restricted units, incentivize affordable housing on small sites and promote consolidation of small lots, consider local preference policy, and implement water and sewer preference policy.
HE-13	Evaluate Inclusionary Housing Ordinances	Conduct a feasibility study and update the inclusionary housing ordinances per the results of the study.
HE-14	City Land Registry	Evaluate all City-owned land for affordable housing potential and prioritize city-owned sites for housing.
HE-15**	Track Housing Production	Track and report progress on pending projects and projects on sites identified in the suitable sites inventory to ensure no net loss provisions are met. Conduct ADU surveys every two years to validate ADU production assumptions.
HE-16**	Create Affordable Housing Funds	Adopt an ordinance creating a Local Housing Trust Fund and Housing Opportunities, Preservation, and Equity (HOPE) funds.
HE-17**	Support Rental Housing Mediation Program	Ensure the Rental Housing Mediation Program continues to support the needs of residents.
HE-18**	Right of First Refusal Purchase Program	Study a right of first refusal purchase program for residential buildings not already included in government-assisted programs.
HE-19**	Short-Term Rental Framework and Ordinance	Improve short-term rental enforcement, develop a framework for short-term rental ordinance, and adopt a short-term rental ordinance.
HE-20	Evaluate Hotel Zones	Monitor hotel development trends, review zones that allow both hotels and residential use, and amend the zoning ordinance to prioritize residential development over hotels in targeted areas. Study fractional ownership trends and amend the zoning ordinance if necessary to protect long term housing stock.
HE-21**	Residential Units Conversion Ordinance	Monitor conversion trends, evaluate existing conversion ordinance, and amend the ordinance to ensure no net loss of affordable units.
HE-22**	Affirmatively Further Fair Housing Program and Opportunities	Continue to promote fair housing services and educate the public, support affordable and special needs housing, reduce constraints.

No.	Program Title	Summary
HE-23**	Monitor and Preserve Existing Affordable Housing	Continue to maintain inventory of affordable housing subject to deed-restrictions, work with property owners to extend affordability covenants, and ensure state noticing requirements are met and tenants are provided information for properties scheduled for conversion.
HE-24**	Fund Home Rehabilitation and Provide Technical Assistance	Continue to provide CDBG and HOME grants and loans to rehabilitate affordable multi-unit projects and technical assistance for residents reviewing and permitting housing rehabilitation projects.
HE-25**	Fund Home Improvements and Repairs	Continue to provide home repair and equipment grants to income-qualified households in existing naturally affordable homes.
HE-26**	Renters Rights Information	Amend the Municipal Code to ensure landlords provide renters' rights information with their lease and conduct outreach to ensure compliance.
HE-27**	Housing Resources for the Public	Continue to provide information, resources, and referrals for housing issues and affordable housing availability.
HE-28**	Housing Supply and Affordability Education Campaign	Prepare an awareness campaign to bolster community support for housing.
HE-29**	Joint Legislative Platform	Work with other jurisdictions and advocate for State legislation to provide funds and programs to address South Coast housing needs.
HE-30**	Affordable Student, Staff, and Faculty Housing	Work with UCSB, SBCC, and the City of Goleta to discuss housing options and advocate for state legislation for funding and student housing support.
HE-31**	Secure Permanent Affordable Housing Funding	Study and propose measures to secure permanent source(s) of funding for affordable housing and renter protections. Conduct a nexus and feasibility study for potential housing impact mitigation fee linked to nonresidential development.
HE-32**	Support Affordable Housing Funding Legislation	Continue to support state and federal legislation and voter initiatives that create funding sources for affordable housing.

\* Notice of Exemption has been prepared for this program

\*\* Programs with no potential to create physical environmental impacts

## Summary of Selected Housing Programs for the Program EIR

Full details of all the housing programs are found in Chapter 5, Housing Plan, of the 6<sup>th</sup> Cycle Housing Element. This Program EIR addresses programs that have the potential to create direct or indirect environmental impacts, such as those that may amend the zoning ordinance to facilitate increased residential development. These select housing programs for the Program EIR are summarized below.

### *Program HE-1 Facilitate Conversion of Nonresidential Buildings to Housing*

City policies encourage a mix of land uses, particularly in the downtown, and support mixed-use developments to promote active living and reduce the need for automobile parking. The Zoning Ordinance currently allows a change in use of existing nonresidential buildings to residential uses in mixed-use zones where commercial and residential uses are allowed. The current regulations allow existing buildings be altered to create additional residential units, provided that all zoning standards are met. However, applying current standards to older buildings can often be a barrier to repurposing it for a new residential use. Program HE-1 was implemented in 2025 with an amendment to the Zoning Ordinance to reduce development standards to incentivize adaptive reuse of existing nonresidential buildings where multi-unit residential is allowed. Adaptive reuse

projects using the adaptive reuse ordinance (Section 30.185.045, Adaptive Reuse Projects) must meet the following criteria:

- An existing, nonresidential building must be converting (in part or in whole) to create one or more new housing units;
- The project must be located in a zone that allows multi-unit residential use;
- Building must have a final inspection or certificate of occupancy issued at least five years prior to application submittal; and
- Additions outside the existing building envelope are limited (exceptions allowed for amenities and code compliance).

Adaptive reuse projects receive the following incentives, which are outlined before for the purposes of environmental review.

- **Unlimited Density.** The adaptive reuse ordinance allows eligible projects to exceed the maximum densities within the program area (highest citywide is 63 du/ac). This incentivizes developers to use the ordinance and support the development of more units within existing building envelopes. The conversion of existing nonresidential buildings to housing would be limited in density not by a maximum density value but by the existing building envelope. There are no changes to the height limitations allowed under the existing zoning.
- **Reduced Required Open Yard.** The adaptive reuse ordinance eliminates the open yard requirement.
- **Potential Reduced Required Parking.** The adaptive reuse ordinance reduces parking requirements for automobiles while maintaining current bicycle parking requirements.

Foreseeable parameters for the purposes of environment review are outlined below.

- **Additions outside the Building Envelope.** The current adaptive reuse ordinance limits an adaptive reuse project to reuse of the existing building volume. Additions outside the existing building envelope are restricted to specific allowances and square footage. Possible expansions to the adaptive reuse ordinance could include larger additions or additions that allow residential units within them.
- **Unit size requirements.** Unit size requirements could be revised in future ordinance amendments, especially in correlation with Housing Element Programs HE-8: Innovative Housing Types, HE-10: Multi-Unit Housing Program, and HE-13: Evaluate Inclusionary Housing Ordinances.

It is anticipated that approximately 20 adaptive reuse projects would be completed by 2035; however, the number of potential new units associated with any individual adaptive reuse project is speculative.

#### *Program HE-2 La Cumbre Plaza Planning Area*

The La Cumbre Plaza Planning Area includes properties within the 31-acre shopping center roughly bound by State Street to the north, South Hope Avenue to the west, Calle Real to the south, and South La Cumbre Road to the east. The La Cumbre Plaza Planning Area is identified in the 6<sup>th</sup> Cycle Housing Element as a suitable site for residential development that would allow for up to approximately 2,000 housing units with consideration of density bonus, a large portion of the City's anticipated housing needs through 2035. Existing commercial retail space is anticipated to be



demolished within the La Cumbre Plaza Planning Area, resulting in the reduction of approximately 250,000 square feet of commercial-retail development. The La Cumbre Plaza Planning Area is within the AUD Program Priority Housing Overlay (37-63 units/acre). Rezoning is not needed to meet the number of units assumed in the suitable sites inventory.

Program HE-2 would provide a framework that would facilitate full residential development potential of the Planning Area. The La Cumbre Plaza Planning Area is served by transit and has unique challenges with respect to topography and habitat resources. Considerations for development of this Planning Area include, but would not necessarily be limited to, effects on Arroyo Burro Creek, provision of new public open space, multi-modal circulation improvements, affordable housing, impacts to schools, and increased height limits. Future projects proposed on sites within the La Cumbre Plaza Planning Area would require site-specific environmental review.

#### *Program HE-4 Use-By-Right Permitting*

The City is required to ensure sites identified for housing in the Suitable Sites Inventory from the 4<sup>th</sup> and 5<sup>th</sup> Cycle Housing Elements that are not yet developed with housing are allowed use-by-right approval when 20 percent or more of the units are affordable for very low- and low-income households. "Use-by-right" approval means that a proposed housing project is not subject to a conditional use permit, other discretionary review or approval, or environmental review under CEQA, but instead would be reviewed through a ministerial building permit process. Ministerial approval substantially limits the City's discretion to require project changes except to meet objective criteria, such as objective zoning, building and safety, and design standards.

There are 211 sites not yet developed with housing with a total capacity of 3,313 units, that could request ministerial approval per this program.

#### *Program HE-5 Process Improvements*

Since 2020, the City has been implementing discretionary and ministerial permit process improvements recommended by the Novak Consulting Group, Inc., (Novak Report 2020) guided by the City Council Land Development Team (LDT) Oversight Subcommittee. In addition to the Novak Report, Chapter 3 of the 6<sup>th</sup> Cycle Housing Element's Governmental Constraints analysis identified City processes that potentially constrain housing projects, including multiple concept reviews and appealable actions. Through the City's LDT Oversight Subcommittee, the City will further study and implement process improvements recommended by the Novak Report or identified in Governmental Constraints analysis, including Municipal Code amendments to streamline the design review process. Reasonably foreseeable parameters for the purpose of environmental review include:

- **Ordinance Amendments** to reduce design review triggers and eliminate mandatory pre-application/concept review. Study and implement further amendments to the Municipal Code and other regulations to streamline the design review process and reduce or eliminate process steps, such as reducing the number of appealable actions for projects that require design review approval or providing a path for administrative approval of certain projects.
- **Visual Aids** to create visual examples of acceptable "pre-approved" designs.

The process improvements identified above should result in fewer barriers and less time and cost for developers of residential projects, but it is speculative to determine how many new residential units would be facilitated by the process improvements.

### *Program HE-7 Objective Design Standards*

In 2021, the City adopted Objective Design Standards for Streamlined Housing Projects specifically for projects that qualify for streamlined review under Senate Bill (SB) 35 (passed in 2017). As a follow up to the SB 35 Design Standards, Program HE-7 directs the City to develop city-wide Objective Design and Development Standards (ODDS) for multi-unit housing development projects. In February 2025, the ODDS were adopted as a new Title 25 of the Santa Barbara Municipal Code, effectively implementing Program HE-7. The ODDS provide alternatives to conventional zoning regulations to accommodate infill development in existing neighborhoods and apply to all areas of the City that are zoned for two or more units. This program is envisioned as an opt-in alternative for developers who are seeking a more streamlined objective design review alternative to the City's subjective design review process.

The adopted Title 25 would not completely replace existing zoning standards or other applicable objective standards in the Municipal Code. For many development standards (e.g., height, upper-story setbacks, open yard), the ODDS are equivalent to existing Title 30 zoning standards and projects allowed under the ODDS are consistent with densities in the General Plan.

### *Program HE-8 Innovative Housing Types*

The Housing Needs Assessment within the 6<sup>th</sup> Cycle Housing Element and demographic changes indicate a need for a variety of housing types to suit special needs households and different household compositions, changes in circumstances or incomes, and existing and future household needs. The City will conduct outreach for input on housing trends that incentivize and facilitate innovative housing types, such as small units (single room occupancy/efficiency/micro units), multi-generational housing, universal designed housing (i.e., safe and accessible for everyone), live-work units, small and large family day care homes, shared housing, cooperative housing, and temporary housing (for use when the primary unit is destroyed or damaged). Reasonably foreseeable parameters for the purpose of environmental review include Zoning Ordinance amendments to facilitate and increase the production of innovative housing types, but it is speculative to determine how many innovative housing types would be constructed due to potential Zoning Ordinance amendments.

### *Program HE-9 Resource Protection and Development Certainty*

The City needs to plan for housing that protects unique ecological and cultural resources, responds to the climate crisis, and provides certainty for developers of parcels with constraints. With the 2019 comprehensive update to the Coastal Land Use Plan (LUP), the City established clear coastal resource protection policies and regulations for development in the Coastal Zone. Conversely, development on constrained parcels in the inland areas of the city often require technical studies and case-by-case evaluation of impacts to resources, adding costs and time to project entitlement. While these studies are essential for project safety and environmental quality, resource protection could be more efficiently addressed through cumulative area-wide analyses that cover multiple potential projects at one time, such as establishing measurable inland creek setback standards to protect public health and safety and riparian habitat. This would reduce the need for site-specific technical studies and streamline the environmental review process for projects, while ensuring the protection of environmental resources.

To facilitate residential development citywide and provide better development certainty, this program would amend the Municipal Code and update the Master Environmental Assessment (MEA) and MEA procedures, as applicable, to implement General Plan resource protection policies

and establish clear, measurable standards and procedures for cultural, biological, and other resource protection needs as well as measures to protect public health and safety. This program would reduce environmental impacts associated with ministerial review of accessory dwelling units (ADUs), use-by-right approval, and other housing projects only subject to objective standards per state law. This program also would provide more certainty for discretionary projects by establishing measurable standards and procedures for projects on sites with environmental and cultural resources.

#### *Program HE-10 Multi-Unit Housing Program*

The City's Average Unit-Size Density (AUD) Incentive Program is an ongoing program that was adopted in 2013 to facilitate the construction of smaller housing units by allowing increased density and other development incentives. The AUD Program applies mainly within the city center and commercial areas for mixed-use and residential-only development. In addition to densities of up to 63 du/ac, the AUD Program includes reduced parking, setback, and open yard requirements. The AUD Program currently consists of three density tiers based on the General Plan land use designation as shown in Table 3-3: Medium-High, High Density, and the Priority Housing Overlay.

**Table 3-3 AUD Program Density Tiers**

Maximums	Medium-High Density	High Density	Priority Housing Overlay
Average Unit Size (sf)	904-1,450	970-1,245	811-970
Density (du/ac)	15-27	28-36	37 - 63

In 2023, the City analyzed 10 years of AUD Program implementation and produced an AUD Progress Report summarizing how well the AUD Program met its original objectives. This report was discussed at multiple public hearings and direction was provided by City decision-makers to explore additional amendments to the program. In December 2023, the AUD Program was amended to change from a trial period with an expiration date into the City's permanent multi-unit housing program. Program HE-10 includes Zoning Ordinance and General Plan amendments to further amend aspects of the AUD Program or other non-AUD standards to continue to facilitate housing production for households of all income levels. Implementation of this program is linked to Program HE-8 described above and HE-12 described below.

Reasonably foreseeable parameters for the purposes of environment review are outlined below.

- **Amendments to the AUD Map.** Potential changes to where the AUD Program densities apply may include changing areas of the City where the Medium-High, High and Priority Housing Overlay applies. Note that the City cannot lower the density of sites identified in the Suitable Sites Inventory without making findings that the remaining sites can accommodate RHNA by each income category or identifying alternative sites with higher densities.
- **Amendments to Community Benefit Housing/Priority Housing Designations.** Community Benefit Housing provides development incentives for affordable housing, transitional/supportive housing, and priority housing. Priority housing is further defined as employer-sponsored housing, limited-equity housing, and rental housing. The incentives allow up to 63 du/ac within the Priority Housing Overlay and the ability to request a maximum building height of 60 feet in three nonresidential zones. Based on direction provided by the City Council, the program may refine which housing projects are considered a "Community Benefit" and eligible for the incentives. Ultimately, it is the goal of the City to incentivize deed-restricted affordable housing above and beyond market-rate housing. Strategies for accomplishing this will

be studied in Program HE-12 and Program HE-13, and once those affordable-housing incentives are implemented, further refinements to the AUD Program and the definition of “Community Benefit” can be considered.

- **Provide Flexibility and Increase Production.** The Planning Commission recommended future program changes such as round up density calculations, provide more flexible unit sizes, reduce parking requirements, revise the open yard requirement, and allow ownership units. Other options to address affordability, such as changing the inclusionary housing requirement and the City’s density bonus program, will be addressed in Program HE-12 and Program HE-13, described below. Recommendations to increase production include:

- 1) **Changing the Base Density in the Two-Unit Residential Zone (R-2).** The R-2 zone was not included in the City’s Average Unit-Size Density (AUD) Incentive Program and has seen relatively little development in recent years. Unlike the City’s other multi-unit and mixed-use zones, which allow two dwelling units on lots of at least 5,000 square feet, the R-2 zone requires a minimum lot size of 6,000 square feet for two units. This potential change would set the base density for all zones that allow housing development projects of two or more units to the same R-M base density standard as shown in Table 3-4 below to facilitate more units in the R-2 zone on parcels with a minimum lot size of 5,000 square feet.

For a baseline estimate of how many new units this may create, in the 10 years of the City’s Average Unit Size Density (AUD) program, only 13 housing projects were developed on lots between 5,000 and 5,999 square feet.

**Table 3-4 Proposed Base Density Standard**

Lot Size	Maximum Unit Quantity
Less than 5,000 sq. ft. Net Lot Area	1 unit
5,000 to 6,999 sq. ft. Net Lot Area	2 units
7,000 and more sq. ft. Net Lot Area	3 units, or 12 dwelling units/acre, whichever is greater

- 2) **Increased Density Downtown.** This potential change would further concentrate new residential density in the city’s downtown area by removing density maximums for new residential and mixed-use housing projects and replacing it with density limited by the building envelope. No further changes are being considered at this time to the building envelope zoning standards, such as setbacks or height.

#### *Program HE-11 Livable Neighborhoods*

This program, as facilitated by the 2024–2028 Capital Improvement Program, includes investment in public infrastructure and facilities in historically underserved neighborhoods. The program prioritizes equity and livability in Project Study Areas (PSAs) comprised of neighborhoods containing higher concentrations of lower-income and racial/ethnic minority residents, such as Oak Park, Westside, West Downtown, Lower West, West Beach, Laguna, Lower East, Milpas, and the Eastside. Key strategies include:

- **Rental Housing Mediation Program.** This program offers mediation services to landlords, tenants, roommates, and neighbors citywide to promote housing stability.
- **State Street Master Plan.** This long-term design plan for State Street will revitalize the downtown corridor.

- **Infrastructure Maintenance and Rehabilitation.** This strategy prioritizes pedestrian, bike, and active transportation projects to improve safety and connectivity in the City's PSA's.
- **Public facilities, Parks and Neighborhood Improvements.** This program prioritizes public facility and park improvements eligible to receive Community Development Block Grants in low- and moderate income areas.
- **Electrification of Housing Stock.** This program provides incentives to facilitate building electrification in high-need areas to reduce energy costs and improve health outcomes.

The program aligns with adopted plans including the Pedestrian and Bicycle Master Plan, Vision Zero, MTD's Transit Plan, and Climate Action Plan.

#### *Program HE-12 Prioritize Deed-Restricted Affordable Housing*

This program is linked to Program HE-10 with a focus to prioritize and encourage development of new deed-restricted affordable housing for extremely low-, very low-, low-, and moderate-income households in targeted areas of the city, particularly downtown and areas where transit is readily available. The program includes a feasibility study, incentives for projects on smaller sites (less than half an acre), consideration of a local preference policy, and implementation of water and sewer priority policy. This program will be more fully developed upon implementation, but absent specific changes, reasonably foreseeable parameters for the purposes of environment review are outlined below.

- **Study and Implement Zoning Ordinance Amendments.** The feasibility study will inform strategies to encourage and incentivize more deed-restricted affordable housing to exceed the percentage that otherwise would be required under inclusionary housing, local and state density bonus, or other state laws. Zoning ordinance amendments may include allowing higher densities, affordable income level flexibility, increased allowable height in targeted areas (up to the City's Charter height limit); lower or no parking requirements; and reduced setbacks and open yard. Changes to the inclusionary housing ordinance will be studied but implemented separately under Program HE-13.
- **Small Sites Incentives.** The City will consider additional incentives for projects with affordable units on small sites (less than half an acre) including promoting lot consolidation, bonus density, graduated and higher densities, and concessions and modifications to development standards. The Suitable Sites Inventory identifies 175 available sites smaller than one half acre. Approximately 87 percent of all parcels zoned to allow housing in the city are less than one-half acre in size.

Approximately 859 lower income units are estimated to be permitted through the planning period.

#### *Program HE-13 Evaluate Inclusionary Housing Ordinances*

The City has an inclusionary housing ordinance (IHO) for certain types of 1) ownership housing (since 2004) and 2) rental housing (since 2019) to provide affordable units as part of housing development projects with options to pay an in-lieu fee in some cases. The program proposes to conduct a feasibility study to determine if the inclusionary requirement or in-lieu fee should be adjusted to produce a greater percentage of deed-restricted affordable housing units or in-lieu fee funds for affordable housing. The City will also review and amend the IHOs for consistency with "No Net Loss" law to ensure that any existing deed-restricted affordable units of other "Protected Units" proposed to be demolished as part of a new housing project are replaced in addition to the required

inclusionary units. Amendments to the IHOs will be proposed in accordance with the results of the feasibility study. Since the rental IHO was approved in 2019, approximately 12 deed-restricted moderate-income units have been approved and approximately 70 are pending in accordance with the rental housing IHO. It is unknown at this time how the IHO will be amended. Strategies that will be studied include allowing a greater in-lieu fee instead of constructing an affordable unit, and allowing a density bonus for additional deed-restricted affordable units, similar to City of San Diego's Affordable Homes Bonus Program.

#### *Program HE-14 City Land Registry*

The City will evaluate City-owned land (not including lands dedicated to parks and recreation purposes) including parking lots, to determine future needs and if the publicly-owned site could be donated, leased, or sold at a reduced price to develop affordable housing. Following the evaluation, the City will conduct ongoing outreach with affordable housing developers to gauge interest in the City-owned sites, develop partnerships with for-profit and non-profit developers to more efficiently produce the subsidies for affordable units, and prioritize sites for future development. Sites identified in this evaluation will be considered for inclusion in future Suitable Sites Inventories.

#### *Program HE-20 Evaluate Hotel Zones*

The City's Zoning Ordinance allows both hotel and multi-unit residential and mixed-use in approximately 9.3 percent of the city. In recent years, several projects initially proposed as multi-unit residential uses changed into hotel use, and a number of adaptive reuse projects have been converting commercial space to hotel/short-term rental uses, rather than residential. This has led to concern that the City's available sites for infill housing are not prioritized for multi-unit housing over hotel use. The City will monitor trends, review the zones that allow both hotels and residential use, and amend the Zoning Ordinance to prioritize residential uses over hotels by either requiring a conditional use permit for hotels, rezoning areas to reduce the conversion of residential uses to hotels, or other means as developed upon program implementation. It is anticipated that these changes would make it more likely that sites identified for housing will be developed for housing.

## 3.6 Required Discretionary Approvals

The City will use this Program EIR to evaluate the potential environmental impacts that could result from implementing the Housing Plan and accommodating residential growth anticipated to the year 2035 and implement mitigation measures that would address those impacts. Following recommendations from the Planning Commission to approve the Program EIR, the Santa Barbara City Council would need to certify the Final Program EIR and take the following subsequent discretionary actions:

- Adopt Housing Plan-related amendments to the Municipal Code, General Plan, Local Coastal Program, Master Environmental Assessment Guidelines, and other documents.