

PLANNING COMMISSION
STAFF REPORT

SPECIAL MEETING DATE: MARCH 20, 2023

ITEM FOR CONSIDERATION

2023-2031 HOUSING ELEMENT UPDATE

PROJECT 22-2157-GP

Public hearing to receive public comments and consider a recommendation to the City Council for approval of the 2023-2031 Housing Element as revised, to address comments from the California Department of Housing and Community Development (HCD).

Report prepared by: John Douglas, AICP
JHD Planning LLC

 Steve Goggia - for

Reviewed by: Steve Goggia, Director
Community Development Department

 Steve Goggia

I. RECOMMENDATION

Receive staff presentation and public testimony; adopt a recommendation to City Council that it find the proposed action is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3); direct staff to supplement, amend, and revise the draft Housing Element consistent with Planning Commission direction, public comment, and the California Department of Housing and Community Development's (HCD's) letter; and adopt a recommendation to City Council for approval of the 2023-2031 Housing Element as revised.

II. PROPOSED PROJECT DESCRIPTION

The Housing Element is a State-mandated component of the City's General Plan and must be updated periodically according to a schedule established in State law. Carpinteria's current Housing Element for the "5th cycle" was adopted in 2014, and State law requires all jurisdictions in Santa Barbara County to update their Housing Elements for the 2023-2031 planning period, referred to as the "6th cycle" in reference to the six Housing Element updates required since the comprehensive overhaul of State housing element law in 1980. The purpose of this meeting is to review the City's revised draft 2023-2031 Housing Element incorporating changes to address comments from HCD, receive public comments, and consider approval of a recommendation to the City Council for adoption of the 2023-2031 Housing Element.

III. BACKGROUND

On June 6 and August 1, 2022, the Planning Commission held study sessions to review the Housing Element process, State requirements, and the major issues that must be addressed. The

City Council and Planning Commission conducted a joint meeting on October 17, 2022 to review the initial draft Housing Element and receive public comments. At the conclusion of the meeting the City Council authorized staff to submit the draft Housing Element to HCD for review as required by State law. Materials from those previous meetings are available on the City website at <https://carpinteriaca.gov/city-hall/agendas-meetings/>.

As discussed at previous meetings, an important difference between the Housing Element and other elements of the General Plan is the extent of State oversight. Under California law, the Housing Element is by far the most highly regulated element of cities' General Plans. Many aspects of land use and development policy are generally within the authority of cities and counties through the adoption of General Plans and land use regulations. 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 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" of the Housing Element. Certification is a threshold requirement for cities' eligibility for certain State-sponsored grant funds.

HCD review of Housing Elements is required both prior to and after final adoption by the City Council. Cities must consider HCD's comments on the draft Housing Element and adopt findings describing how the Housing Element addresses those comments. A second round of HCD review occurs after City Council adoption of the Housing Element. HCD then issues a letter with its findings regarding whether the adopted Housing Element fully addresses its comments on the draft element.

HCD's February 21, 2023 comment letter on the draft Housing Element is provided as Attachment A. Attachment B includes the revised draft Housing Element showing tracked changes from the November 23, 2022 draft element. Attachment C is a clean copy of the revised draft Housing Element.

Additional information regarding the Housing Element update is posted on the City website at <https://carpinteriaca.gov/city-hall/community-development/planning/housing-element-update/>

IV. ENVIRONMENTAL

The Housing Element is a component of the City's General Plan, and General Plan amendments are discretionary legislative actions subject to review under the California Environmental Quality Act (CEQA). Adoption of the Housing Element is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to the "common sense exemption" (Section 15061(b)(3) of the CEQA Guidelines). It can be seen with certainty that there is no possibility that the Housing Element may have a significant effect on the environment because it does not approve any development project or other physical change to the environment. Rather, the Housing Element is a document that sets forth the City's policies to plan for the City's regional housing needs allocation. Approval of any subsequent zoning amendments or housing development projects in accordance with the policies set forth in the Housing Element will comply with CEQA.

V. ANALYSIS

Housing Element content and format. State law establishes extensive detailed requirements for Housing Elements. The draft 2023-2031 Housing Element is similar in format to the 2014 Housing Element and is divided into two volumes: the Housing Plan and the Technical Report. The two most significant changes in the updated Housing Element are the addition of a new Appendix D – Fair Housing Assessment in the Technical Report pursuant to recently-adopted State requirements, and the identification of candidate sites for rezoning to create additional opportunities for new housing to accommodate the much higher regional housing needs allocation (RHNA) assigned to Carpinteria for the 2023-2031 period by the State and the Santa Barbara County Association of Governments (SBCAG).

Volume I of the Housing Element includes an Introduction providing background information as well as City policies and programs intended to address the housing needs of current and future Carpinteria residents.

Volume II, the Technical Report, includes the following Sections and Appendices:

- Section I – Housing Needs Assessment analyzing the City’s demographic characteristics, housing conditions and housing needs, including “special needs” such as persons with disabilities, farmworkers and homeless persons (see additional discussion below)
- Section II – Resources and Opportunities describing the land, administrative and financial resources available to address housing needs
- Section III – Constraints describing potential governmental and non-governmental constraints to meeting the City's housing needs
- Appendix A: Evaluation of the previous Housing Element
- Appendix B: An inventory of sites that could accommodate the City’s new housing needs
- Appendix C: A description of the Housing Element public participation process
- Appendix D: An assessment of fair housing issues

Generally, the most significant issues to be addressed in the Housing Element are: 1) whether City plans and regulations comply with State laws regarding fair housing, including housing for persons with disabilities or other special needs; and 2) how the City will accommodate its share of regional housing needs assigned through the RHNA process.

Housing for persons with special needs. State law establishes specific requirements related to City regulation of housing for persons with special needs, which include the following:

- Emergency Shelters
- Low Barrier Navigation Centers
- Transitional and Supportive Housing
- Single Room Occupancy (SRO) housing
- Farmworker Housing
- Residential Care Facilities
- Reasonable accommodation for persons with disabilities

The Constraints section of the Housing Element contains an analysis of City plans and regulations for a variety of housing types that address special needs, as well as an analysis of

whether City regulations or procedures discriminate against any protected classes of people in violation of fair housing law. The analysis concluded that while current City regulations are consistent with most laws regarding special needs housing, some recent changes to State law require amendments to the Municipal Code in order to ensure consistency with current law.

In its review letter, HCD raised the concern that current City regulations act as constraints that limit housing opportunities for persons with disabilities. To address these issues the Housing Plan includes Program 11 to review and amend regulations to ensure compliance with State requirements. A draft Zoning Code amendment regarding this topic will be scheduled for review by the Planning Commission and City Council later this year. No amendments to the Zoning Code are under consideration at today’s public hearing.

Regional housing needs. One of the most important requirements of State Housing Element law is that each city must adopt policies, plans and regulations to create opportunities for residential development commensurate with its assigned share of new housing need for all economic segments of the community. The Regional Housing Needs Assessment (RHNA) is the process by which each jurisdiction’s share of the need for additional housing is assigned. 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 the SBCAG Board of Directors adopted the final 6th cycle RHNA Plan on July 15, 2021.

The final RHNA allocations for Carpinteria and the entire SBCAG region for the 2023-2031 period are as follows.

6th Cycle RHNA Allocations – Carpinteria and SBCAG Region

	Carpinteria	SBCAG Total
Additional housing need 2023-2031 (units)	901	24,856

Source: SBCAG, 7/15/2021

The 6th cycle RHNA allocations are significantly higher than the previous 5th cycle, when the countywide total allocation was 11,030 units with Carpinteria assigned 163 units.

Carpinteria’s total housing need is distributed among four income categories as follows. The very-low- and low-income categories are collectively referred to as “lower-income.”

6th Cycle RHNA by Income Category – Carpinteria

Very Low*	Low	Moderate	Above Moderate	Total
286	132	135	348	901

*Includes the Extremely-Low category
 Source: SBCAG, 7/15/2021

The RHNA identifies the amount of additional housing at different affordability 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 mandate or prediction of future development.

The portion of the RHNA allocated to the very-low- and low-income categories receives the most attention in Housing Elements because below-market housing is the most difficult to produce. While the private market focuses primarily on market-rate, or “above-moderate-income” housing, large subsidies and public agency assistance are typically necessary to produce housing at affordable below-market prices and rents. HCD places high importance on city strategies to facilitate the production below-market-rate housing.

The primary significance of the RHNA is that jurisdictions are required to adopt land use plans, development regulations and permit procedures that create sufficient opportunities for additional housing commensurate with the RHNA allocation. Under current law, cities are not penalized if actual housing production does not achieve the local RHNA allocation, although local governments may be required to streamline the approval process for qualifying housing developments that meet specific standards (such as affordability and labor requirements) if housing production falls short of the RHNA allocation.

Required zoning amendments to accommodate the RHNA. The Housing Element must demonstrate compliance with the RHNA allocation by analyzing the City’s capacity for additional housing based on land use plans, development regulations, potential constraints (such as infrastructure availability and environmental conditions) and real estate market trends. Capacity for additional housing development at various income levels is determined through a parcel-specific “sites inventory” to estimate the amount of additional housing that could be built consistent with local plans and regulations.

State law requires that the sites analysis demonstrate that land use plans and regulations provide sufficient opportunities for new housing that could fully accommodate the RHNA allocation in each income category. If potential development capacity is not sufficient to fully accommodate the City’s RHNA allocation, 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 to facilitate production of additional housing. Such amendments typically include increasing allowable residential densities, modifying other development standards, such as parking requirements, height limits and inclusionary housing requirements, or allowing housing to be built in areas where residential development is not currently allowed.

Appendix B of the Technical Report provides the City’s detailed sites inventory analysis. The estimated potential for additional housing on each parcel is based on current land use regulations and reasonable assumptions regarding the number of additional housing units that could be built on each parcel. *The assumptions regarding affordability levels for potential housing units on each parcel are based on general State criteria and are not a prediction of future development or a regulatory requirement. The adoption of the Housing Element will not create a requirement for property owners to build additional housing on the sites identified in the Housing Element, and cities are not required by housing element law to provide direct financial subsidies for affordable housing.*

Under State criteria, potential new housing units are assigned to affordability categories based primarily on allowable density. In the smaller cities of Santa Barbara County, including Carpinteria, a “default density” of at least 20 units per acre is considered appropriate to accommodate lower-income housing. These affordability assumptions are established by State law for purposes of the Housing Element sites analysis but do not require new housing to achieve these affordability levels. While cities are expected to use their municipal powers to facilitate affordable housing production, it is recognized that below-market housing typically requires large financial subsidies that are beyond the ability of cities alone to fund. Programs 5 through 10 in the Housing Plan describe a variety of actions the City proposes to take to facilitate affordable housing production.

The sites inventory analysis shows the following estimated capacity for additional housing based on current land use plans and regulations compared to the RHNA allocation:

	Income Category				Total
	Very Low	Low	Mod	Above	
RHNA 2023-2031	286	132	135	348	901
Approved projects (Table B-3)	-	-	-	79	79
Net remaining RHNA	418		135	269	822
Vacant sites (Table B-4)	-		13	5	18
Underutilized sites (Table B-5)	176		42	-	218
ADUs	96		10	54	160
Surplus (Shortfall)	(146)		(70)	(210)	(426)

Source: City of Carpinteria, 2022

This table shows that there are insufficient sites with potential for residential development to fully accommodate the RHNA based on current zoning. Therefore, State law requires the City to adopt a program to amend land use regulations to create additional opportunities for housing development.

To address the shortfall of sites, Program 1 in the Housing Plan (Adequate Sites to Accommodate Regional Housing Needs) includes a commitment to amend zoning regulations on sufficient sites selected from the “candidate sites” listed in Appendix B, Table B-6 to create additional housing opportunities commensurate with the RHNA allocation. As discussed at previous meetings, the proposed zoning strategy would apply the “R Overlay” designation to a sufficient number of the candidate sites to accommodate the RHNA shortfall. The R Overlay designation would allow stand-alone residential (i.e., residential only) or a mix of residential and commercial uses at a density of 20 to 25 units/acre on parcels where stand-alone residential is not currently allowed.

The candidate sites listed in Table B-6 were selected based on a variety of factors that are typically used as indicators of development potential, including the degree of underutilization, physical conditions such as vacant buildings or older or lower-value structures, limited environmental constraints, proximity to services and transportation, and development interest. It is important to note that development decisions are affected by a wide range of financial and other considerations, and listing a property on the candidate sites table should not be interpreted as a City requirement for future development on those sites.

The candidate sites currently have zoning designations of Commercial, Industrial/Research Park, Industrial, and Agricultural and collectively represent a total potential capacity for over 2,000 new housing units. Because the total potential capacity of the candidate sites is substantially more than the shortfall of sites compared to the RHNA, not all of the candidate sites must be rezoned to accommodate the shortfall. As part of the implementation process described in Program 1, the

candidate sites would be subject to more detailed study, environmental evaluation and public review, and the most appropriate sites for application of the R Overlay would be selected by the City Council with recommendations from the Planning Commission. During this process, some sites could be removed from the candidate sites list and new sites could be added based on new or more detailed information gathered during the review process. As part of the zoning amendments, appropriate development standards would be established (such as height limits and affordability provisions) to facilitate development at a density of 20 to 25 units/acre and appropriate affordability requirements would be determined for projects electing to use the R Overlay option. As currently envisioned, the R Overlay amendment would not change currently allowed uses on the candidate sites but would create an additional option for residential-only development as an alternative to the non-residential or mixed uses currently allowed by the base zoning district.

Amendments to the zoning code related to the R Overlay and application of the R Overlay to specific sites will not become effective until they are reviewed and approved by the California Coastal Commission.

Last October staff conducted a public workshop to provide information regarding the candidate sites R Overlay program, and since then considerable development interest has been expressed to staff. Written comments submitted by property owners and others are included in Appendix C of the Technical Report.

HCD comments and proposed responses. The draft Housing Element was submitted to HCD for review on November 23, 2022, and on February 21, 2023 HCD issued a letter finding that the draft element addresses many statutory requirements; however, revisions will be necessary to comply with State Housing Element Law ([Attachment A](#)). The nature and extent of HCD's comments are typical of those in other cities in the 6th planning cycle and are far more extensive than in prior cycles. Staff and the City Attorney have carefully reviewed HCD's comments and this revised draft Housing Element has been prepared to address each comment. Proposed changes to the Housing Element are shown in underline/~~strikeout~~ notation in [Attachment B](#); the clean copy is included as [Attachment C](#). Following the Planning Commission hearing, staff will work to make minor revisions to the Housing Element pursuant to Planning Commission direction, public comment, and to ensure it fully addresses HCD's comments and substantially complies with the requirements of State law before forwarding it to City Council for adoption.

The most extensive HCD comments are regarding the topics of affirmatively furthering fair housing (AFFH) and the sites inventory. AFFH is a new requirement for the 6th Housing Element cycle and all cities have received extensive comments from HCD stating that more detailed analysis is necessary. Cities are also receiving extensive comments regarding the inventory of sites, particularly "underutilized" sites that have some existing use on the property.

Conclusion. State requirements for this Housing Element update are far more challenging than any prior update. The State Legislature has declared a "housing crisis" in California, and local government zoning and permit review procedures are viewed as a major cause of the crisis. The much higher RHNA allocations for the 6th cycle are a direct result of the Legislature's direction that cities must revise their zoning regulations to facilitate a significant increase in housing production, particularly higher-density multi-family housing. The draft Housing Element addresses these requirements and includes revised policies and programs to create additional opportunities for housing development.

PUBLIC PARTICIPATION:

Appendix C of the Technical Report includes a detailed description of opportunities for public involvement in the preparation of the Housing Element, comments received, and how those comments have been addressed. Notices of future meetings and other documents will be posted and distributed as they become available.

NEXT STEPS:

A Housing Element update is a legislative amendment to the General Plan that requires a recommendation by the Planning Commission and final approval by the City Council. After adoption by the City Council, the Housing Element must be submitted again to HCD for review. HCD has 60 days following submittal to report its findings regarding compliance of the adopted Housing Element. At the time this report was prepared, none of the jurisdictions in Santa Barbara County had received State certification of their Housing Elements.

VI. ACTION OPTIONS

1. Receive staff presentation and public testimony, and make a recommendation to the City Council regarding the revised draft Housing Element.

VII. ATTACHMENTS

- A. HCD review letter of February 21, 2023
- B. Revised Draft Carpinteria 2023-2031 Housing Element showing tracked changes
- C. Revised Draft Carpinteria 2023-2031 Housing Element without tracked changes