



City of Santa Barbara California

PLANNING COMMISSION STAFF REPORT

REPORT DATE: October 16, 2014
AGENDA DATE: October 23, 2014
PROJECT ADDRESS: Housing Element Update
TO: Planning Commission
FROM: Planning Division, (805) 564-5470, extension 4562
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I. RECOMMENDATION

That the Planning Commission consider the Draft 2015 Housing Element Update and forward a recommendation to City Council. The Draft Element will be submitted to the State Department of Housing and Community Development (HCD) for their technical 60 day review prior to consideration for adoption by the City Council.

II. DISCUSSION

Due to legislative changes that extended the housing element planning period from five years to eight years, an updated Housing Element covering the 2015-2023 planning period must be adopted by February 2015. Jurisdictions that do not adopt an updated housing element within the specified schedule will be required to prepare future updates every four years.

The existing 2011 Housing Element was certified by HCD in 2012. Much of the information contained in the element remains current and conditions and circumstances have not changed significantly. Therefore, major policy changes are not proposed. The revised element focuses primarily on updating demographics and housing information based on the 2010 Census or more current data, evaluating the progress made in implementing the 2011 Housing Element, assessing regional housing need and governmental constraints on housing development, and establishing an 8-Year Housing Element Work Program.

On May 8, 2014, the Planning Commission initiated a General Plan Amendment to update the Housing Element in compliance with State law. To prepare for today's hearing, Staff and John Douglas, J.H. Douglas & Associates, have updated the necessary sections of the Housing Element in order to meet all statutory requirements of State housing element law.

Streamlined Review

Jurisdictions can request a streamlined review from HCD for this fifth cycle housing element update. (the "fifth cycle" refers to the five required updates that have occurred since the comprehensive revision of housing element law adopted by the State legislature in 1980). This approach is intended to create efficiencies in the preparation of the updated element as well as in HCD's review. The HCD has developed a guide for local governments to follow to ensure their housing element includes all statutory requirements mandated by housing element law.

The Streamlined Update option is afforded only to jurisdictions that meet certain eligibility requirements. If the Streamlined Update approach is used, the draft housing element update need only address changes that have occurred since the prior planning period. HCD will not review areas that have not changed, since their content continues to be sufficient to meet statutory requirements. However, certain areas are required to be newly addressed every planning period. These include, evaluation of the previous housing element, public participation, goals, policies and programs and quantified objectives.

Proposed Revisions to Draft 2015 Housing Element

Below is a brief description of the revisions proposed in the Draft 2015 Housing Element (Exhibit A):

- ***Housing Introduction:*** This section was revised to update dates and housing market information, as appropriate. Additional text was included to address the public participation opportunities since the adoption of the 2011 Housing Element Update.
- ***Evaluation:*** This section evaluates the progress in producing housing units since 2007 as well as implementing the policies and programs identified in the previous Housing Element. The analysis in this section is organized around the five goals of the Housing Element and shows that during 2007-2014, the City made good progress in constructing infill, special needs and mixed-use housing.

The majority of the new housing was constructed in commercial areas of the Downtown and surrounding multi-family residential zones. Approximately 1,612 housing units were produced, including new construction, rehabilitations, and preservation. Amendments to the Municipal Code were also carried out to encourage and facilitate housing opportunities and reduce residential development barriers, such as the Average Unit-Size Density (AUD) Incentive Program, Emergency Shelter Zoning, and Reasonable Accommodations.

- ***Needs Assessment:*** This section contains information related to the City's demographic, household and housing characteristics, and community housing needs. It has been updated to include the most recent data available, including 2010 U.S. Census, American Community Survey (ACS), California Department of Finance (DOF), Santa Barbara County Association of Governments (SBCAG) and other private and non-profit agencies. The Housing Needs Assessment serves as the basis for which the housing goals, policies and programs are developed in order to meet the City's housing needs.
- ***Constraints:*** This section assesses potential constraints on the maintenance, improvement, or development of housing for all income levels, including housing for persons with disabilities or other special needs. It also considers removal of any constraints that impede achieving the jurisdiction's fair share of the regional housing need.

Information was added regarding the AUD Program, which provides density and development standard incentives, thus facilitating the production of additional housing units. The AUD Program also imposes a potential constraint to rental projects as they are now required to undergo Planning Commission review, which can add more time and cost.

In addition, given the current drought condition, information on water availability has been updated to describe how the City is addressing the water supply situation. New information regarding Emergency Shelters as a permitted use in the C-M zone was also included in this section.

- ***Suitable Sites Inventory:*** This section provides an analysis to determine whether the City's existing residential development potential is adequate to meet the projected housing needs as identified in the 2014-2022 Regional Housing Needs Allocation (RHNA) prepared by SBCAG. The analysis and land inventory is intended to identify whether additional governmental action is needed in order to provide enough sites with appropriate zoning, development standards, and infrastructure capacity to accommodate the RHNA.

The City's RHNA share for the current planning period is 4,099 units. The Suitable Sites Inventory section demonstrates that the City has the land and zoning capacity to accommodate approximately 6,741 units, thus meeting the overall RHNA number of 4,099 units. It is important to note that the RHNA is a planning target, not a development quota or mandate. State law recognizes that many factors can affect housing production, such as general economic conditions that are beyond the control of local governments.

- ***Goals, Policies and Implementation:*** This section identifies the goals, policies and implementation actions of the 2015 Housing Element. All goals and policies contained in the existing (2011) Housing Element will be continued in the 2015 Housing Element. Specific implementation actions have been updated in light of the City's accomplishments during the prior planning period, the reduction in funding for housing programs caused by the statewide dissolution of redevelopment agencies in 2012, or other changes (see Appendix E). With the exception of the 12 implementation actions proposed to be deleted, all other implementation actions will be continued from the prior Housing Element (see Appendix G).
- ***Appendix E – Evaluation Table:*** This appendix provides an analysis of the progress made in implementing the 2011 Housing Element, describing the actual results or outcomes of each program (implementation action) quantified where possible. Appendix E identifies the policies and programs to be continued, modified or deleted. Two policies and seven implementation actions are proposed to be modified in order to reflect current conditions or objectives. Twelve implementation actions are proposed to be eliminated for various reasons including completing the objective, no longer appropriate, or unfeasible due to lack of funding resulting from the 2012 statewide dissolution of redevelopment agencies.
- ***Appendix F – Zoning Information and Fees:*** This appendix contains materials related to zoning information and development fees. Several of these materials were updated to reflect changes that have occurred since the 2011 Housing Element was adopted.
 - The *Uses Permitted in Various Zones* handout was updated to reflect Emergency Shelters as a permitted use in the Commercial Manufacturing (C-M) Zone.

- The *Residential Development Standards* Table was updated to include Specific Plan (SP) 8 and 9 and includes a notation that units developed under the AUD Program are allowed increased densities and flexibility in certain development standards.
 - The *Permit Process Timelines* Table for residential development projects requiring only design review was updated to include new text (footnote #9) stating that AUD projects on lots of 15,000 square feet or more require Planning Commission review prior to design review approval.
 - The *City Parking Requirements* Table was updated to include recently adopted parking standards for AUD projects.
 - The *Residential Development Applications and Fees* Table (2010) was replaced with an updated table showing development applications and fees for 2014.
 - The *Inclusionary Housing Ordinance* is still current, therefore revisions were not necessary.
- **Appendix G – Housing Element 8-Year Work Program:** This appendix contains a table showing the proposed 2015 Housing Element policies and implementation actions. For each program, the 8-Year Work Program identifies the Objective of the program, the Responsible Agency for implementing the program, the Timeframe to complete the program, and the Funding Source, if needed.
 - **Appendix H – Land Inventory and Map:** This appendix contains a parcel-specific inventory of suitable development sites that provide housing opportunities for all income segments of the community. It includes a listing of individual parcels by Assessor Parcel Number, zone, size of parcel, general plan designation, realistic density, existing development, realistic unit capacity, infrastructure capacity and on-site constraints. The inventory estimates the potential development capacity for both residential and non-residential zoned opportunities sites. A City of Santa Barbara Housing Element Inventory Sites Map depicting the general location of the opportunity sites is also included in the appendix.

III. ENVIRONMENTAL REVIEW

The adoption of a Housing Element is subject to review for environmental impacts under the California Quality Act (CEQA). The Housing Element Update establishes goals, policies, and programs to encourage housing needed in the community, but does not approve any development. The proposed 2015 Housing Element retains policies and programs from the 2011 Housing Element with minor modifications.

In December 2011, the City Council certified the Program Environmental Impact Report (EIR) for the *Plan Santa Barbara* General Plan Update, including the 2011 Housing Element. Cumulative citywide environmental impacts associated with the small increment of growth under the General Plan were found to be mitigated for all impacts except traffic congestion impacts, which were deemed acceptable due to overriding considerations of the Plan's benefits.

Pursuant to §15162 of the State CEQA Guidelines, no new EIR is necessary for a project when there is a previously adopted EIR and current project changes involve no new significant impacts or substantially greater impacts than identified in the prior EIR. Guidelines §15164 provides for preparation of an Addendum to the prior EIR to document minor changes to the project or impacts to make the EIR adequate for current activities. The Guidelines provide that an Addendum need not be circulated for public review but is attached to the Final EIR.

An EIR Addendum to the General Plan Program EIR has been prepared for the proposed Housing Element Update that concludes that no new significant impacts would result from the minor policy changes (Exhibit B). The Environmental Analyst has determined that the Program EIR together with the EIR Addendum constitute adequate CEQA review for the proposed 2015 Housing Element.

IV. COMMUNITY WORKSHOP

A Community Workshop will be held on October 22, 2014, in the Faulkner Gallery of the Central Library. The Workshop will include an Open House from 4:30 to 5:30, followed by a PowerPoint presentation regarding the Draft 2015 Housing Element Update and an opportunity to ask questions and provide comments. Input received at the Workshop will be considered for incorporation into the Draft Housing Element Update by the Planning Commission on October 23, 2014.

V. NEXT STEPS

Described below are the next steps and dates to complete the 2015 Housing Element in order to comply with the fifth cycle housing element update statutory schedule:

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|--|-------------------------------------|
| ▪ Community Workshop | October 22, 2014 (Faulkner Gallery) |
| ▪ Planning Commission | October 23, 2014 |
| ▪ Housing Element Submittal to HCD
(for mandated 60 day review) | November 2014 |
| ▪ City Council Adoption | January 2015 |
| ▪ Submittal to HCD for Certification | February 2015 |

VI. WEBPAGE REFERENCE MATERIALS

The City's webpage dedicated to the 2015 Housing Element Update can be found at www.SantaBarbaraCA.gov/HEU and includes the Draft Housing Element and Appendices as well as the public notice for the Community Workshop and Planning Commission hearing, and proposed schedule for the Draft 2015 Housing Element.

Exhibits:

- A. Draft 2015 Housing Element Update and Appendices E-H (provided under separate cover)
- B. CEQA Addendum to General Plan Program EIR (#2009011031)



City of Santa Barbara California

Exhibit A: The Draft 2015 Housing Element Update and Appendices have been distributed separately on request.

A copy of the Draft 2015 Housing Element Update and Appendices are available online at www.SantaBarbaraCA.gov/HEU.



**ADDENDUM TO
2011 GENERAL PLAN PROGRAM ENVIRONMENTAL IMPACT REPORT
(SCH 2009011031)
FOR THE 2015-2023 HOUSING ELEMENT UPDATE
October 14, 2014**

This Addendum to the certified Program Environmental Impact Report (EIR) for the 2011 General Plan, including the 2011 Housing Element, is prepared in accordance with California Environmental Quality Act (CEQA) Guidelines Section 15164. An Addendum to a previous EIR may be prepared if only minor changes or additions are necessary to make the prior document adequate for the current project, and the changes involve no new significant impacts.

This EIR Addendum documents CEQA environmental impact analysis for the 2015 Housing Element update. The 2015 Housing Element Update would amend the City of Santa Barbara General Plan and replace the existing Housing Element, which was adopted in 2011.

State law requires all jurisdictions in Santa Barbara County to update their housing elements for the 2015-2023 planning period. The 2015 Housing Element includes new demographic and housing needs data, revised analysis of resources and constraints, and updated policies and implementation programs to reflect prior accomplishments and current circumstances. No changes are proposed in land use plans, housing policies, or development regulations that would raise new environmental issues or significant impacts that were not previously analyzed in the 2011 Program EIR certified for the General Plan. The Housing Element update reflects existing land use plans and regulations and would not approve any new development.

EIR ADDENDUM PROCEDURES

This EIR Addendum is prepared in accordance with State CEQA Guidelines Sections 15168 (Program EIR), 15162 (Subsequent EIRs), and 15164 (Addendum to an EIR).

Section 15168 provides that a Program EIR may be prepared on a series of actions characterized as one large project, such as a citywide General Plan update. This allows for a comprehensive consideration of policies and effects, and avoids later duplicative environmental analysis. When subsequent implementing actions are undertaken, the activities may be approved as within the scope of the Plan covered by the Program EIR when no new significant effects would occur. Section 15162 identifies criteria requiring a subsequent EIR when project or implementing actions would involve new significant impacts not identified in the prior Program EIR.

Section 15164 provides that an Addendum to a previous EIR may be prepared to document changes that make the prior EIR adequate for the current project when the changes do not involve new significant impacts or substantial increases in previously identified impacts.

The CEQA Guidelines provide that an EIR Addendum need not be circulated for public review, but is attached to the EIR. The decision-making body (City Council) considers the Addendum together with the certified EIR in making a decision on the project.

PRIOR ENVIRONMENTAL DOCUMENT

The Program Environmental Impact Report (EIR) for the 2011 General Plan update was certified by the Planning Commission in September 2010 and by City Council in December 2011. The General Plan Program EIR evaluated citywide effects on the environment from incremental growth to the year 2030 under General Plan policies and programs. The General Plan contemplates growth by the year 2030 of up to 1.5 million square feet of net additional commercial and other non-residential development and up to 2,800 additional housing units.

Class 1 Impacts

The EIR analysis identified significant traffic and climate change impacts that could not be fully mitigated (Class 1 impacts) from General Plan policies and citywide incremental growth to the year 2030. An increase from 13 to 20-26 roadway intersections at 77% or greater volume-to-capacity ratio was identified. Citywide greenhouse gas emissions were projected as increasing and therefore potentially not meeting State AB 32 emission reduction targets for 2020 and then-undefined SB 375 regional targets.

The EIR also identified that these traffic and climate change impacts could potentially be substantially reduced with implementation of a robust expansion of transportation demand management measures including parking pricing. These mitigation measures were included in the General Plan but City Council found that providing an upfront commitment as to the extent and method and timing of implementation was not feasible. As such, full mitigation credit was not given for the purpose of CEQA impact analysis. In adopting the General Plan, the City Council adopted findings of overriding consideration that the benefits of the Plan outweighed these potential significant impacts, thereby finding these impacts to be acceptable.

An Addendum to the FEIR (6-18-2012) for the City Climate Action Plan documented further analysis of climate change demonstrating that impacts associated with citywide greenhouse gas emissions would be less than significant.

Class 2 Impacts

The EIR analysis identified the following potentially significant impacts that could be mitigated to less than significant levels (Class 2 impacts): air quality (*diesel emissions*); biological resources (*upland and creek/riparian habitats and species*); geological conditions (*sea cliff retreat*); heritage resources (*effects of development on historic resources*); hydrology (*extended range sea level rise*); noise (*transportation noise*); open space (*loss or fragmentation of open space*); public utilities (*solid waste management*); and transportation (*intersections with roadway improvement mitigation; roadway corridor congestion*).

Identified mitigation measures associated with these impacts were incorporated into the General Plan as policies and programs.

Class 3 Impacts

The EIR analysis concluded that with policies and programs already in place, the following other impacts would be less than significant (Class 3 impacts): air quality (*consistency with Clean Air Plan for air quality standards; construction emissions*); biological resources (*grasslands; coastal resources; individual specimen trees*); geological conditions (*seismic, geologic, soil hazards*); hazards (*accident risks, wildfire; hazardous materials*); heritage resources (*archeological and paleontological resources*); hydrology and water quality (*development in floodplains and near creeks; storm water runoff; water quality of creeks, groundwater, coastal and marine water*); noise (*noise guidelines; mixed use nuisance noise; construction noise*); open space and visual resources (*scenic views; community character; lighting*); public services (*police; fire protection; parks and recreation; schools*); public utilities (*water supply, wastewater treatment*); transportation (*reduction in per capita vehicle commute trips - Class 4 beneficial*).

Additional Environmental Analysis

The EIR also included detailed analysis of impacts associated with energy, climate change (both greenhouse gas emissions contributing to climate change, and climate change effects on the City), population and jobs/housing balance, and socioeconomic issues.

CHANGES IN ENVIRONMENTAL CIRCUMSTANCES

No substantial changes in environmental circumstances on the ground have occurred since the December 2011 General Plan adoption and Program EIR certification.

A small amount of development has occurred, mostly redevelopment and small addition projects, with associated incremental changes in the physical environment. Net new development citywide occurring in the period January 2012 through June 2014 is estimated at 369 net additional housing units, and 12,315 net additional square feet of nonresidential development,

The City is currently in the midst of a multi-year drought condition, which was identified in the EIR as a periodically occurring circumstance. Gradual changes to traffic conditions have occurred, as was forecasted in the EIR.

No changes to relevant Federal or State environmental regulations or guidelines have occurred. The Program EIR addressed climate change issues and greenhouse gas generation consistent with State regulations evolving in recent years.

In June 2014, the City updated its traffic impact significance thresholds used in the CEQA environmental review of development projects. The thresholds maintain the same standard for

defining an impacted intersection (intersection volume-to-capacity ratio of more than 0.77 level of service during peak travel times). In recognition of City General Plan land use and traffic management policies, the thresholds were updated to relate significant project impacts to intersections identified in the Program EIR as already impacted or forecasted to become impacted by the year 2030 due to citywide growth under the General Plan. No change to the Program EIR analysis of citywide traffic impacts of the General Plan results from this CEQA threshold change.

The State of California dissolved Redevelopment Agencies, resulting in the loss of some sources of housing development subsidies.

The Regional Housing Needs Assessment (RHNA) adopted by the Santa Barbara County Association of Governments (SBCAG) on August 15, 2013 identifies a total housing need of 11,030 units for Santa Barbara County as a whole and 4,099 units for the City of Santa Barbara during the 2014-2022 projection period. This represents a reduction from the 2008 assessments for 2007-2014 on which the 2011 City Housing Element was based (11,600 units for County and 4,388 units for City). The 2015 Housing Element reflects a reduction in housing need to 4,099 units, based upon the slower pace of forecasted growth due to the effects of the economic recession. This reduced level of growth could result in a corresponding reduction in associated environmental impacts as compared to the assumptions contained in the General Plan EIR, or impacts identified in the EIR could occur over a longer period.

CURRENT PROJECT DESCRIPTION, IMPACTS AND MITIGATION

The General Plan is the primary planning policy document for the City. The Housing Element analyzes current and future housing needs and describes the City's strategies and policies to address those needs. The last update to the Housing Element was adopted in 2011. Senate Bill 375 of 2008 established new requirements for updating Housing Elements on an eight-year cycle concurrent with every other update to the Regional Transportation Plan. The 2015-2023 planning period is referred to as the fifth Housing Element cycle in reference to the five required updates since the comprehensive revision to state housing element law in 1980.

Changes in the 2015 Housing Element

Summarized below are the major components of the 2015 Housing Element along with the proposed changes in each section.

- Evaluation of progress in implementing the prior Housing Element

This section describes the City's progress in implementing the policies and programs described in the 2011 Housing Element, and it supersedes the evaluation contained in the 2011 Housing Element. No changes are proposed in this section that would result in substantial changes to development patterns or environmental impacts analyzed in the previous EIR.

- Housing needs assessment

This section incorporates more recent data from the U.S. Census Bureau and other sources regarding the characteristics of the City's population, households, employment and housing stock. An important component of this section analyzes future housing needs for the 2015-2023 planning period based on the 2013 RHNA adopted by SBCAG (see discussion above). The City's projected housing need has decreased from 4,388 units in the prior planning period to 4,099 units in the 2015-2023 period. No changes are proposed in this section that would result in substantial changes to development patterns or environmental impacts analyzed in the previous EIR.

- Analysis of potential constraints to housing

This section has been updated to reflect changes related to governmental constraints (such as revisions to City zoning regulations adopted after the prior Housing Element was prepared and the availability of infrastructure) and non-governmental constraints (such as the cost of land and construction). No changes are proposed in this section that would result in substantial changes to development patterns or environmental impacts analyzed in the previous EIR.

- Analysis of potential sites for housing development

This section analyzes the capacity for housing development based on a parcel-specific inventory of sites where residential development could occur. The analysis is based on existing General Plan land use policy and zoning regulations. No changes are proposed in this section that would result in substantial changes to development patterns or environmental impacts analyzed in the previous EIR.

- Goals, policies and 8-year work program

This section describes the City's goals and policies related to housing, and presents an 8-year work program to address those goals and policies. No changes to the City's goals are proposed. Many of the policies and programs reflect the City's ongoing commitment to facilitate development of housing for low- and moderate-income persons, and housing for persons with disabilities or other special needs. Refinements to policies and programs are proposed to reflect the reduction in funding resulting from the 2012 statewide dissolution of redevelopment agencies (e.g., discontinuation of some types of housing rehabilitation loans), and the elimination of programs that were completed in the prior planning period (e.g., adoption of emergency shelter regulations, and Average Unit Size Density regulations). No changes to land use plans or regulations are proposed that would result in substantial changes to development patterns or environmental impacts analyzed in the previous EIR.

In summary, the 2015 Housing Element includes updated information related to housing needs, constraints and land resources, as well as minor refinements to policies and programs to reflect completed programs and changed circumstances. Many Housing Element programs are intended to facilitate fair housing and development of housing that is affordable and accessible to persons with disabilities or other special needs. New housing development is anticipated consistent with

current City land use plans and regulations, but at a somewhat slower pace than was assumed in the prior Housing Element due to the lingering effects of the recession and loss of some sources of housing subsidies.

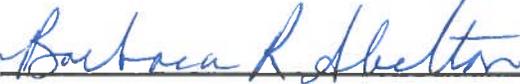
No changes from impact significance classifications identified in the 2011 General Plan Program EIR (i.e., Class 1, 2, or 3 impacts) would result from the updated information, policies and programs contained in the 2015 Housing Element Amendment. No new mitigation measures are required or proposed.

CEQA FINDING

Based on the Addendum review of the 2015 Housing Element, in accordance with State CEQA Guidelines Section 15612, no Subsequent Negative Declaration or Environmental Impact Report is required for the project because the project setting, description, impacts, and mitigations do not involve new significant impacts or a substantial increase in the severity of impacts previously identified in the final General Plan Program EIR.

This Addendum, together with the certified General Plan Program EIR, constitutes adequate environmental documentation in compliance with CEQA for the 2015 Housing Element Amendment.

Prepared by: John Douglas, J. H. Douglas & Associates **Date:** October 14, 2014

Reviewed by  **Date:** October 15, 2014
Barbara Shelton, Environmental Analyst