



City of Carpinteria

COUNCIL AGENDA STAFF REPORT April 10, 2023

ITEM FOR COUNCIL CONSIDERATION

Adoption of Resolution No. 6218 (Attachment A) approving the 2023-2031 Housing Element of the Carpinteria General Plan as revised to address comments from the California Department of Housing and Community Development (HCD) and other interested parties (General Plan Amendment No. 22-2157-GP).

STAFF RECOMMENDATION

Receive staff presentation and public testimony; find the proposed action is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3); and adopt Resolution No. 6218 approving the 2023-2031 Housing Element and directing the City Manager to submit the Housing Element to the California Department of Housing and Community Development for review.

Sample City Council Motion: I move approval of the staff recommendation to adopt Resolution No. 6218 finding that the proposed action is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3), and approving General Plan Amendment No. 22-2157-GP, a comprehensive update to the Housing Element of the Carpinteria General Plan for the 2023-2031 planning period, and directing the City Manager to submit the Housing Element to the California Department of Housing and Community Development for review.

BACKGROUND

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 revision to State housing element law in 1980. The purposes of this public hearing are to review the City's revised draft 2023-2031 Housing Element incorporating changes to address comments from HCD, the Planning Commission, and other interested parties; conduct a public hearing to receive additional public comments; and consider approval of the 2023-2031 Housing Element.

On June 6 and August 1, 2022, the Planning Commission held study sessions to review the Housing Element update process, State requirements, and the major issues that must be addressed in the 6th cycle Housing Element update. 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 initial 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 requirements and 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 and applicable state laws.

HCD's February 21, 2023 comment letter on the draft Housing Element is provided as Attachment B. Exhibit 1 to Resolution No. 6218 (Attachment A) includes the City's responses to HCD comments and a summary of changes to the draft Housing Element addressing HCD comments. Exhibit 2 to Resolution No. 6218 (Attachment A) contains the completed clean version of the revised draft Housing Element. The revised draft Housing Element showing tracked changes from the November 23, 2022 draft element is provided in Attachment C. Attachment D contains the draft notice of exemption for adoption of the 2023-2031 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/>.

DISCUSSION

Housing Element Content. State law establishes very detailed requirements for Housing Elements, and in recent years the State Legislature has adopted extensive new requirements. The draft 2023-2031 6th cycle Housing Element is similar in format to the 5th cycle Housing Element and is divided into two volumes: the Housing Plan and the Technical Report. The most significant change in the draft Housing Element is the addition of a new Appendix D – Fair Housing Assessment as a part of the Technical Report, consistent with recently-adopted State requirements.

Volume I 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:

- Section I – Housing Needs analyzing the City's demographic characteristics, housing conditions and housing needs
- 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: Inventory of sites that could accommodate the City's new housing needs as well as candidate sites for potential zoning amendments to increase capacity for new housing commensurate with regional housing needs
- Appendix C: Description of the Housing Element public participation process
- Appendix D: Assessment of fair housing issues

The most significant compliance issues at stake in the Housing Element are:

1) whether City plans and regulations comply with State laws regarding housing for persons with disabilities and other special needs; and 2) how the City will accommodate its share of regional housing needs assigned through the Regional Housing Needs Assessment ("RHNA") process (discussed further below).

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

Examples of recent changes to State laws related to special needs housing include AB 139 (2019), which modified allowable parking standards for emergency shelters, and AB 101 (2019), which established specific requirements to allow low barrier navigation centers in certain locations.

Section III: Constraints of the Technical Report contains an analysis of City plans and regulations for a variety of housing types that serve persons with special needs. The analysis concludes that while current City regulations are consistent with most State laws regarding special needs housing, some recent laws will require amendments to the Carpinteria Municipal Code.

In its review of the draft Housing Element, HCD commented that some City regulations and procedures may constrain the availability of housing choices for persons with disabilities. In response to this comment, the Housing Plan includes Program 11 to ensure compliance with State law and fair housing requirements. The Code amendments proposed in Program 11 will be considered as a subsequent implementation action item with public review and hearings by the Planning Commission and City Council. No Code amendments are being considered for approval by the City Council at this time.

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 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 the SBCAG Board of Directors adopted the final RHNA Plan on July 15, 2021.

The final RHNA allocations for Carpinteria and the entire SBCAG region (i.e., Santa Barbara County) 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 RHNA allocates Carpinteria’s total housing need to four income categories as follows.

6th Cycle RHNA by Income Category – Carpinteria

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

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 eliminating 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 categories¹ 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 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 and development regulations that create sufficient opportunities for additional housing development commensurate with the RHNA allocation. Under current law, cities are not penalized if actual housing production does not achieve their RHNA allocations, although 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 their RHNA allocation.

¹ Very Low (50%) Income Limits, 4 Persons in Family \$62,450; Low (80%) Income Limits, 4 Persons in Family \$100,100; Housing Authority of the County of Santa Barbara, 2022.

The Housing Element must demonstrate compliance with the RHNA allocation by analyzing the City's realistic 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 analysis that estimates 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 additional housing production. Such amendments typically include increasing allowable residential densities, modifying other development standards, such as parking requirements or height limits, or allowing housing to be built in areas where 100% 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 housing units that could be built on each parcel. The assumptions regarding affordability levels for potential housing units 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 City actions 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:

2023-2031 Sites Inventory Summary: City of Carpinteria

	Income Category				Total
	Very Low	Low	Mod	Above	
RHNA 2023-2031	286	132	135	348	901
Completed, Approved & Pending Projects (Table B-3)	-	-	-	79	79
Net Remaining RHNA	418		135	269	822
Vacant Sites (Table B-4)	-		13	5	18
Underutilized R Overlay Sites (Table B-5)	94		31	-	125
Other Underutilized Sites (Table B-6)	-		89	266	355
ADUs	96		10	54	160
Surplus (Shortfall)	(228)		7	56	(164)

Source: City of Carpinteria, 2023

Based on the analysis in Appendix B, there are currently insufficient sites to fully accommodate the RHNA allocation in the very-low- and low-income categories. To address the shortfall of lower-income sites, Program 1 in the Housing Plan (Adequate Sites to Accommodate Regional Housing Needs) includes a commitment to amend zoning regulations on sites totaling at least 11.4 acres to be 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 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. While multi-family housing at up to 20 units/acre is currently allowed on most of the candidate sites, zoning regulations do not allow “stand alone” residential development and instead require a mix of residential and non-residential uses. Since the R Overlay would create an additional development option for the selected properties to construct residential only development, it would expand housing opportunities, especially for lower income households.

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 property owner development interest. It is important to note that development decisions are affected by a wide range of financial and other considerations, and including 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, or Agricultural and collectively represent a total potential capacity that is substantially more than the shortfall of sites compared to the RHNA. Therefore, 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 and other interested parties. 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 districts.

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 and responses are included in Appendix C of the Technical Report.

Program 1 also commits to review of residential development standards in consultation with local architects and development, and to amendment development standards to ensure that allowable densities can be achieved, and that standards do not pose unreasonable constraints on the cost and supply of housing for sites in the R Overlay and on existing sites that allow for residential uses.

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 (Attachment B) finding that the draft element addresses many statutory requirements; however, revisions will be necessary to comply with State Housing Element Law. 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 revisions have been included in the revised draft Housing Element to address each comment, as described in Exhibit 1 to Resolution No. 6218 (Attachment A). A clean version of the revised Housing Element is provided in Exhibit 2 to Resolution No. 6218 (Attachment A). Attachment D. Proposed changes to the November 23, 2022 draft Housing Element are shown in underline/~~strikeout~~ notation in Attachment C.

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. Appendix D of the Technical Report has been revised incorporate additional analysis of fair housing, including local and regional trends for different special needs groups and describe the City's efforts related to racial equity and social justice. To address HCD's comments, the City also revised Program 17 to describe the actions that the City plans to take to AFFH during the 6th cycle, including but not limited to actions to address housing affordability and access to opportunity and mobility, homelessness and fair housing education and outreach.

Cities are also receiving extensive comments regarding the inventory of sites, particularly "underutilized" sites that have some existing use on the property. To address HCD's comments, the City supplemented the analysis in Appendix B of the Technical Report based on recent development trends on "underutilized" sites and made updates to the above site inventory table based on conservative assumptions.

Planning Commission Recommendations. On March 20, 2023 the Planning Commission conducted a public hearing to review the revised Housing Element and proposed CEQA exemption. At the conclusion of the hearing the Commission approved a recommendation for City Council approval of the revised Housing Element and CEQA exemption with further technical revisions by staff as appropriate. The Commission vote was unanimous with one abstention by Commissioner Salant, who recently joined the Commission and did not have the opportunity to participate in previous meetings on this item.

Following the Planning Commission hearing, staff continued to refine the revised draft Housing Element to more fully respond to comments from HCD and other interested parties. These refinements are incorporated into the revised Housing Element before the City Council.

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 the result of State legislation requiring cities 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 significant additional opportunities for housing development consistent with recent State legislation.

NEXT STEPS

Following City Council approval, the Housing Element must be submitted to HCD for a second review as required by State law. HCD has 60 days to provide comments on the adopted Housing Element.

The Housing Plan includes many implementation actions over the 8-year planning period. Some of those actions involve amendments to the Land Use Element of the General/Coastal Plan and the Zoning Code, which will require additional public review and hearings by the Planning Commission and City Council. Other implementation actions involve a substantial increase in new staff-level administrative activities that will have budget and workload implications. A summary of specific implementation actions is provided in Table H-2 of the Housing Plan.

COMPLIANCE WITH CEQA

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.

OPTIONS

1. Receive staff presentation and public testimony, adopt Resolution No. 6218 approving the 2023-2031 Housing Element and CEQA exemption, and authorizing the City Manager to submit the adopted Housing Element to HCD for review as required by State law. (Staff Recommendation)
2. Receive staff presentation and public testimony, and provide alternate direction as appropriate.

PRINCIPAL PARTIES EXPECTED AT MEETING

Housing advocates, property owners, and other interested parties.

ATTACHMENTS

- A. Draft City Council Resolution No. 6218, with
Exhibit 1: HCD comments of February 21, 2023 and City responses
Exhibit 2: Revised Draft Carpinteria 2023-2031 Housing Element (clean version)
- B. HCD letter of February 21, 2023
- C. Revised Draft Carpinteria 2023-2031 Housing Element (tracked changes)
- D. Draft Notice of Exemption for 2023-2031 Housing Element

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