



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 28, 2022

TO: Mayor and Councilmembers
Planning Commission

FROM: Planning Division, Community Development Department

SUBJECT: Housing Element Update Requirements And Goals

RECOMMENDATION:

That Planning Commission and Council:

- A. Receive a report on the requirements, timeline, and process to update the Housing Element; and

That Council:

- B. Review and approve 2023 Housing Element Goals.

EXECUTIVE SUMMARY:

The City holds periodic work sessions with City Council and the Planning Commission to discuss potential adjustments to the City's land development regulations and receive input on the Planning Division's priority work efforts. This work session focuses on the Housing Element update, with an overview of the State's requirements, the process and proposed timeline to complete the work effort by February 2023, and a list of staff's recommended Housing Element goals for review and approval.

DISCUSSION:

The purpose of this City Council and Planning Commission work session is to provide an overview of the Housing Element update requirements, process, and timeline and to request review and City Council approval of staff's recommended updated goals for the sixth cycle Housing Element Update.

Background

The Housing Element implements the declaration of State law that "the availability of housing is a matter of vital statewide importance and the attainment of decent housing and a suitable living environment for all Californians is a priority of the highest order"

(Government Code §65580). The Housing Element is one of the City's required Elements of the General Plan, which provides a framework for the management and growth of the City and guides future policy decisions. Per State law, provisions in the Housing Element are more specific and directive than other General Plan elements, and the Department of Housing and Community Development (HCD) has unique authority over the Housing Element.

The Housing Element provides policies, programs, and actions that support housing growth and retention across all income levels. The City's first Housing Element was created in 1979 and was updated approximately every ten years. In 2008, new State law required Housing Elements to be updated at least every eight years concurrent with the regional planning agency's (Santa Barbara County Association of Governments) every other four-year update to the Regional Transportation Plan. The City's current Housing Element was last updated and certified by HCD for a planning period of February 2015 to February 2023 (known as the "fifth cycle" since it is the fifth required update since housing element law was revised in 1980). The sixth cycle planning period is from February 2023 to February 2031. The City must submit its adopted Housing Element to HCD by February 15, 2023.

Per State law, the Housing Element update triggers updates to other elements of the General Plan. The General Plan is required to be "internally consistent," meaning any and all conflicts between General Plan elements should be acknowledged and resolved. This requires the City to ensure programs and policies in other elements do not conflict with those of the updated Housing Element; in particular the Land Use, Circulation, or Conservation (known as the Environmental Resources Element in the City) elements. Further, when the Housing Element is updated, State law mandates a review and update of the Safety Element specifically for flood and fire hazards and to incorporate new information regarding climate adaptation and resilience. The City's Safety Element was last updated in 2013. The Safety Element update is not tied to a specific deadline and would occur after the Housing Element update.

2015 – 2023 Fifth Cycle Housing Element

The City submits an annual progress report (APR) to HCD that describes the community's progress toward implementing the Housing Element¹. As part of the Housing Element update, the City is required to compile the 2015 – 2021 APRs and analyze the overall effectiveness of the prior Housing Element's goals, policies, and programs, quantified where possible (for example: number of units rehabilitated). In terms of meeting the fifth-cycle Regional Housing Needs Allocation (RHNA), the number of Above Moderate² units produced to date is on track to meet RHNA, but the City falls short on producing Moderate, Low, and Very Low income units. To meet the housing needs of all income levels, new policies and programs will need to be developed for the sixth cycle.

¹ The 2021 APR is available online here: <http://www.SantaBarbaraCA.gov/HEU>.

² Households earning more than 120% of the Area Median Income (AMI)

Housing Element Update Process and Timeline

The City is responsible for producing a Housing Element that meets all the statutory requirements of State law. Some of the required components of a Housing Element and estimated timeline to complete the work effort are outlined below.

Planning staff released two requests (in December 2021 and January 2022) for qualified consultants to lead this effort; however, none had capacity to take on additional work. Therefore, this update will be led by Long Range Planning staff with some consultant assistance for specific tasks. The attached Description of Housing Element Components provides more details regarding the required content.

Task	Timeline
Establish Goals	April 2022
Conduct Public Outreach, including meetings with stakeholders and Boards and Commissions	Throughout the process
Evaluate Effectiveness of 2015 – 2023 Housing Element	April – June 2022
Develop Housing Needs Assessment	April – June 2022
Evaluate Governmental and Non-Governmental Constraints to Housing Production	April – June 2022
Develop Suitable Sites Inventory and Potential Buildout	April – June 2022
Draft Policies and Programs	April – June 2022
Release Draft for Public Review (30 days per State law)	July 2022
Planning Commission Hearing – Comment on Public Draft	July 2022
City Council Hearing – Public Draft Status Update	July 2022
Revise Draft per Public Comments (10 business days per State law)	August 2022
Submit Draft to HCD for Review (60 days per State law)	August – October 2022
Revise Draft per HCD Comments	October – December 2022
Planning Commission Hearing – Recommendation of Adoption to City Council	January 2023
City Council Adoption of Housing Element	February 2023
Submit Adopted Housing Element to HCD for Certification	February 15, 2023

Housing Element Update Goals

Establishing overarching, agreed-upon goals for housing is one of the first steps in updating the Housing Element. Per Government Code §65583(b), the goals must reflect the City’s commitment to affirmatively furthering fair housing and to the maintenance, preservation, improvement, and development of housing. The goals set the stage for policies and specific programs to achieve the stated goals and objectives. Per HCD, the programs (i.e., implementation actions) must include the following:

1. A description of the City's specific role in implementation;
2. Definitive implementation timelines;
3. Objectives, quantified where appropriate; and
4. Identification of responsible agencies and officials.

This sixth cycle update provides an opportunity to renew and restate the City's goals for housing. For reference, the 2015 Housing Element and prior goals can be found on the City's General Plan Website or at this direct link: 2015 Housing Element (<https://www.santabarbaraca.gov/civicax/filebank/blobdload.aspx?BlobID=16900>). For the purposes of discussion and approval, Planning Division staff prepared a draft list of goals for City Council consideration and approval, as follows:

Proposed City of Santa Barbara 2023 Housing Element Goals

- Goal 1. Create New Housing:* Create new healthy, safe, and energy-efficient housing that meets community needs.
- Goal 2. Prioritize Affordable Housing:* Prioritize deed-restricted housing that is affordable to the City's workforce and vulnerable communities over other types of development.
- Goal 3. Provide Housing Assistance:* Provide financial resources and supportive services for members of the community who need housing assistance.
- Goal 4. Promote Housing Stability:* Retain existing affordable housing and discourage tenant displacement.
- Goal 5. Preserve Housing:* Prevent blight or deterioration, promote occupancy, and discourage conversion to other uses.
- Goal 6. Inform the Community:* Educate the community about housing issues, affordable housing opportunities, and available resources and programs.
- Goal 7. Coordinate with Regional Partners:* Coordinate with surrounding communities to address regional housing issues, homelessness, and the jobs/housing balance.

BUDGET/FINANCIAL INFORMATION:

State HCD provided Regional Early Action Planning Grant (REAP) funding to regional entities and local governments to assist in updating Housing Elements to meet the Regional Housing Need Allocation (RHNA). The City was awarded \$499,374 in REAP funds, to be allocated to consultants and staff working on the Housing Element update and related tasks. Planning staff posted two requests for proposals from qualified consultants for the Housing Element update but did not receive any bids. As most California cities and counties are currently processing Housing Element updates, potential consultants informed staff that they did not have the capacity to take on additional work. Accordingly, Long Range Planning staff were reassigned to complete the majority of the Housing Element update tasks, with some

technical assistance provided by BAE Economics, Inc. This reassignment of Planning Division priorities requires a temporary delay in other Long Range Planning work efforts, such as the Objective Design Standards project, and defers an update of the Safety Element to 2023.

ENVIRONMENTAL REVIEW:

A Program Environmental Impact Report (EIR) is being prepared to evaluate effects on the environment that may occur as a result of future growth within the City until 2035 based on the Housing Element Update. Impacts citywide or to areas within the City will be examined, as well as cumulative impacts in conjunction with future development in the region. The Draft Program EIR will be submitted to City Council for consideration prior to taking action on the Housing Element Update, expected in early 2023.

ATTACHMENT(S): Description of Housing Element Update Components

PREPARED BY: Rosie Dyste, Project Planner

SUBMITTED BY: Elias Isaacson, Community Development Director

APPROVED BY: City Administrator's Office

Housing Element Update Required Contents

Public Participation

The housing element must document how outreach and public engagement is carried out, from planning through implementation. This documentation should include efforts to involve a cross-section of all economic segments of the community in the full process.

Review and Revise

The review and revise requirement facilitates a comprehensive update and ensures that the housing element can be effectively implemented in the next planning period. Review and revise requires analysis in these areas:

- *Effectiveness of the Element*: a description of the actual results or outcomes of the prior housing-element's goals (what happened), objectives, policies, and programs. The results should be quantified where possible (e.g., number of units rehabilitated) and may be qualitative where necessary (e.g., mitigation of governmental constraints).
- *Progress in Implementation*: for each program, the analysis should compare significant differences between what was projected or planned in the earlier housing element and what was achieved.
- *Appropriateness of Goals, Objectives, Policies, and Programs*: a description of what has been learned based on the analysis of progress and effectiveness of the previous housing element.
- *Special Needs Population*: a description of how past programs were effective in addressing the housing needs of the special populations.

Housing Needs

Housing-element law requires local governments to adequately plan to meet their existing and projected housing needs, including their share of the regional housing needs allocation. A complete analysis should include a quantification and a descriptive analysis of the specific needs and resources available to address these needs as follows.

- *Assisted Housing Developments at Risk of Conversion*: an analysis of multifamily, rental housing complexes that receive government assistance under any of the federal, state, and/or local programs that are eligible to convert to market-rate units due to termination (opt-out) of a rent subsidy contract, mortgage prepayment, or other expiring use restrictions within 10 years of the beginning of the housing-element planning period.
- *Extremely Low-Income Housing Needs*: this category is a subset of "very low-income households," and is defined as 30 percent (or less) of the area median income.
- *Housing Stock Characteristics*: an estimate of the number of substandard units in need of rehabilitation and/or replacement.
- *Overpayment and Overcrowding*: an estimate of the number of households and lower-income households, by tenure (rental or ownership), paying more than 30 percent of their income on housing. The analysis must also identify the number of households, by tenure, in overcrowded housing situations.
- *Population, Employment, and Household Characteristics*: a description and analysis of current population trends and employment data, including an identification of significant employers,

industries, and typical wages. In addition, it must also include an analysis of household characteristics, such as tenure (rental or homeownership), growth rate, and trends.

- *Special Housing Needs*: an estimate of the housing needs of the following categories:
 - *Farmworkers*
 - *Large Families and Female-Headed Households*
 - *People Experiencing Homelessness*
 - *People with Disabilities, Including Developmental Disabilities*
 - *Seniors*

Projected Housing Needs - Regional Housing Needs Allocation (RHNA)

Housing-element law requires a quantification of each jurisdiction's share of the regional housing need as established in the RHNA-Plan prepared by Santa Barbara County Association of Governments.

Sites Inventory and Analysis Requirement: The City must prepare an inventory of land suitable for residential development, including both vacant and non-vacant sites. The inventory must address the following components:

- *Realistic Development Capacity*. Demonstrate the projected residential development capacity of the sites identified in the housing element can realistically be achieved.
- *Affirmatively Furthering Fair Housing Sites Requirement*: New state law requires the City to identify sites throughout the community, in a manner that is consistent with its duty to affirmatively further fair housing (AFFH). In the context of AFFH, the site identification requirement involves not only an analysis of site capacity to accommodate the RHNA, but also whether the identified sites serve the purpose of replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity.
- *Accessory Dwelling Units*: To rely on ADUs or JADUs as part of an overall adequate sites strategy to accommodate (a portion) of the regional housing need, the element must include an estimate of the potential number of these units to be developed in the planning period.

Governmental and Non-Governmental Constraints

The housing element must identify and analyze potential and actual governmental constraints to the maintenance, improvement, or development of housing for all income levels, including housing for people with disabilities. The analysis will identify the specific standards and processes of these constraints and evaluate their impact on the supply and affordability of housing. The analysis will determine whether local, regulatory standards pose an actual constraint and must also demonstrate local efforts to remove constraints that hinder a jurisdiction from meeting its housing needs.

Goals, Policies, and Programs

The element must contain a schedule of actions the City is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the housing element. Programs must include a specific timeframe for implementation, identify the agencies or officials responsible for implementation, describe the jurisdiction's specific role in implementation, and (whenever possible) identify specific, measurable outcomes.

Affirmatively Furthering Fair Housing

This is a new requirement that all Housing Elements must include a program that promotes and affirmatively furthers fair housing opportunities throughout the community. State law also requires an assessment of fair housing, which can be satisfied by incorporating relevant sections of an Analysis of Impediments to Fair Housing prepared by the City in conjunction with participation in federal housing programs. This new requirement is also incorporated into the public outreach, site inventory, and goals and actions portions of the Housing Element update.

Energy Conservation

The element must inventory and analyze opportunities for energy conservation in housing, such as energy saving features and materials, and energy efficient systems and design.

General Plan and Coastal Zone Consistency Analysis

The general plan is required to be “internally consistent” meaning any and all conflicts between general plan elements should be acknowledged and resolved. The City must ensure programs and policies in other elements do not conflict with those of the housing element; in particular the land-use, circulation, or conservation elements. When conflicts exist, the housing element must describe how consistency will be achieved and how the goals of the housing element will be addressed.

The City must also review coastal-zone affordable-housing obligations including the preservation of existing occupied units affordable to low- or moderate-income households and where feasible include low- and moderate-income housing in new developments. The element must contain data on the new construction, demolition, conversion, and replacement housing units for low- and moderate-income households within the coastal zone. Based on the analysis above, the City can consider appropriate programs to provide incentives and regulatory concessions in order to increase the feasibility of providing low- and moderate-income housing within the coastal zone.

Priority for Water and Sewer

The City must ensure that water and sewer service allocations are prioritized to proposed developments that include housing units affordable to lower-income households. During the preparation of the Housing Element update, staff will coordinate with Public Works to ensure adequate water and sewer capacity is available to accommodate housing needs, especially housing for lower-income households.