



TO: Mayor and Councilmembers

FROM: Peter Imhof, Planning and Environmental Review Director

CONTACT: Anne Wells, Advance Planning Manager
Andy Newkirk, Senior Planner
John Douglas, Housing Consultant

SUBJECT: Draft 2023-2031 Housing Element (June 2022) Review

RECOMMENDATION:

Adopt Resolution No. 22-__, entitled “A Resolution of the City Council of the City of Goleta, California, Directing Staff to Submit the Draft 2023-2031 Housing Element to the California Department of Housing and Community Development for Review.”

BACKGROUND:

State Housing Element Requirements

State law requires each city to adopt a General Plan to guide land use and development. Among the required “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).

While most elements of a General Plan have a time horizon of approximately 20 to 30 years into the future, State law requires Housing Elements be updated every eight years. 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 “5th 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 6th planning cycle by February 15, 2023, which spans the 2023-2031 planning period.

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, many aspects of 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 also declared that an adequate supply of housing is a matter of statewide importance and delegated authority to the California Department of Housing and Community Development (HCD) to review Housing Elements and issue opinions regarding their compliance with State law. A finding of Housing Element compliance by HCD is referred to as “certification.” Certification is a threshold requirement for cities’ eligibility for certain state-sponsored grant funds and also to support local land use authority.

HCD review of Housing Elements is required both prior to and after final adoption by the City Council. The initial HCD review lasts 90 days. After this period, the City will receive comments from HCD that the City will need to address prior to bringing a Hearing Draft Housing Element forward for Planning Commission and City Council review and adoption. The second HCD review, and consideration of “certification,” would occur after the City adopts the updated Housing Element. Typically, a major issue in HCD’s review is whether the Housing Element demonstrates adequate properties (or “sites”) that could accommodate the amount of additional housing assigned through the RHNA process.

RHNA Requirements

The City Council previously discussed the basics of RHNA at public meetings on September 15, 2020, December 1, 2020, and September 7, 2021. In short, RHNA is the process by which each city is assigned a share of the region’s need for additional housing units in four income categories during the next Housing Element planning period (2023-2031). RHNA allocations are determined by the Santa Barbara County Association of Governments (SBCAG) for each city within Santa Barbara County and the unincorporated County area based on criteria established in State law. The City’s final RHNA allocation is shown in the table below.

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

Source: SBCAG, 7/15/2021

Public Outreach Efforts

As part of the Housing Element update process, an extensive series of study sessions, workshops, public meetings, and a survey were conducted on the following dates:

June 22, 2020	Planning Commission Meeting: Housing Law Update
August 24, 2020	Planning Commission Meeting: RHNA Update
September 15, 2020	City Council Meeting: RHNA Update
December 1, 2020	City Council Meeting: RHNA Update
May 18, 2021	City Council Hearing: Housing Element Amendment Initiation
September 7, 2021	City Council Meeting: Housing Element Update Approach
March 14, 2022	Planning Commission Workshop: Housing Topics
February/March 2022	5 Stakeholder Meetings with Community Groups
March 2022	Individual Meetings with Councilmembers
February-April 2022	Online Housing Survey
May 2, 2022-June 1, 2022	Draft 2023-2031 Housing Element Public Comment Period
May 9, 2022	Planning Commission Meeting: Housing Element Review
May 23, 2022	Planning Commission Meeting: Housing Element Review
September 2021-Present	Housing Element Website Updates and Maintenance

A wide range of issues were raised during the public outreach process to date regarding housing needs in Goleta and how the City could address those needs. These issues are summarized in the Draft 2023-2031 Housing Element Technical Appendix.

Planning Commission Consideration

On May 9 and May 23, 2022, the Planning Commission considered the Draft 2023-2031 Housing Element and recommended to City Council submittal of the Draft to HCD for review. As part of its recommendation, the Planning Commission recommended three amendments to the Draft 2023-2031 Housing Element. These amendments included: revisions to program HE 1.7 related to monitoring and addressing the impacts of short-term vacation rentals on the City's existing housing stock; a new program HE 1.8 to research the use of existing housing stock for purposes other than a primary residence; and addition of a reference to the University of California, Santa Barbara in subprogram HE 5.2(a) regarding regional collaboration.

Additional Public Comment

Pursuant to Government Code Section 65585(b)(1), the City must provide for a 30-day public comment period on the Draft 2023-2031 Housing Element. As noted above in the table, the Draft 2023-2031 Housing Element was released on May 2, 2022. The 30-day public comment period ended on June 1, 2022. All public comment received up to May 23, 2022 was provided to the Planning Commission for consideration. Public comment received since the May 23, 2022 Planning Commission meeting will be summarized at the June 28, 2022 City Council meeting.

DISCUSSION:

The purpose of this special meeting is to seek City Council direction to submit the Draft 2023-2031 Housing Element to HCD for a 90-day review. A proposed resolution directing staff to submit the draft is included as Attachment 1 to this report, with the Draft 2023-2031 Housing Element included as Exhibit 1 to Attachment 1.

Draft 2023-2031 Housing Element Policies and Programs

Pursuant to State law, a Housing Element must address the following broad topics:

- Analysis of the City's demographic characteristics and housing needs;
- Evaluation of resources and opportunities available to address housing needs;
- Analysis of potential constraints to meeting the City's housing needs;
- Assessment of fair housing issues;
- A review of the City's accomplishments during the previous planning period and the effectiveness of current policies and programs in meeting housing needs; and
- Policies and programs to address the City's housing needs during the 8-year planning period.

The Draft 2023-2031 Housing Element (Exhibit 1 of Attachment 1) includes updates to the policies and programs in the current Housing Element to reflect (1) changes in State law; (2) public, stakeholder, City Council, and Planning Commission input; (3) current City practices; (4) updated program responsible parties and City department name changes; (5) accomplishments since the adoption of the current Housing Element, such as the adoption of Title 17 (Zoning) of the Goleta Municipal Code and adoption of affordable housing fees; (6) updated program activity time periods; and (7) improved language to better convey the intent of the policies and programs. Refer to Attachment 2 for an underline-strikethrough changes version comparing the proposed policies and programs with the existing, adopted, 2015-2023 Housing Element policies and programs.

A summary of the Draft 2023-2031 Housing Element policies and substantive revisions associated with those policies are highlighted below for City Council's consideration.

Policy HE 1: Maintain and Improve Existing Housing and Neighborhoods. The objective of this policy is to protect, conserve, and enhance the City's existing housing stock. Seven programs implement this policy to address code compliance, housing rehabilitation, preservation of affordable housing units, preservation of mobile home parks, rental housing protection, rental assistance, and short-term vacation rental impacts on housing supply. Substantive changes to Policy HE 1 programs are summarized below.

- ***Short-Term Vacation Rentals:*** HE 1.7 is a proposed new program that requires the City to monitor the impact of short-term vacation rentals on the existing housing stock. Included are requirements for annual reporting to City Council and consideration of changes to the City's short-term vacation rental regulations, if needed, based on the annual monitoring. As noted above, this program was

amendment by the Planning Commission as part of its recommendation to the City Council.

- **Underused Housing Stock:** HE 1.8 is a new program added by the Planning Commission to research the use of existing housing stock for purposes other than a primary residence and identify methods to address any issues identified during the research and take appropriate action where legally possible.

Policy HE 2: Facilitate New Housing Development to Meet Growth Needs for Persons of All Income Levels. The objective of this policy is to facilitate a variety of residential development types commensurate with the City's RHNA and needs of the local workforce. Because the City's RHNA allocation is higher than the previous cycle and very little vacant residential land remains, increased efforts to encourage additional housing development or redevelopment of underutilized non-residential properties will be necessary. Seven programs implement this policy, including encouraging a diverse range of new housing, linkage of housing and jobs, housing design principles for multiple-unit and affordable housing, affordable housing development, inclusionary housing, accessory dwelling units, and funding for affordable housing. Substantive changes to Policy HE 2 programs are summarized below. As discussed in prior meetings, the general approach in identifying potential sites for additional housing was to follow existing City General Plan land use policy with respect to areas where housing is permitted and at allowable residential densities.

- **Mixed-use Developments:** HE 2.1(d) is revised to expand the scope of mixed-use housing zoning amendments to include design flexibility, such that housing proposals may be considered as part of the larger commercial development instead of by individual lot comprising the development. To implement this revision, Title 17 amendments are proposed for 2023.
- **Residential Densities:** HE 2.1(e) is a proposed new sub-program intended to support greater residential density by encouraging development at the maximum residential density allowed. To implement this new sub-program, requirements to amend Land Use Element subpolicy LU 2.2 and Title 17 (Section 17.03.060) are specified. The amendments would change the residential density standards methodology from applying to the net lot area to the gross lot area. This change would not guarantee greater density of residential units but would allow greater flexibility to produce additional housing as long as all other development standards, including protection of environmentally sensitive habitat areas, are met.
- **Replacement of Units Lost in Redevelopment:** HE 2.1(f) is a proposed new sub-program that highlights the City's obligation under State law to ensure residential units lost due to redevelopment are adequately addressed.
- **Live/Work Units Permitting:** HE 2.2(c) is revised to require consideration of a Title 17 amendment to remove the requirement for a Major Conditional Use Permit for live/work units.

- **Parking Standards:** HE 2.3(d) is revised to require consideration for a reduction in parking requirements for studio and one-bedroom dwelling units and clarification regarding parking reductions for affordable units and senior housing units as part of Title 17 amendments.
- **Density Bonus:** HE 2.4(a) is a substantially modified sub-program that now focuses on the requirement for the City to ensure consistent application of State density bonus law.
- **New Housing Project Engagement:** HE 2.4(b) is a new sub-program to replace the existing sub-program HE 2.4(a) to strengthen City procedures to engage with potential and new project applicants regarding housing potential, residential density allowance, incentives for housing, potential funding sources, and potential to collaborate with affordable housing providers. The program revisions add clarity regarding the timing of this engagement such that development inquiries and applicants are advised early in the process during public counter inquiries, formal Planner Consultations, and as advisory comments during the completeness review process.
- **Reduced Impact Fees:** HE 2.4(f) is a new sub-program requiring consideration of revisions to the Beneficial Projects Resolution (City Council Resolution No. 19-43) to establish an automatic reduction or waiver of development impact fees for development that includes affordable dwelling units, with priority for 100 percent affordable, and any special needs housing projects that do not already qualify for a waiver or reduction.
- **Affordable-By-Design:** HE 2.4(g) is a new sub-program requiring City staff to research affordable-by-design principles, including in collaboration with other agencies and stakeholders, to determine potential viability in the City and pursue regulatory amendments, as warranted based on the results of the research.
- **Transfer of Development Rights:** HE 2.6 is proposed for deletion from the Housing Element because a more broadly defined transfer of development rights ordinance/program is already included in the Land Use Element (Implementation Action IA-LU-5).
- **Accessory Dwelling Units:** HE 2.6 (previously HE 2.7) is updated to reflect current State law and to quantify City objectives for ADU production. Requirements to explore incentivizing ADUs for low-and moderate-income households are added to this program. Suggested incentives for future study include funding sources and homeowner/applicant assistance tools.

Policy HE 3: Fair Housing and Special Needs. The objective of this policy is to promote equal housing opportunities for all persons; encourage the provision of housing for those who require special assistance, such as seniors, people with disabilities, and the homeless; and facilitate linkages between housing and services for those with special needs. Extensive new State requirements related to affirmatively furthering fair housing

require a significantly higher level of analysis and programmatic actions to address this issue. Substantive changes to Policy HE 3 programs are summarized below.

- **Fair Housing:** HE 3.1 is updated to reflect extensive new State requirements regarding fair housing. The revisions seek to expand housing opportunities for lower-income households, persons with special needs, and other protected classes.
- **Low Barrier Navigation Centers:** HE 3.2(c) is a new sub-program that addresses State law requirements to allow for low barrier navigation centers by right in certain zones, subject to certain conditions. This sub-program includes required Title 17 amendments to reflect recent changes in State law including, but not limited to, definitions, permit procedures, and application review requirements.
- **Large Residential Care Facilities:** HE 3.2(e) (previously HE 3.2(d)) is revised to require the consideration of Title 17 amendments to allow large residential care facilities, where currently allowed, without the requirement for a Major Conditional Use Permit and as an allowed use in the General Commercial zoning district.

Policy HE 4: Energy and Conservation and Sustainable Development. The objective of this policy is to promote energy conservation by encouraging energy efficiency, renewable energy sources, sustainable building materials, and transit-oriented development. A substantive change to Policy HE 4 summarized below responds to increased State emphasis on minimizing housing cost by reducing residential parking requirements in locations where public transportation alternatives are available.

- **Transit-Oriented Development:** HE 4.4 is revised to highlight opportunities to reduce required parking for transit-oriented housing developments where alternative-transportation improvements are incorporated on or adjacent to the project site through the approval of a Development Plan, Modification, or Conditional Use Permit as already detailed in Title 17.

Policy HE 5: Community Partnerships in Support of Local and Regional Housing Policies. The objective of this policy is to enhance the effectiveness of City and regional housing policies through partnerships, collaboration, and ongoing performance monitoring. Substantive changes to Policy HE 5 programs are intended to expand opportunities for collaboration as summarized below.

- **Community and Regional Collaboration:** HE 5.2(b) is expanded to include more robust efforts to provide housing information and increase opportunities for broad engagement by all stakeholders to address issues including special needs housing. Requirements to provide public information through press releases, the City of Goleta website, GovDelivery email/text message system, Nextdoor, social media (Facebook, Twitter, and Instagram) and Goleta TV Channel 19 are added to this sub-program. Public meeting accessibility and interpretation service goals are also added to this sub-program.

- **Water Supply.** HE 5.2(f) is a new sub-program requiring the City to work with the Goleta Water District to seek additional water resources to support the development of new housing.

Technical Appendix:

The Technical Appendix provides data and analysis required by State law that supports the policies and programs in the Housing Element. The Technical Appendix follows the same general format as the current Housing Element Technical Appendix, with proposed revisions as summarized below.

- I. Housing Needs Assessment. This section includes an analysis of the City's demographic and housing characteristics and trends and has been comprehensively updated to incorporate recent information from the U.S. Census and other relevant sources.
- II. Resources and Opportunities. This section analyzes the City's land, financial, and administrative resources for addressing housing needs as well as discussion of opportunities for energy conservation and sustainable housing development. The discussion of land resources reflects the updated parcel-specific analysis of potential sites for housing development presented in Section V as described below.
- III. Constraints. This section provides a review of potential governmental and non-governmental constraints to meeting housing needs. Major changes to this section include revisions reflecting the adoption of Title 17 as well as other constraints such as current water supply limitations.
- IV. Evaluation of the 2015-2023 Housing Element. This section includes analysis of the City's progress in implementing the programs and objectives of the previous Housing Element, which has provided important guidance in updating the policies and programs for the next 8 years.
- V. Residential Land Inventory. This section identifies sites adequate to accommodate the City's RHNA allocation and has been comprehensively updated. Most noteworthy about the inventory of sites is that "underutilized" parcels that have potential for additional housing development or redevelopment are now included because there are insufficient vacant properties to accommodate the City's RHNA allocation. A significant component of the total capacity for additional housing is in non-residential zoning districts that allow mixed-use development (see additional discussion in the following section). As noted above in the discussion of Policy HE 2, the parcel inventory reflects current City policy regarding the allowable locations and densities for housing development.
- VI. Public Participation Summary. This section details the outreach efforts the City has undertaken for the Housing Element adoption process and has been

comprehensively updated to describe the City’s efforts to engage community stakeholders and decision makers in the process of updating the Housing Element.

- VII. Fair Housing Assessment. This new section has been added to the Housing Element in compliance with recent changes to State law. This section provides extensive additional data and analysis regarding issues of fair housing, discrimination, disproportionate housing needs of lower-income households, persons with special needs and other protected classes, and City efforts to expand housing opportunities and affirmatively further fair housing.
- VIII. Glossary. The existing Technical Appendix has a small glossary of terms. This section has been removed to avoid potential conflicts with definitions elsewhere in the Housing Element, Title 17, and potential changes to State law.

Sites Inventory and Regional Housing Needs:

One of the most important components of the Housing Element is demonstrating that adequate sites are available with appropriate zoning to accommodate the RHNA allocation. The analysis must be prepared at a parcel-specific level of detail and estimate the realistic development capacity of sites based on existing conditions, market trends, and City policies and regulations. As shown in Section V of the Technical Appendix, sufficient sites with appropriate densities have been identified to accommodate the RHNA allocation at all income levels during 2023-2031 planning period. Goleta’s future housing unit potential is comprised of four components – approved projects, vacant sites, underutilized sites, and ADUs – as summarized in the table below.

SUMMARY OF HOUSING UNIT POTENTIAL IN GOLETA (2023–2031)

	Income Category				Total
	Very Low	Low	Moderate	Above	
RHNA	682	324	370	461	1,837
Approved projects	59	0	0	74	133
Vacant sites	189		33	357	576
Underutilized sites	783		479	35	1,297
Future ADUs	80		11	27	118
Total estimated capacity	1,111		523	493	2,124
Surplus (deficit)	105		153	32	287
Notes: For the analysis of housing site capacity, the very low- and low-income categories are combined because the zoning standards are the same for these categories. Source: City of Goleta, 2022					

As shown in this table, underutilized sites represent the largest source of potential housing development. Since housing development is a more complex process on non-vacant properties, the City’s analysis of realistic potential on each site has been estimated based on conservative assumptions that incorporated the following four steps:

- 1) The first step in the process was to delete any residentially designated land with existing development, unless the parcel was clearly well short of the maximum allowed density on the site. Only 11 residentially zoned parcels (two of which are split-zoned with commercial) met this standard and are included in the underutilized sites inventory.
- 2) The second step in the underutilized sites analysis was to remove all parcels that do not allow residential development (i.e., parcels zoned CI, VS, I-BP, IG, IS, OS-AR, OS-PR, or P-QP). Sites zoned CG were also removed because the only residential uses currently allowed in the CG zone are large residential care facilities as part of mixed-use developments.
- 3) The third step was to remove sites where constraints would significantly limit the potential for residential development, in particular, multiple-dwelling developments. Sites removed in this step include those that allow mixed-use development, but that are precluded from such development due to noise or safety restrictions related to their proximity to the Santa Barbara Airport.
- 4) In step four, the remaining sites in the CC, C-OT, and OI zone districts were examined, including local staff knowledge of site-specific information, such as long-term vacancies, expressed interest by the property owner(s) in residential development, and the status of commercial development on the site. During this fourth step of the analysis, sites smaller than 0.5 acres and greater than 10 acres were also removed from consideration, unless site-specific reasons justified inclusion (for example, common ownership with an adjacent property). This factor is consistent with State guidance to focus on sites between 0.5 and 10 acres in size.

Based on these four steps, a total of 90 parcels were listed in the underutilized sites inventory. To estimate the realistic potential for additional housing on each site, the maximum number of units for each parcel based on development standards for the zone district was conservatively reduced by 50% for non-residential and low-density residential sites and 20% for medium and high-density residential sites from the allowable number of residential units. The underutilized sites inventory is included in the Technical Appendix as Table 10A-30.

As seen in the previous table, the sites inventory results in a surplus capacity of 287 units compared to the RHNA allocation. It is important to note that this estimated realistic capacity is based on current General Plan and zoning regulations and is significantly less than the maximum theoretical “buildout” of the General Plan.

Development decisions are based on a complex variety of factors, including general economic and real estate market conditions, development cost, property owner business plans, and alternative business investment opportunities. Within this context, staff has attempted to identify those properties where existing City land use regulations allow residential development. In addition, listing a property in the sites inventory does not establish any additional requirements on the property other than those already existing under current City plans and regulations.

While the sites inventory demonstrates that realistic potential exists for housing development to fully accommodate the RHNA allocation, State law also requires cities to adopt and implement programs to encourage and incentivize housing development, as discussed previously in this report.

CONCLUSION:

The State declared that a housing crisis exists in California and the Housing Element is the primary tool for local governments to establish policies and actions for addressing local housing needs. The Housing Element works in tandem with other elements of the General Plan and City development regulations set forth in the Goleta Municipal Code to facilitate housing production to the extent feasible. It is staff's opinion that the draft Housing Element and Technical Appendix accurately reflect current conditions in Goleta and substantially comply with the requirements of State law. The primary purpose of this public meeting is to allow the City Council and members of the public to review the Draft 2023-2031 Housing Element, as recommended by the Planning Commission, and provide additional comments to staff regarding any changes to the element that may be appropriate. Ultimately, staff seeks City Council authorization to submit the Draft 2023-2031 to HCD for HCD's 90-day review.

NEXT STEPS:

After review of the Draft 2023-2031 Housing Element, City Council is asked to adopt the Resolution provided as Attachment 1, directing City staff to submit the Draft 2023-2031 Housing Element to the HCD for review. HCD will have 90 days to review the Draft and provide the City with comments, after which City staff will revise the Housing Element and return to Planning Commission and City Council for adoption. The statutory due date for the City to adopt the 2023-2031 Housing Element update is February 15, 2023.

The Draft 2023-2031 Housing Element (June 2022) is provided in Exhibit 1 of Attachment 1. Refer to Attachment 2 for an underline-strikethrough changes version comparing the proposed policies and programs with the existing, adopted, 2015-2023 Housing Element policies and programs.

Staff continues to add information to the Housing Element Update project webpage at <https://www.cityofgoleta.org/city-hall/planning-and-environmental-review/advance-planning-division/housing-element-and-implementation/housing-element-2023-2031> and encourages the public to visit the webpage for up-to-date information and resources.

FISCAL IMPACTS:

The fiscal impacts of Council's direction to submit the Draft 2023-2031 Housing Element to the State HCD would be the staff time needed to prepare the transmittal package as well as consultant costs. Staff time for this project is included in the Advance Planning Work Program for Fiscal Year 2021-22. The City 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 support for the Housing Element update project.

ALTERNATIVES:

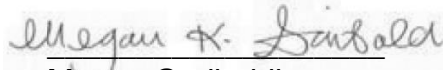
The City Council could choose not to submit the Draft 2023-2031 Housing Element to the State HCD. If not submitted, the City would not be able to complete the Housing Element update project and the City would risk violating State law.


Reviewed By:

Legal Review By:

Approved By:


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ATTACHMENTS:

1. Resolution No. 22-___, entitled "A Resolution of the City Council of the City of Goleta, California, Directing Staff to Submit the Draft 2023-2031 Housing Element to the California Department of Housing and Community Development for Review"
2. Underline-Strikethrough Comparing the Draft 2023-2031 Housing Element Policies and Programs to the Adopted 2015-2022 Housing Element Policies and Programs
3. Staff Presentation