



City of Santa Barbara California

III.

PLANNING COMMISSION STAFF REPORT

REPORT DATE: May 22, 2008
AGENDA DATE: June 5, 2008
TO: Planning Commission
FROM: Planning Staff

SUBJECT: REGIONAL HOUSING NEEDS ALLOCATION PLAN (2007-2014)
DRAFT COMMENT LETTER TO SBCAG

On April 17, 2008, the Santa Barbara Association of Governments (SBCAG) Board released a Draft Regional Housing Needs Allocation (RHNA) plan. The public and local jurisdictions have 60-days to comment on the Draft RHNA plan. On June 19, 2008 the SBCAG Board will meet in Santa Barbara to hold a public hearing and consider public comments on the draft plan. This includes requests for revisions to the RHNA by local agencies. The Board will also consider final approval of the RHNA plan at this meeting. A complete RHNA development schedule is attached as Exhibit A.

The City of Santa Barbara has significant concerns with the Draft RHNA Plan and will be requesting that the SBCAG Board revise the draft plan. Exhibit B is a draft comment letter to SBCAG requesting revisions to the Draft RHNA Plan. Staff requests that the Planning Commission review and discuss the draft comment letter to the SBCAG Board.

Background

State law requires cities and counties to adequately plan to meet the existing and projected housing needs in the Housing Element of the General Plan. This includes planning to meet a fair share of the regional housing needs for all economic segments of the community.

Unlike other parts of the General Plan, State law requires that Housing Elements be updated every 5 years. Also unique to the Housing Element, State law has very specific content requirements and includes a mandatory review by State Department of Housing and Community Development (HCD).

The City's current Housing Element was certified by HCD in February 2005. It addressed and planned for housing needs for the 2001 – 2007 planning cycle. Revisions to the Housing Element to address the 2007-2014 planning cycle are due August 2009.

SBCAG has prepared a Draft RHNA Plan with information on countywide housing needs as determined by the State Department of Housing and Community Development (HCD). It also includes information on factors to be considered by SBCAG to allocate housing needs down to the local level for all cities and unincorporated areas of the County. A complete copy of the Draft RHNA Plan is available on the SBCAG website at www.sbcag.org. The RHNA information can be found near the bottom of the main web page. Specific tables referenced in the staff report are attached as exhibits.

Draft Comment Letter

Staff has prepared a draft comment letter to the SBCAG Board requesting changes to the Draft Plan. The draft letter is included as Exhibit B. Specifically, we are asking the SBCAG Board to:

1. Remove the technically suspect "Housing the Workforce" scenario entirely from the Draft RHNA plan, methodology and appendices (RHNA Plan Table 4, columns 2 & 3 - included as Exhibit C to this report);
2. Remove the arbitrary "Board adjustments" (RHNA Plan Table 4, column 4 - included as Exhibit C to this report); and
3. Adopt a RHNA plan that uses the 50% existing jobs, 25% future jobs and 25% future housing scenario (RHNA Plan Table 4, column 1 - included as Exhibit C to this report)

The draft comment letter also challenges the SBCAG Board to act consistently regarding future growth in the County. The Draft RHNA plan as proposed is more growth-inducing than the State mandate as it will require increasing the zoning and general plan capacities for new housing over what is currently in place. Page 17 of the Draft RHNA Plan (Exhibit D) compares the RHNA to residential "buildout" by jurisdiction. It shows that every single jurisdiction has existing capacity to accommodate more units than allocated except for the City of Santa Barbara. Yet the SBCAG Board has chosen to target the City with the greatest share of the countywide RHNA.

2009 Housing Element Update / *Plan SB* Process

The issue of future housing growth is a key part of the *Plan SB* process. The 2009 Housing Element Update will be prepared concurrently with other *Plan SB* documents including the EIR. What is being proposed by the SBCAG Board in the Draft RHNA Plan is well beyond our current General Plan buildout estimate of 40,005 units. Initial studies have shown that existing zoning could allow for nearly 7,000 additional units in commercial areas of the City. However, it has not been determined whether the City has the resources to accommodate these additional units. That will be determined by the *Plan SB* EIR. Currently, the City's Land Use Element and key resource studies such as the Long Term Water Supply Program plan for a maximum buildout of 40,005 units. Staff believes that the *Plan SB* process is the appropriate way to re-assess our residential development capacity. It should not be forced upon the City by SBCAG through the RHNA process.

RECOMMENDATION

Staff recommends that the Planning Commission provide input on the draft comment letter to the SBCAG Board regarding the RHNA plan. Staff also requests that one or two Planning Commissions be designated to work with staff to finalize the letter for the Mayor's signature and, if necessary, attend the SBCAG Board meeting on June 19th in Santa Barbara.

Exhibits:

- A. Complete RHNA Schedule (Table 3 of SBCAG Draft Regional Housing Needs Allocation (RHNA) Plan dated April 2008)
- B. Draft Comment Letter to SBCAG from City of Santa Barbara (June 19, 2008)
- C. Page 4, Table 13 of the Draft RHNA Plan (April 17, 2008)
- D. Page 17, Figure 4 of the Draft RHNA Plan (April 17, 2008)

**Table 3
RHNA Development Schedule, 2007-2008**

Date	SBCAG	Local Agencies
July 2007	HCD draft allocation to SBCAG	Local input into SBCAG request for reduction in initial allocation
August 31	HCD Deadline for review of initial allocation	Local input into SBCAG request for reduction in initial allocation
Sept. 28	SBCAG authorizes appeal of HCD allocation	Local input on appeal based on RGF 2007
Nov. 13	Final SBCAG Regional Housing Need Allocation by HCD	
Nov. 07 – March 08	Development of RHNA Allocation Methodology by TPAC	
Feb. 21, 2008	SBCAG Board consideration of draft allocation methodology	Review by TPAC and local agencies
March 20	Solicitation of public input and SBCAG Board approval of proposed allocation methodology	Review by TPAC and local agencies
April 17	SBCAG Board releases RHNA Draft allocation methodology and RHNA Plan	Review of Draft Plan by TPAC Review by local agencies
April – June		Local agency and public review of draft plan Local agency consideration of request for revision
June 19	Board public hearing, consideration of comments on allocation methodology and draft Plan, request for revision by local agency Board consideration of approval of final RHNA Plan. Notice of Plan adoption (within 10 days) submitted to local agencies	Local agency and public review of draft plan
August 4 (approx.)		Deadline for submission of appeals by local agencies
August 21	Board hearing to consider local agency appeals and approval of proposed final RHNA Plan	Local agency and public review of proposed final plan
October, 17	Board holds hearing to consider approval of revisions to final RHNA Plan Board submission of RHNA Plan to HCD	
Dec., 2008	Deadline for HCD approval/consistency determination	

June 19, 2008

SBCAG Board of Directors
Supervisor Brooks Firestone, SBCAG Chair
260 North San Antonio Road, Suite B
Santa Barbara, CA 93110

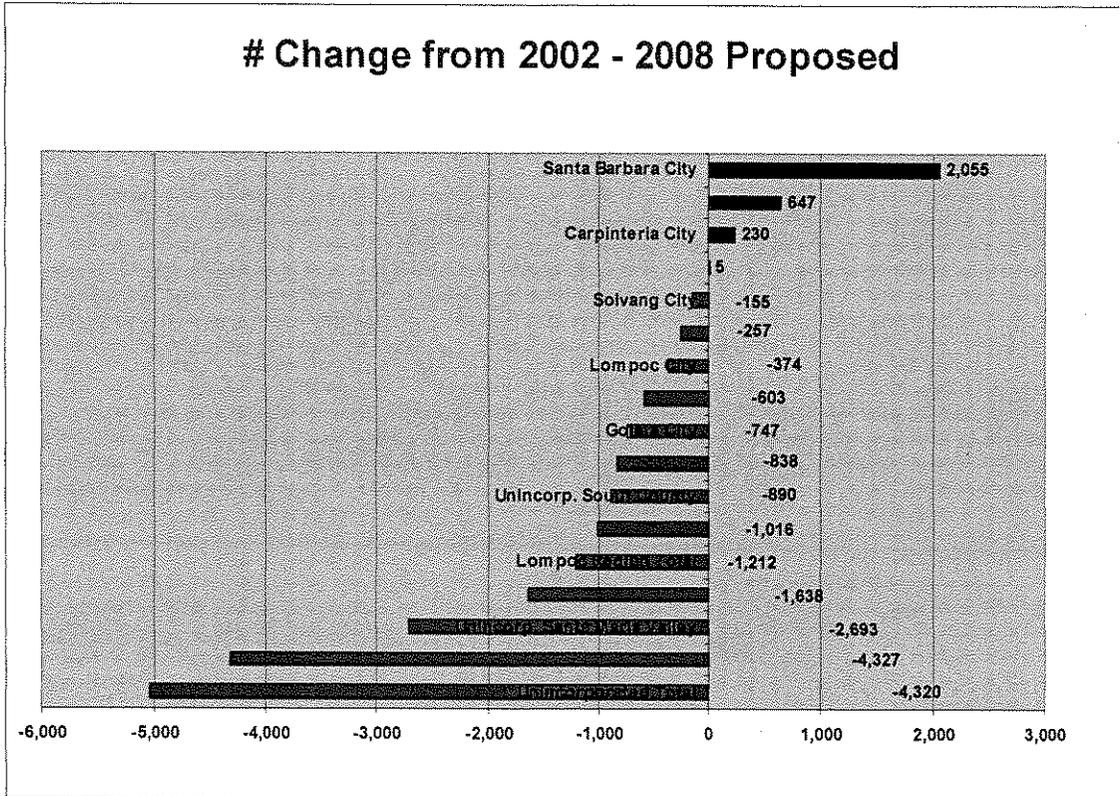
RE: **REGIONAL HOUSING NEEDS** – June 19, 2008 - Item #XX

Dear Supervisor Firestone:

On June 19, 2008, the Santa Barbara County Association of Governments (SBCAG) will be considering public comments and final adoption of the Regional Housing Need Allocation Plan for the 2007- 2014 planning period. The City of Santa Barbara respectfully requests that the RHNA Plan be revised to:

1. Remove the "Housing the Workforce" Scenario (Table 4, columns 2 &3);
2. Remove the "Board Adjustment" (Table 4, column 4) and
3. Adopt a RHNA plan that uses the 50% existing jobs, 25% future jobs and 25% future housing scenario (Table 4, column 1, page 13 of Draft Plan.)

Last year, we were all relieved when the State assigned Santa Barbara County a region housing needs that was 34 % lower than the prior planning period. SBCAG staff and others were relieved and remarked publicly that all areas of the County could expect to receive a lower number to plan for than before based on the lower number for the county as a whole. Rather, the Draft Plan proposes a distribution that significantly reduces the RHNA from the previous cycle for all jurisdictions except for the cities of Santa Barbara, Carpinteria and Guadalupe. The change in units assigned by jurisdiction is illustrated in the following chart.



Our strongest objection involves how the draft RHNA is distributed in the South County Market Area – predominantly to the 3 cities (96%) and a very small proportion to the South County unincorporated areas (4%). This does not reflect the reality that the South Coast functions as one region. This distribution reflects a flawed “Housing the Workforce” analysis as illustrated as Step 2 on page 12 of the RHNA Plan. Pages 38 – 42 of the plan detail the assumptions of “Housing the Workforce.” It finds that the unincorporated areas have a surplus of housing and need no additional units to house the unincorporated area workforce housing needs. The unincorporated South Coast includes employers such as UCSB, Westmont & Pacifica Colleges, the Biltmore, Miramar and San Ysidro hotels, and the Carpinteria Valley flower industry.

On the South Coast, it is not reasonable to expect that all the service and construction workers flowing into the Montecito area everyday must also live in Montecito. Similarly, it is not reasonable to expect that all the physicians and health care professionals who work in and around the Cottage Hospital area should not be required to live in the City of Santa Barbara. Is it reasonable to expect that every employee who works for the County of Santa Barbara in Downtown Santa Barbara be required to live in the City of Santa Barbara? The “Housing the Workforce” scenario makes exactly these assumptions by jurisdiction, not by housing market area or region. Page 13, Table 4 column 2 shows this scenario with zero housing units needed to house workers in the urbanized County unincorporated areas of the South Coast.

To analyze and draw conclusions regarding a jobs/housing balance by governmental jurisdiction rather than by region flies in the face of sound reasoning and logic. The South Coast of Santa Barbara County is one region with respect to housing, transportation and employment. The region's housing, transportation and land use policies should reflect that and not the artificial political boundaries that reflect politics and not function.

We support any analysis that looks at the South Coast as one region, addresses housing needs as a region and makes regional plans that reflect this. To make the Draft RHNA plan more technically sound, legally defensible and fair, we recommend that the SBCAG Board:

1. Remove the technically suspect "Housing the Workforce" scenario entirely from the Draft RHNA plan, methodology and appendices (Table 4, columns 2 & 3, page 13 of Draft RHNA Plan);
2. Remove the arbitrary "Board adjustments" (Table 4, column 4, page 13); and
3. Adopt a RHNA plan that uses the 50% existing jobs, 25% future jobs and 25% future housing scenario (Table 4, column 1, page 13.)

Although we feel that this continues to place too much emphasis on jobs over housing needs, we could accept this shift in RHNA methodology. We would look forward to updating our regional land use and transportation policies to be consistent with this new policy emphasis.

One final objection is that the Draft RHNA plan as proposed is more growth-inducing than the State mandate. Why would the SBCAG Board want to increase the zoning and general plan capacities for new housing over what is currently in place? State law requires areas to "plan for" RHNA by demonstrating zoning and General Plan capacities to meet the need. Page 17 of the Draft Plan shows that every single jurisdiction has zoning capacity to accommodate more units than allocated except for the City of Santa Barbara. Yet the SBCAG Board has chosen to target the City with the greatest share of the countywide RHNA.

By ignoring the existing capacities for new housing in existing housing elements, SBCAG's action in the draft plan will result in increasing the capacity for new housing in the County beyond what has been assigned to our region by the State. Given that the Board appealed the initial higher allocation from the State, we question whether the Draft RHNA plan is consistent with early Board actions. It is certainly not consistent with the widely-held expectation that a considerably lower countywide number would result in lower allocations for all.

It is our hope that the SBCAG Board will take a close look at the magnitude and significance of the proposed shift in how the RHNA is being allocated. We strongly urge the SBCAG Board to modify the Draft RHNA plan to reflect a RHNA based on jurisdiction's accepting a fair share as well as regional solutions to the RHNA obligation.

Sincerely,

Marty Blum, Mayor
City of Santa Barbara

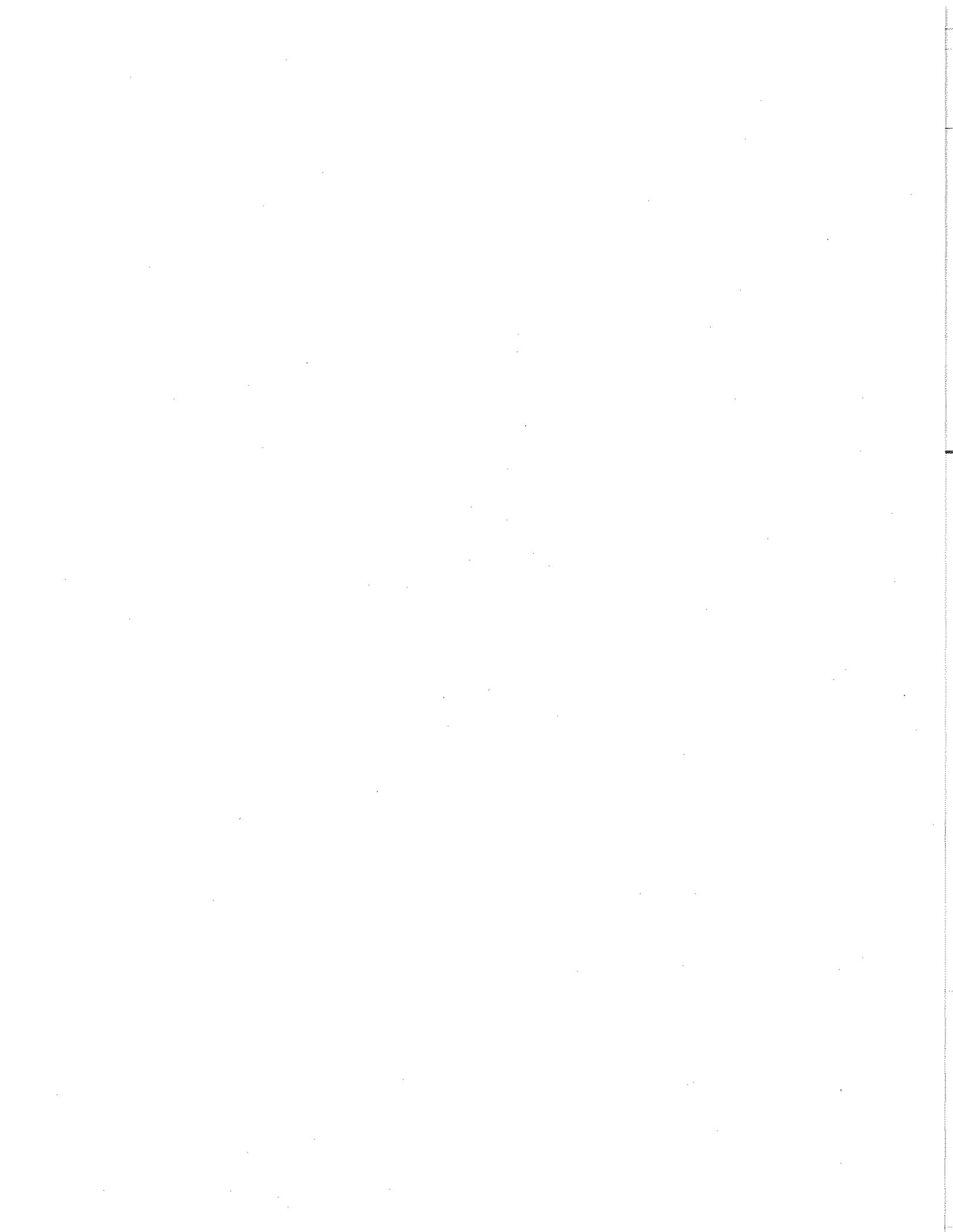
Table 4, Inputs to the Draft Regional Housing Needs Allocation Approved by the SBCAG Board on March 20, 2008

Housing Market Area/ Jurisdiction	50% Exist. Jobs 25% Growth in Jobs, Housing	County, Housing the Workforce Scenario	Average TPAC and County	Board Adjustment	Draft Allocation
South County Market Area	5,406	8,241	6,824	(200)	6,624
Carpinteria City	343	267	305		305
Santa Barbara City	3,039	5,736	4,388		4,388
Unincorp South County	581	-	291		291
Goleta City	1,443	2,238	1,841	(200)	1,641
Santa Ynez Market Area	705	551	628	(58)	570
Solvang City	170	285	228	(58)	170
Buellton City	292	266	279		279
Unincorp Santa Ynez Valley	243	-	122		122
Lompoc Market Area	1,200	399	800	-	800
Lompoc City	919	113	516		516
Unincorp Lompoc/VAFB	281	286	284		284
Santa Maria Market Area	4,289	2,409	3,349	258	3,607
Santa Maria City	3,472	2,409	2,941	258	3,199
Guadalupe City	175	-	88		88
Unincorp Santa Maria Valley	642	-	321		321
Unincorporated Total	1,747	286	1,017	-	1,017
County Total	11,600	11,600	11,600	-	11,600
COLUMN NUMBER	1	2	3	4	5
1. TPAC recommended scenario of 50% or 5,800 allocated based on existing jobs, 25% or 2,900 allocated based on both job growth and household growth. 2. County February 27th letter, Attachment A, House the Workforce scenario that allocates households where the workforce is needed for local jobs . See Appendix D for additional detail. 3. Average of Column 1 and 2. 4. Adjustments made by the SBCAG Board at its March meeting. 5. Draft allocation using average and board adjustments from column 3 and 4.					

Allocation by Income Level

Once an allocation methodology is approved, the next step in the RHNA process is to allocate the recommended household growth by household income level. The household income categories are based on the year 2000 Census distributions and adjusted to address those areas that have a higher proportion of very low and low income household. This is done in an attempt to compensate for impaction of very low and low income households in any one jurisdiction. The method is the same as the one developed for the prior 2002 RHNA Plan. TPAC unanimously approved (with City of Santa Barbara abstaining) a recommendation to use this income distribution formula, after considering this and another formula proposed by Lompoc city staff, at its meeting on March 12.

Areas that have higher than average concentrations of very low and low-income residents are assigned more higher-income households. Conversely, areas with more upper income households are assigned proportionally more low- and very low-income households. The income levels vary throughout the county as the following table shows. The purpose of this step is to try to moderate the discrepancies among jurisdictions of existing low and very-low income households to some degree.



Figures 4 and 5 show the final allocation for each city and unincorporated area and by housing market area as compared to the theoretical potential of new units that could be constructed (Source: SBCAG Growth Forecast, 2007).

Figure 4: Draft Regional Housing Allocation Compared to Residential "Buildout" by Jurisdiction

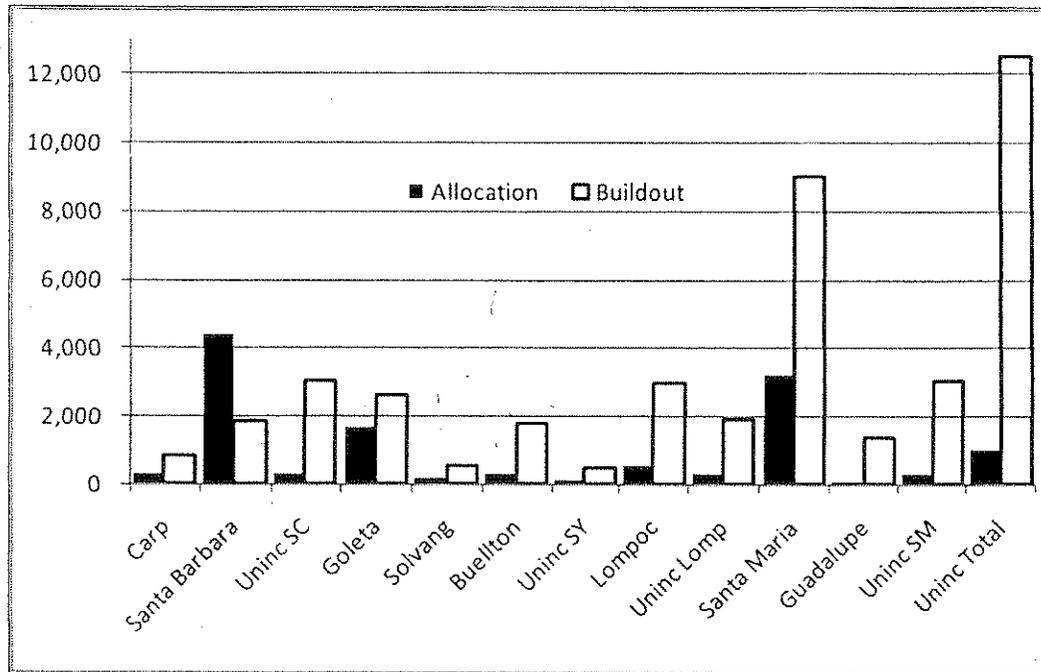


Figure 5: Draft Regional Housing Allocation Compared to Residential "Buildout" by Housing Market Area

