



**TO:** Mayor and Councilmembers

**FROM:** Peter Imhof, Planning and Environmental Review Director

**CONTACT:** Anne Wells, Advance Planning Manager  
John Douglas, Housing Consultant

**SUBJECT:** Housing Element Update Approach and Schedule

**RECOMMENDATION:**

Receive a presentation and provide comments as appropriate regarding the 2023-2031 Housing Element Update approach and schedule.

**BACKGROUND:**

On May 18, 2021, the City Council adopted Resolution No. 20-19, initiating General Plan Amendment 21-0002-GPA, which includes updates to the City’s Housing Element, Safety Element, and other related elements as may be necessary to ensure General Plan consistency with State law. This report provides an overview of the State’s Housing Element requirements and staff’s proposed approach and preliminary schedule for the update.

**DISCUSSION:**

State Housing Element Requirements

State law requires each city to adopt a General Plan to guide land use and development. Among the various regional “elements” of a General Plan is the Housing Element, which establishes City policies and programs for maintaining and improving existing housing, as well as accommodating development of new housing to meet the City’s assigned share of housing needs under the Regional Housing Needs Assessment (RHNA).

In addition to the Housing Element, the Goleta General Plan<sup>1</sup> includes the following elements:

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<sup>1</sup> <https://www.cityofgoleta.org/city-hall/planning-and-environmental-review/general-plan>

- Land Use
- Open Space
- Conservation
- Safety
- Visual and Historic Resources
- Transportation
- Public Facilities
- Noise

While most elements of a General Plan have a time horizon of approximately 20 years into the future, State law requires Housing Elements be updated every eight years. Housing Element planning periods are sometimes referred to as “cycles.” The City’s current Housing Element was adopted in 2014 and covers the planning period extending from 2015 to 2023, which is referred to as the “5<sup>th</sup> Housing Element Cycle” in reference to the five required updates that have occurred since the comprehensive revision to State Housing Element law in 1980. Every city in Santa Barbara County is required to prepare a Housing Element update for the 6<sup>th</sup> planning cycle, which spans the 2023-2031 period, regardless of when the other elements of the General Plan were adopted.

#### HCD Review and Certification

An important difference between the Housing Element and other elements of the General Plan is the extent of State oversight. Under California law, land use and development policy are generally within the authority of local governments (cities and counties) through the adoption of General Plans and municipal codes. However, State law establishes many specific limitations on local land use authority with regard to housing.

The State legislature has also declared that an adequate supply of housing is a matter of statewide importance and has delegated authority to the California Department of Housing and Community Development (HCD) to review local government Housing Elements and issue opinions regarding their compliance with State law. A finding of Housing Element compliance by HCD is referred to as “certification” of the Housing Element. Certification is important to enhance cities’ eligibility for grant funds and also to support retaining local land use authority.

HCD review of Housing Elements is required both prior to and after final adoption by the City Council.

Typically, a major issue in HCD’s review is whether the Housing Element demonstrates adequate properties (or “sites”) to accommodate the amount of additional housing assigned through the RHNA process.

RHNA Requirements

One of the most important requirements of State Housing Element law is that each city and county (for the unincorporated areas) must adopt land use plans and regulations that create opportunities for sufficient residential development to accommodate its assigned share of new housing need at various income levels. The RHNA is the process by which each jurisdiction’s need for additional housing is determined. Prior to each Housing Element planning cycle, the region’s total housing need is established by HCD based primarily on population growth trends and existing housing problems, such as overcrowding and overpayment. In Santa Barbara County, the total housing need is then distributed to cities and the county unincorporated area by the Santa Barbara County Association of Governments (SBCAG) based upon criteria established in State law. After an extensive review process discussed at previous City Council meetings, the SBCAG Board of Directors adopted the final RHNA Plan on July 15, 2021.

Table 1 shows the final RHNA allocations for Goleta and the entire SBCAG region.

**Table 1**

<b>6<sup>th</sup> Cycle Final RHNA Allocations – Goleta and SBCAG Region</b>		
	Goleta	SBCAG Total
Additional housing need 2023-2031 (units)	1,837	24,856

Source: SBCAG, 7/15/2021

The RHNA allocates Goleta’s total housing need to income categories as shown in Table 2 below.

**Table 2**

<b>6<sup>th</sup> Cycle Final RHNA by Income Category – Goleta</b>				
Very Low	Low	Moderate	Above Moderate	Total
682	324	370	461	1,837

Source: SBCAG, 7/15/2021

The RHNA identifies the amount of additional housing at different rent or sale price levels each jurisdiction would need to fully accommodate its existing population plus its assigned share of additional housing needed over the next 8 years while avoiding problems like overcrowding and overpayment. The RHNA is a planning requirement based upon housing need, *not a construction quota or mandate*. The primary significance of the RHNA is that jurisdictions are required to adopt land use plans and development regulations that create sufficient opportunities for additional housing development commensurate with the local RHNA allocation. Under current law, cities are not penalized if actual housing production does not achieve the local RHNA allocation, except to the extent that local governments may be required to streamline

the approval process for qualifying housing developments that meet specific standards (such as affordability and prevailing wage labor requirements) if housing production falls short of the RHNA allocated to that jurisdiction.

Goleta's Housing Element must demonstrate compliance with the RHNA allocation by analyzing the City's capacity for additional housing based on land use patterns, development regulations, potential constraints (such as infrastructure availability and environmental conditions) and real estate market trends. The analysis must be prepared at a parcel-specific level of detail and identify sites where additional housing could be built under current regulations. State law requires that the sites analysis demonstrate that land use plans and regulations provide adequate capacity to fully accommodate its RHNA allocation in each income category. If potential development capacity is not sufficient to fully accommodate the local RHNA, the Housing Element must describe proactive steps the City will take to increase housing capacity commensurate with the RHNA – typically through amendments to land use plans and development regulations that could facilitate production of additional housing. Such amendments could include increasing allowable residential densities, modifying other development standards, such as maximum densities and height limits, or allowing housing to be built in areas where residential development is not currently allowed, such as areas zoned for commercial use. *It is important to note that neither cities nor property owners are required to develop additional housing on the sites identified in the Housing Element, or to provide funding for housing development.*

Future accessory dwelling units (ADUs) may also satisfy a portion of the City's RHNA allocation based on permit trends and city ADU regulations.

#### Approach to RHNA Sites Inventory

As part of the Housing Element update, the current capacity for additional housing will be analyzed to determine whether capacity is sufficient to accommodate the City's RHNA allocation at each income level. As staff has noted in a previous City Council report,<sup>2</sup> Goleta has little remaining vacant land suitable for residential development. Therefore, capacity to accommodate the RHNA must be met primarily through potential redevelopment of underutilized properties and potential ADUs. While it is not possible to determine the City's current RHNA capacity with certainty due to the extensive parcel-level analysis required under State law and HCD guidelines, there is considerable potential for residential development in areas that are developed with non-residential use but where residential or mixed use is currently allowed under existing General Plan and zoning regulations.

The sites analysis will include the following steps:

Step 1: Review and Update Sites Inventory from the Current 5<sup>th</sup> Housing Element Cycle. Sites identified in the previous Housing Element that are still available may be carried forward for the new planning period. While the 6<sup>th</sup> Housing Element Cycle sites inventory work is still in progress, staff estimates a total of at least 250 lower income, 65

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<sup>2</sup> December 1, 2020 City Council report posted at: <https://www.cityofgoleta.org/i-want-to/news-and-updates/government-meeting-agendas-and-videos>

moderate, and 90 above moderate-income units would carry over in this Housing Element update.

Step 2: Approved Projects. Housing developments that have been approved and will be completed during the 6<sup>th</sup> Housing Element Cycle. Staff will assess project approvals to identify the number of units to be included under the Step 1 “Approved Projects” category in the months to come when we can better identify housing project review status.

Step 3: Add New Sites to the 2023-2031 Inventory. After completing Steps 1 and 2, staff will focus on identifying additional sites with appropriate zoning to add to the 2021-2031 inventory. Vacant and underutilized sites are the focus of this step as detailed below.

Step 3(a): Vacant Sites. Staff will identify vacant properties with General Plan and zoning designations allowing residential or mixed-use development. Based on the Santa Barbara County Assessor’s Office parcel data, there are 110 vacant parcels totaling 112 acres in Goleta. Staff will be evaluating the existing residential development potential at these vacant sites to include in the sites inventory in the months to come.

Step 3(b) Underutilized Sites. Staff will identify developed properties with General Plan and zoning designations that could allow additional housing development or redevelopment. Redevelopment potential may be indicated by these factors:

- Density, lot coverage, and height lower than allowed by zoning
- Assessed ratio of improvements value to land value (I/L) less than 1.0
- Structures more than 30 years old
- Functional or market obsolescence
- Substantial potential market value increase through redevelopment
- Expressed owner interest in redevelopment

Based on preliminary review, staff estimates that there is potential for more than 7,000 new housing units in the Community Commercial, Old Town Commercial and Office Institutional districts. Capacity of these sites must be evaluated based on criteria established in recent changes to State law.

Step 4: Accessory Dwelling Units. As previously noted, ADUs expected to be built during the planning period may satisfy RHNA requirements based on previous trends. Assuming a production rate of 15 units per year, staff estimates that 120 lower income units could be counted in the sites inventory.

As noted above, the existing potential housing capacity in the City is considerable, especially when including the underutilized sites where mixed-use development is allowed. Staff will proceed with detailed evaluation of each of these sites to prepare the sites analysis and to ultimately generate a table of existing housing capacity we believe will be acceptable to HCD.

Step 5: Rezones. During upcoming early consultation with HCD, if the existing potential housing capacity count does not meet HCD’s requirements or expectations, staff will proceed with developing additional alternatives. Such alternatives could include:

- increasing housing density on existing vacant land,
- increasing heights to increase housing potential on existing vacant land, and/or
- rezoning non-residential land to residential.

These alternatives would be workshopped with the public prior to being considered for adoption. Due to Measure G restrictions<sup>3</sup>, as detailed in General Plan subpolicy LU 7.5, the parcels comprising what is referred to as “Bishop Ranch,” north of Highway 101 between Glen Annie Road and Los Carneros Road, will not be included in the initial sites inventory.

Additional Housing Element Requirements

In addition to demonstrating adequate capacity to accommodate the RHNA, the Housing Element update must address the following issues:

- Housing needs assessment from HCD and SBCAG, including population and housing characteristics, and special housing needs.
- Analysis of resources and constraints related to the production of housing for all economic segments of the community and persons with special needs.
- Assessment of fair housing.

Based on the Housing Element analysis and stakeholder input, staff will prepare draft revisions to Housing Element policies and programs to address the above requirements and current demographic characteristics and housing conditions.

**NEXT STEPS:**

The due date for adoption of the 6<sup>th</sup> Housing Element Cycle update is February 15, 2023. Staff has begun the process of preparing the required analysis of housing needs, resources, constraints and potential sites to accommodate the allocated additional housing needed. Over the course of the update, staff intends to conduct a robust public involvement process with broad participation from local stakeholders and organizations with housing expertise to ensure that all points of view are taken into consideration.

A Housing Element webpage is being prepared to provide a central source of information, including meeting notices, documents and other references, and an online survey that will be used to help guide later outreach and discussions.

Table 3 provides the major milestones for the Housing Element update process below.

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<sup>3</sup> Measure G, subject to limited exceptions, requires any changes to the General Plan policies and designation of certain land 10 acres or more that is designated “Agricultural” to be approved by the voters and the City Council.

**Table 3: Housing Element Update Process**

Fall/Winter 2021/22	Public outreach Review existing housing policies & programs Housing needs assessment Resources & constraints evaluation Sites inventory analysis
Spring 2022	Public outreach Prepare draft Housing Element and other policy/zoning revisions
Summer 2022	Public outreach Draft Housing Element review HCD review
Fall 2022	Public outreach Prepare revised draft Housing Element Planning Commission recommendation hearings City Council hearings
February 15, 2023	Housing Element Adoption Due Date to HCD
2023-2031	Housing Element implementation

**ENVIRONMENTAL REVIEW:**

The General Plan Amendment and any companion zoning amendments for the 6<sup>th</sup> Housing Element Cycle update area discretionary project subject to review under the California Environmental Quality Act. Environmental analysis will be conducted after the draft revisions to the Housing Element policies and programs have been identified.


**FISCAL IMPACTS:**

The fiscal impacts of the Housing Element update include staff time needed in preparation of the General Plan and Zoning amendments as well as consultant costs. Staff time for this project is included in the Advance Planning Work Program for FY 2021-22. The City has also applied for and received a Regional Early Action Planning (REAP) Grant in the amount of \$195,386 in 2020. The purpose the REAP Grant is to provide financial support for the Housing Element update.


**Reviewed By:**

  
Kristine Schmidt  
Assistant City Manager

**Legal Review By:**

  
Michael Jenkins  
City Attorney

**Approved By:**

  
Michelle Greene  
City Manager

**ATTACHMENT:**

1. Housing Element FAQ
2. Housing Element Update Approach and Schedule Slide Presentation