

Regional Housing Needs Allocation Plan

6th Cycle 2023-2031

July 15, 2021



2021 MEMBERSHIP ROSTER
SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

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INTRODUCTION

Since 1969, the State of California has required that all local governments (cities and counties) adequately plan to meet the housing needs of everyone in the community. SBCAG plays a significant role in how this is done through the Regional Housing Need Allocation (RHNA) process for the Santa Barbara County region, comprised of the cities and unincorporated areas within the county. The California's Department of Housing and Community Development (HCD) issues a Regional Housing Need Determination to the SBCAG region for the planning period of February 2023 to February 2031, which is the sixth cycle of the RHNA. HCD determined that the region must zone to accommodate a minimum of 24,856 housing units during this period. HCD calculates the regional determination using information provided by the California Department of Finance and the most recent U.S. Census data regarding overcrowding, cost burden, and vacancy rate. The regional determination includes an overall housing need number, as well as a breakdown of the number of units required in four income distribution categories.

SUMMARY

This document provides an overview of the RHNA process and describes the adopted RHNA methodology and adjustment factors, including the RHNA objectives and resulting allocations by income category. Included in the appendix are the official correspondence from HCD regarding the regional determination and methodology review. The table below provides the end result of the process that culminates with an allocation of housing units by income level that jurisdictions plan to accommodate in their housing elements over the 2023 to 2031 timeframe.

RHNA Allocation by Income Level

Jurisdiction	RHNA Allocation	Allocation by Income Level			
		Very Low	Low	Moderate	Above Moderate
Carpinteria	901	286	132	135	348
Santa Barbara	8,001	2,147	1,381	1,441	3,032
Goleta	1,837	682	324	370	461
Uninc. (South Coast)	4,142	809	957	1,051	1,325
Lompoc	2,248	166	262	311	1,509
Uninc. (Lompoc Valley)	521	209	72	54	186
Santa Maria	5,418	1,032	536	731	3,119
Guadalupe	431	3	24	77	327
Uninc. (Santa Maria Valley)	721	262	118	118	223
Solvang	191	55	39	22	75
Buellton	165	55	37	30	43
Uninc. (Santa Ynez Valley)	280	93	53	57	77
County Total	24,856	5,799	3,935	4,397	10,725
Total Unincorporated	5,664	1,373	1,200	1,280	1,811

GEOGRAPHY

The local jurisdictions addressed in the RHNA process for the Santa Barbara County region include the eight incorporated cities (Buellton, Carpinteria, Goleta, Guadalupe, Lompoc, Santa Barbara, Santa Maria, and Solvang) and the unincorporated areas of the County. Vandenberg Air Force Base, UCSB, and the Chumash Reservation are not allocated any regional housing need since they are located on State or federal lands and considered exempt entities not part of the RHNA process. For purposes of the RHNA methodology, the County is divided into two sub-regions, referred to as the South Coast and North County Housing Market Areas, and further divided into the incorporated cities and unincorporated areas contained within these two sub-regions. The areas are listed as follows:

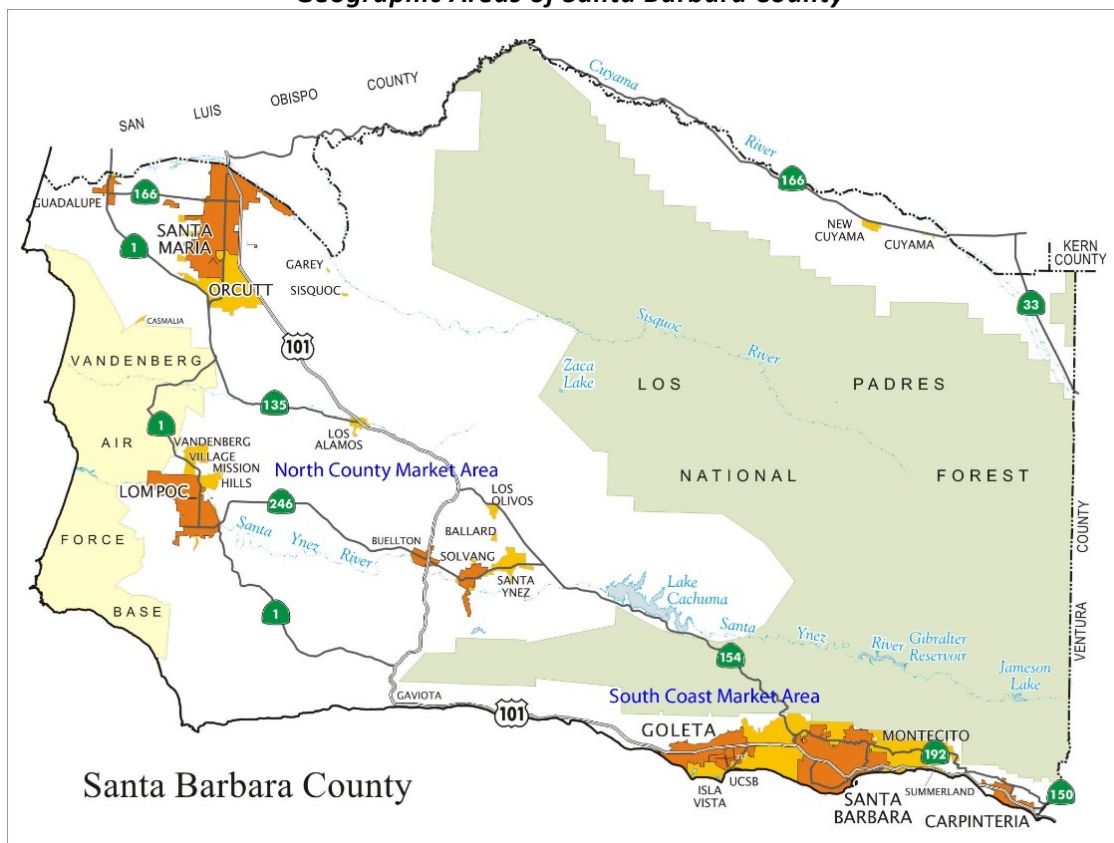
South Coast Housing Market Area

- Cities of Carpinteria, Santa Barbara, and Goleta
- Unincorporated Carpinteria, Montecito, Summerland, Toro Canyon, Mission Canyon, Eastern Goleta Valley, Isla Vista, Hope Ranch UCSB and Gaviota

North County Housing Market Area

- Cities of Santa Maria, Guadalupe, Lompoc, Solvang, and Buellton
- Unincorporated Orcutt, Guadalupe, Cuyama Valley, Lompoc Valley, and Santa Ynez Valley

Geographic Areas of Santa Barbara County



SBCAG's ROLE IN RHNA

SBCAG is required to develop and approve a RHNA Plan for its one-county region. SBCAG's responsibility is to coordinate with HCD prior to its determination of the regional housing need. Once SBCAG receives the regional determination, including the overall need number and the income category distribution, it must adopt a methodology for distributing the regional determination number throughout the region. The methodology is the basis for the final RHNA Plan.

IMPORTANCE OF RHNA FOR LOCAL GOVERNMENTS

RHNA does not necessarily encourage or promote growth, but rather allows communities to anticipate growth so that collectively the region can grow in ways that enhance quality of life, improve access to jobs, promote transportation mobility, and address fair share housing needs. RHNA is a projection of additional housing units needed to accommodate projected household demand of all income levels from the start until the end date of the projection period. RHNA is not a prediction of building permits, construction, or housing activity, nor is it limited due to existing land use capacity or growth controls (rezoning is often necessary). A community is not obligated to actually provide housing to all income categories, but a community must create the opportunity to provide housing. For example, in response to RHNA a city may identify properties for potential residential development and re-zone certain areas to allow for additional housing. RHNA is a distribution of housing development capacity that each city and county must zone for in a planning period. This 6th RHNA cycle spans from February 2023 to February 2031. The process of creating the RHNA Plan promotes the State's interest in encouraging open markets and providing opportunities for the private sector to address the state's housing demand, while leaving the ultimate decision about how and where to plan for growth at the regional and local levels. While land-use planning is fundamentally a local issue, the availability of housing is a matter of statewide importance. In order to create a Housing Element that adequately demonstrates meeting local housing needs, a jurisdiction must first know how much housing to plan for, at a variety of affordability levels, to match the forecasted need. Under state law, this housing need is determined by the RHNA process. California HCD is responsible for determining the regional housing need total, segmented by income levels, for each of the state's Councils of Government, including SBCAG. Following the local allocation of housing units, jurisdictions in the SBCAG region must adopt a housing element by February 2023 that demonstrates, among other things, how they can accommodate the RHNA numbers through zoning.

The RHNA methodology assigns housing units to each jurisdiction in the SBCAG region, broken down into four income categories based on countywide median household income: very low, low, moderate, and above moderate-income as described on the next page. The median household income for the Santa Barbara County region was \$74,624 in 2019 according to the American Community Survey, which is the source used in HCD's determination.

Income Categories (Based on area median income)

- Above Moderate Income (120+%)
- Moderate Income (80-120%)
- Low Income (50-80%)
- Very Low Income (<50%)

A key assumption of the RHNA requirements is that the higher the allowed density in the zoning the more likely it is to be able to accommodate affordable housing. While above moderate-income RHNA can be accommodated on single-family zoned sites, the lower income categories (very low- and low income) can only be accommodated on sites zoned for higher densities (typically 20 to 30 units per acre, or higher). If a jurisdiction does not have enough zoning capacity to accommodate all income categories of its RHNA, it must identify sites and rezone them.

The four income categories listed above must be addressed in a jurisdiction's housing element. Specifically, accommodations must be made to ensure that the jurisdiction provides sufficient zoning capacity to accommodate the projected housing need in each income category. It is important to note that each jurisdiction is responsible for providing sufficient zoning capacity for the units allocated to all four economic income categories but is not responsible for the construction of these units. The intent of the Housing Element Law is to ensure that jurisdictions do not impede the construction of housing in any income category. Other factors, such as market forces, are well beyond a jurisdiction's control and have considerable influence over whether housing units in each income category are constructed. The Housing Element of a jurisdiction's General Plan must demonstrate how zoning will accommodate the RHNA. General Plans serve as the local government's "blueprint" for how a city or county will grow and develop and include seven elements: land use, transportation, conservation, noise, open space, safety, and housing. The law mandating that housing be included as an element of each jurisdiction's General Plan is known as "Housing-Element Law."

California's Housing-Element Law acknowledges that in order for the private market to adequately address the housing needs and demand of Californians, local governments must adopt plans and regulatory systems that provide opportunities for (and do not unduly constrain) housing development. As a result, housing policy in California rests largely upon the effective implementation of local General Plans and, in particular, local Housing Elements.

California law requires that cities comply with state housing laws through adoption of necessary local policies and regulations. In some cases, funding from state/federal housing programs can only be accessed if the jurisdiction has a compliant Housing Element. In other cases, a compliant Housing Element is not a requirement for funding, however, they are more competitive when seeking grants. In addition to the funding options available to jurisdictions with compliant Housing Elements (discussed above), California law contains potential penalties for jurisdictions that fail to update their Housing Element in response to the RHNA. In recent years, the State has taken a stronger stance against jurisdictions without compliant Housing Elements, including taking legal action. These penalties only apply if a jurisdiction fails to update its Housing Element to accommodate its RHNA. These penalties, however, can be challenging for many jurisdictions. For example, HCD can require a jurisdiction that fails to identify adequate sites to address its RHNA to meet this unmet allocation in the next housing cycle. Further, housing advocacy groups, housing developers and other stakeholders can challenge the adequacy of a jurisdiction's Housing Element. If a challenge is successful, courts can impose a variety of remedies, including putting limitations on local authority over development review, placing HCD in charge of

development review, prohibiting the jurisdiction from approving non-residential development, or mandating rezoning. These remedies would remain in effect until the jurisdiction's Housing Element is brought into compliance. Successful plaintiffs also may receive attorney fees.

RELATIONSHIP TO SBCAG'S TRANSPORTATION PLANNING

The SBCAG Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) plans for the projected growth in the region by 2050 and where it will take place. State law requires that the RTP/SCS be consistent with the RHNA. As such, the RHNA is an attempt to plan for the projected growth between February 2023 to February 2031 using forecast growth patterns, and underlying data used in the RTP/SCS.

STATE AND REGIONAL AGENCY PROCESS

The RHNA is the California state-required process that seeks to ensure cities and counties are planning for enough housing to accommodate all economic segments of the community. The process is split into three steps:

1. **Regional Determination:** HCD provides each region a Regional Determination of housing need, which includes a total number of units split into four income categories. HCD provided SBCAG a Regional Determination for Cycle 6 of RHNA (2023-2031) of 24,856 units.
2. **RHNA Methodology:** Councils of Governments, including SBCAG, are responsible for developing a RHNA Methodology for allocating the Regional Determination to each city and county in the COG's region. This methodology must further a series of state objectives.
3. **Housing Element Updates:** Each city and county must then adopt a Housing Element that demonstrates, among other things, how the jurisdiction can accommodate its assigned RHNA number through its zoning. The state reviews each jurisdiction's Housing Element for compliance with state law.

PUBLIC PROCESS

State law (Govt. Code § 65584.04(d)) requires SBCAG conduct at least one public hearing to receive oral and written comments on the proposed methodology. SBCAG noticed and conducted a public hearing during its Board of Directors meeting on December 17, 2020. Video documentation is available on SBCAG's website. In addition, numerous other opportunities for comment were provided to the public.

SBCAG Board

An informational item on RHNA was presented to the SBCAG Board of Directors during its July 2020 meeting. Additionally, a RHNA-related item was presented to both the North County and South Coast Subregional Planning Committees during their October 2020 meetings. The Subregional Planning Committees are comprised of SBCAG Board members representing the respective subregions. These meetings were all noticed and conducted in accordance with the

Brown Act and the Governors' Executive Order N-29-20. Public comment was accepted in advance and during each meeting.

Project Development Team (PDT)

SBCAG invited the region's community development and planning directors to serve on the RHNA PDT and to guide the RHNA process. The PDT met five times between February and September 2020. HCD staff participated in the February, July, and August meetings. As the RHNA methodologies narrowed to a few alternatives, SBCAG ended the role of the RHNA PDT and moved RHNA-related items to the Technical Planning Advisory Committee (TPAC) which is able to make formal recommendations to the SBCAG Board. All RHNA PDT meeting materials are available on SBCAG's RHNA webpage.

Technical Planning Advisory Committee (TPAC)

The RHNA methodology was the focus of discussion by TPAC, SBCAG's standing land-use advisory committee on November 5, 12, and December 3, 2020. TPAC meetings are noticed and conducted in accordance with the Brown Act and the Governors' Executive Order N-29-20. Public comment was accepted in advance and during each meeting. TPAC agendas with RHNA-related items are available on SBCAG's RHNA webpage.

Public Workshops

On September 24, 2020, SBCAG conducted two virtual public workshops which were conducted for both the Regional Transportation Plan/Sustainable Communities Strategy and RHNA. A summary of the public input received is included in the October 19, 2020 PDT meeting memo. The memo is available on SBCAG's RHNA webpage. The public comment received aligns with the draft methodology.

City Council and Planning Commission Presentations

SBCAG staff was available to respond to questions and presentations to jurisdictions elected officials and planning commissions. Attendance at the City of Goleta City Council occurred on December 1st and September 15th, the City of Lompoc Planning Commission on August 12th and City Council on March 16th, City of Carpinteria City Council December 14th, City of Buellton City Council January 14th, City of Solvang City Council on February 8th, the City of Guadalupe City Council February 9th, and the City of Santa Barbara City Council on April 13th.

RHNA Supplemental Report

Prior to formally beginning the 6th cycle process, SBCAG included a project in its FY 2019-20 Overall Work Program which resulted in the RHNA Supplemental Report. The document was ultimately approved by the SBCAG Board during its June 2020 meeting. The RHNA Supplemental Report coalesces relevant RHNA related data and documents, past SBCAG processes, and the processes of other regions. Its purpose was to prepare the region's planners and elected officials for the 6th cycle. A link to the RHNA Supplemental Report is available on SBCAG's RHNA webpage.

Local Media Releases and Coverage

Numerous RHNA related articles appeared on local news outlets including Newshawk ([Noozhawk.com](https://www.noozhawk.com)) on August 11, 16, 21, 24 and January 2nd and the Santa Barbara Independent (<https://www.independent.com/>) on September 21, and December 11th. The Coastal Housing Coalition (<https://www.coastalhousingcoalition.org/>) provided a forum for a RHNA panel discussion on October 2nd.

SBCAG RHNA Webpage

SBCAG hosted a RHNA webpage to act as a depository for all documents prepared for the 6th cycle. It served as a resource for those involved with the process as well as interested members of the public. The following link will direct you to the website: <http://www.sbcag.org/rhna.html>

RHNA KEY MILESTONES

In the first step of the process, SBCAG staff consulted with HCD and the Department of Finance regarding the regional total of housing need. In the second step of the process, the method used to allocate the regional total to jurisdictions was developed. In the third step, SBCAG issued a draft allocation of housing need to local jurisdictions and hears appeals if any. The following timeline provides specific tasks completed in the RHNA process.

February 2020

Initial RHNA Development Team Meeting #1

Review RHNA Supplemental Report, discuss RHNA schedule, discuss legal requirements

May 2020

Technical Planning Advisory Committee

Regional Housing Needs Supplemental Report

Regional Housing Needs Assessment Survey Review and Formula Discussion

South Coast Subregional Planning Committee

Regional Housing Needs Supplemental Report

North County Subregional Planning Committee

Regional Housing Needs Supplemental Report

June 2020

SBCAG Board

Regional Housing Needs Supplemental Report

July 2020

SBCAG Board

Regional Housing Needs Allocation Primer

RHNA Development Team Meeting #2

SBCAG Draft Determination and Consultation, Allocation Scenario's, Review Survey Responses

August 2020

SBCAG Board

Regional Housing Needs Allocation Update

Project Development Team: Meeting #3

Planning Factors Survey, HCD Determination Consultation, Formula Development

September 2020

Project Development Team: Meeting #4

HCD Determination Consultation, Allocation Formula Development

October 2020

Technical Planning Advisory Committee

Discuss HCD Regional Determination

Project Development Team: Meeting #5

Allocation Methodology, Income Stratification, HCD Determination Consultation

November 2020

Technical Planning Advisory Committee

Allocation Methodology

Special Technical Planning Advisory Committee

Allocation Methodology

December 2020

Technical Planning Advisory Committee

Allocation Methodology Recommendation Approval

SBCAG Board

Housing Needs Methodology Approved, Submitted to HCD and Public for 60-Day Review

February 2021

Technical Planning Advisory Committee

HCD Final Determination Review and Recommend Approval

SBCAG Board

Approve HCD Determination.

March 2021

Technical Planning Advisory Committee

Approve Allocation Methodology post HCD 60-day Review

SBCAG Board

Approve Allocation and Transmit to Local Agencies, Starts 45-day Appeals Period

May-July 2021

SBCAG Board

Public Hearing on Appeals (if any)

July 15, 2021

RHNA Plan Adoption

RHNA Plan adoption by the SBCAG Board. Starts 18-month housing element clock.

February 15, 2023

Housing Element Due Date

HCD requirement applicable to local jurisdictions

REGIONAL RHNA DETERMINATION

The determination began with a consultation between HCD and SBCAG staff to discuss HCD's approach, data sources, and timeline. Through this consultation, SBCAG staff worked with HCD staff to provide region-specific suggestions for applying state law fairly and appropriately. Based on that consultation, HCD issued a draft Regional Determination of 29,313 units to SBCAG in March 2020, which includes adjustments for vacancy, replacement, overcrowding, and cost burden per state law. On January 17, 2021, after staff consultation with HCD the final determination of 24,856 housing units was transmitted to SBCAG, and during its February 2020 meeting the SBCAG Board of Directors voted to accept the final determination without objection.

HCD develops the Regional Determination using a two-step process beginning with a regional projection of new households which is then adjusted up or down using a required set of existing needs' factors. The regional projection of new households is developed in consultation with the California Department of Finance (DOF). It starts with the projected household population for the end of the RHNA period (February 2031 for Cycle 6). The projected population used by HCD as a part of the Cycle 6 Regional Determination is in line with what SBCAG is projecting in the RTP/SCS. Based on the DOF household projection, HCD uses household formation rates by age group to estimate the number of new projected households the region needs to accommodate. The household growth projection for the SBCAG region for Cycle 6 is 8,274 and makes up the largest component of the overall determination.

Starting with the projected household growth number above, HCD adjusts the Regional Determination to account for four existing needs' factors: (1) vacancy rate, (2) replacement units, (3) overcrowding, and (4) cost burden. The state's purpose for including these factors is to capture existing housing need irrespective of future household growth. HCD is required by state law to factor these needs into the Regional Determination. The Regional Determination calculates the four existing needs adjustments in the following ways:

1. **Vacancy Rate:** HCD compares the SBCAG region's existing vacancy rate with a standard vacancy rate of 5 percent. The difference is then multiplied with the total projected households to yield the vacancy adjustment. For Cycle 6 of RHNA, the SBCAG region's vacancy rate is 2.49 percent, which means that SBCAG received a 2.51 percent upward adjustment in the Regional Determination. This resulted in 4,030 additional units.

2. **Replacement Units:** HCD applies a replacement adjustment of 0.5 percent or 5 percent based on the region's 10-year annual average percent of demolitions. Since the SBCAG region has a very low rate of demolitions, 0.12 percent, SBCAG received the minimum (0.5 percent) replacement adjustment. This resulted in 804 additional units.

3. **Overcrowding:** The overcrowding adjustment was added in 2018 by state legislation. For the purposes of RHNA, overcrowding is defined as more than one resident per room, (including the living room), in a dwelling. This adjustment is based on the difference between the rate of overcrowding in the SBCAG region and the rate of overcrowding in comparable regions, which SBCAG staff worked with HCD to identify. The difference between the overcrowding rate in the SBCAG region (9.94 percent) and comparable regions (3.50 percent) is 6.44 percent. This difference resulted in 10,359 additional units.

4. **Cost Burden:** The cost burden adjustment was also added in 2018 by state legislation. For the purposes of RHNA, cost burden is defined as the percentage of households paying more than 30 percent of their income on housing. Since cost burden is experienced differently across income

groups, the rate of cost burden is separated between households earning below 80 percent of area median income (lower income) and households earning above 80% area median income (higher income). The adjustment is based on the difference between cost burden by income group for the region and the cost-burden by income group in comparable regions, which SBCAG staff worked with HCD to identify. The difference between the cost burden rate for lower income households in the SBCAG region (68.71 percent) and comparable regions (65.27 percent) is 3.44 percent. The difference between the cost burden rate for higher income households in the SBCAG region (19.60 percent) and comparable regions (12.01 percent) is 7.59 percent. This difference in these two income categories resulted in 1,389 additional units.

In total, SBCAG received a Regional Determination of 24,856 units for Cycle 6 of RHNA, of which 11,748 is due to the new existing needs factors as described above. The determination is approximately 125 percent higher than the Cycle 5 (2014-2022) determination of 11,030. The increase in the regional determination in this cycle is not unique to the SBCAG region and reflects both the drastically different housing markets in 2021 and during the prior recession compared to the current housing market as well as the addition of the two new existing need considerations (overcrowding and cost burden) due to new legislation, SB 828.

The different housing market in 2021 and its impact on the regional determination is most evident in the vacancy rate adjustment. Vacancy rates lower than 5 percent typically indicate that housing supply is not keeping pace with demand. HCD has historically adjusted the determination upward in situations like this. Last cycle, in the depths of the recession, SBCAG and other regions received a special downward RHNA adjustment to “account for abnormally high vacancies and unique market conditions due to prolonged recessionary conditions, high unemployment, and unprecedented foreclosures.” As such, the Cycle 5 vacancy determination was 237 units as HCD assumed some housing demand would be addressed through absorption into vacant housing units. For Cycle 6, SBCAG received an upward adjustment of 4,030 units in order to bring the SBCAG region’s vacancy rate back to a healthy vacancy rate of 5 percent. This means that changes in vacancy rate alone are resulting in a net increase of over 3,793 units relative to the prior RHNA cycle.

ALLOCATION METHODOLOGY OVERVIEW

RHNA OBJECTIVES

Adopting the RHNA Methodology is the only step of the RHNA cycle for which SBCAG has direct discretion. However, state statute requires SBCAG to consider, or further a series of objectives and factors, many of which have been amended by state legislation in 2018, (Gov. Code § 65584(d)). HCD reviews the methodology and confirmed that the adopted RHNA methodology indeed furthers the five statutory objectives (see Appendix).

The RHNA objectives provide the guiding framework for how SBCAG must develop the methodology. SBCAG is required to demonstrate how its methodology furthers each of the objectives. This requires proactive inclusion of each objective into the analysis and represents a higher standard than in previous cycles, which required allocations methodologies to be consistent with state objectives. The 5 objectives are shown below.

- 1) Increasing the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner, which shall result in each jurisdiction receiving an allocation of units for low- and very low-income households.

- 2) Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region's greenhouse gas reductions targets provided by the State Air Resources Board pursuant to Section 65080.
- 3) Promoting an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction.
- 4) Allocating a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category, as compared to the countywide distribution of households in that category from the most recent American Community Survey.
- 5) Affirmatively furthering fair housing.

METHODOLOGY FOR ALLOCATION

The RHNA methodology is the formula by which SBCAG allocates the 24,856 units that have been assigned by HCD to the SBCAG region. The amount of lower income housing units that each jurisdiction must zone for is of particular interest to local governments and stakeholders. The number of affordable, or lower income, units allocated to a jurisdiction is the amount that it must zone for higher densities. In the SBCAG region, the default density standard for accommodating lower income RHNA units is either 20 or 30 units per acre, depending on the jurisdiction.

Given the requirement to proactively further the five objectives in the methodology, much of the adopted RHNA methodology is oriented around the five statutory RHNA objectives. It does this either through the RHNA calculation that allocates the total number of units or through the income level calculation that adjusts the proportion of very low- and low-income units. These objectives and how they affect the distribution of RHNA across the region are discussed in more detail below.

To satisfy the requirements of Gov. Code § 65584.04(a) SBCAG, in consultation with HCD staff, elected to pursue a two-step methodology. SBCAG employed a similar two-step methodology in prior RHNA cycles as well. The Santa Barbara County region is divided into two distinct subregions – North County and South Coast. The Santa Ynez Mountain Range serves as a natural barrier between these two subregions. The first step of the two-step methodology divides the allocation into two subregional numbers. The value of the two-step methodology is that it enables focus on the region's subregional jobs-housing imbalance.

First Step

The first step factors include a 60 percent weighting on existing jobs and a 40 percent weighting on forecasted 2020-2030 jobs. The 60/40 split allows for addressing the existing jobs-housing imbalance while also recognizing that conditions shift over time, though in reality there is not a significant difference in the result when assessing sensitivity using a 100 percent allocation of either factor. The result of the first step allocates 60 percent of the region's RHNA determination to South Coast jurisdictions which also hosts 60 percent of the region's jobs.

Second Step

The second step in the two-step formula allocates the subregional allocations to the respective local jurisdictions. The same second-step formula is applied to both subregions.

Following the intent of SB 828 (2018) for the second step it includes equal weighting (50 percent) of both overcrowding and cost burden.

Other factors that were considered as part of a second step include: vacancy rate, forecasted household growth, forecasted job growth, and existing jobs, each under a variety of weightings. Overcrowding and cost burden were selected for the following reasons.

1. Approximately 47 percent of the region’s RHNA determination resulted from SB 828. Employing overcrowding and cost burden recognizes the intent of SB 828 and assigns the corresponding units to the jurisdictions challenged by overcrowding and cost burden.
2. SB 828 caused the RHNA determination to exceed forecasted need and therefore the excess can be used to directly reduce overcrowding and cost burden.
3. When considering overcrowding and cost burden, as well as other options, the results remained in a relatively narrow band.
4. Of the options discussed, overcrowding and cost burden provide for simplicity in both the methodology and the ability to explain it to members of the public and elected officials.

Methodology Results

Jurisdiction	Percent of Regional Determination
Carpinteria	3.6%
Santa Barbara	32.2%
Goleta	7.4%
Uninc. (South Coast)	16.7%
Lompoc	9.0%
Uninc. (Lompoc Valley)	2.1%
Santa Maria	21.8%
Guadalupe	1.7%
Uninc. (Santa Maria Valley)	2.9%
Solvang	0.8%
Buellton	0.7%
Uninc. (Santa Ynez Valley)	1.1%
Region Total	100.0%
Total Unincorporated	22.8%

INCOME GROUP ALLOCATION METHODOLOGY

To satisfy the requirements of Gov. Code §65584(d)(4) SBCAG developed a methodology to correct the income group disparities, or to advance toward parity. The SBCAG Board elected to move forward with the methodology that works toward parity more expeditiously. Note that income group disparities exist to the point that they cannot be corrected within a single RHNA cycle. Following is a description of the methodology.

- Calculate the existing income group proportions for each jurisdiction
- Subtract the regional average income group proportion for each income group category and each jurisdiction
- Multiply by 1.5 to amplify the values (unique to the selected methodology)
- Add the values to the regional average income group proportions for each income group category and each jurisdiction
- Multiply the values for each jurisdiction's income group by that jurisdiction's RHNA to determine allocation by income group
- Normalize

Methodology Results

Jurisdiction	Percent Allocation by Income Group			
	Very Low	Low	erate	Above Moderate
Carpinteria	31.7%	14.7%	15.0%	38.6%
Santa Barbara	26.8%	17.3%	18.0%	37.9%
Goleta	37.1%	17.6%	20.1%	25.1%
Uninc. (South Coast)	19.5%	23.1%	25.4%	32.0%
Lompoc	7.4%	11.7%	13.8%	67.1%
Uninc. (Lompoc Valley)	40.1%	13.8%	10.4%	35.7%
Santa Maria	19.0%	9.9%	13.5%	57.6%
Guadalupe	0.7%	5.6%	17.9%	75.9%
Uninc. (Santa Maria Valley)	36.3%	16.4%	16.4%	30.9%
Solvang	28.8%	20.4%	11.5%	39.3%
Buellton	33.3%	22.4%	18.2%	26.1%
Uninc. (Santa Ynez Valley)	33.2%	18.9%	20.4%	27.5%
Region Total	23.3%	15.8%	17.7%	43.1%
Total Unincorporated	24.2%	21.2%	22.6%	32.0%

Existing Income Group Percent Variation from Mean

	Very Low	Low	Mod.	Abv. Mod.
Carpinteria	-4.1%	0.9%	1.7%	1.6%
Santa Barbara	-1.3%	-0.8%	-0.4%	2.5%
Goleta	-7.3%	-1.1%	-1.9%	10.2%
Uninc. (SC)	3.0%	-4.7%	-5.5%	7.3%
Lompoc	10.0%	2.8%	2.6%	-15.4%
Uninc. (LV)	-9.0%	1.4%	5.0%	2.6%
Santa Maria	3.3%	4.0%	2.8%	-10.1%
Guadalupe	13.9%	6.9%	-0.3%	-20.5%
Uninc. (SMV)	-6.8%	-0.3%	0.8%	6.3%
Solvang	-2.4%	-2.8%	4.1%	1.0%
Buellton	-4.9%	-4.2%	-0.4%	9.6%
Uninc. (SYV)	-5.0%	-2.1%	-1.9%	9.0%
County Total	0.0%	0.0%	0.0%	0.0%
Total Unincorporated	-2.0%	-2.4%	-2.1%	6.6%

Variation from mean 0-2% 2-4% 4-6% 6-8% >8%

Adjusted (towards parity) Income Group Percent Variation from Mean

	Very Low	Low	Mod.	Abv. Mod.
Carpinteria	-2.3%	0.6%	1.1%	0.6%
Santa Barbara	-0.5%	-0.4%	-0.2%	1.1%
Goleta	-4.2%	-0.7%	-1.2%	6.1%
Uninc. (SC)	1.9%	-2.8%	-3.5%	4.4%
Lompoc	6.3%	1.8%	1.6%	-9.8%
Uninc. (LV)	-6.7%	1.2%	3.9%	1.7%
Santa Maria	2.0%	2.4%	1.7%	-6.0%
Guadalupe	7.4%	3.8%	-0.2%	-11.1%
Uninc. (SMV)	-5.6%	-0.2%	0.6%	5.2%
Solvang	-1.7%	-2.2%	3.3%	0.6%
Buellton	-3.7%	-3.3%	-0.4%	7.4%
Uninc. (SYV)	-4.0%	-1.7%	-1.7%	7.4%
County Total	0.0%	0.0%	0.0%	0.0%
Total Unincorporated	-1.6%	-1.6%	-1.3%	4.6%

Variation from mean 0-2% 2-4% 4-6% 6-8% >8%

ADDRESSING RHNA OBJECTIVES

Development of the RHNA methodology and the income group allocation methodology was focused on satisfying the five RHNA objectives.

1. Increase the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner, which shall result in each jurisdiction receiving an allocation of units for low- and very low-income households.

The methodology provides the largest shares of housing to the jurisdictions with the highest housing costs. To balance this, and to promote a mix of housing types, the methodology, by adjusting jurisdictions allocations by income levels, subsequently seeks to provide larger shares of very low- and low-income categories to these jurisdictions. Jurisdictions such as Guadalupe and Lompoc, which already contain a disproportionate share of very-low and low-income housing are provided higher proportions of moderate and above-moderate housing allocations, for example. In accordance with State law, each jurisdiction is allocated housing in all four income groups.

2. Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region's greenhouse gas reductions targets provided by the State Air Resources Board pursuant to Section 65080.

This methodology directly complements the region's sustainable communities' strategy (SCS) which seeks to reduce greenhouse gases emitted by light-duty vehicles. SBCAG's SCS achieves the required greenhouse gas emissions largely by addressing the region's jobs-housing imbalance. SBCAG's year 2035 GHG reduction target is -17 percent per capita. Scenarios tested in the development of the SCS found that correcting the jobs-housing imbalance is the only realistic means of meeting the required GHG reductions. In excess of 77 percent of the region's determination is allocated to incorporated cities, thereby advancing this objective by promoting infill development. In addition, the allocation provided to the unincorporated county could reasonable be assumed to be accommodated within currently developed areas. Much of the existing development in the unincorporated county is indistinguishable to the cities it abuts; therefore, it is not assumed to place demand on transportation inefficient parcels of land.

In its planning factors' survey response, the County noted that 81 percent of the unincorporated county is preserved or protected from urban development by means of the Williamson Act, being federal land, or land owned by conservation organizations. This condition largely constrains new development in the unincorporated county to areas already developed.

3. Promoting an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction.

SBCAG's methodology directly addresses the imbalance between jobs and housing. Sub regionally, the allocation of housing units directly corresponds with jobs, 60 percent focused on existing jobs and 40 percent on forecasted job growth. In addition, the income group allocation methodology provides the greatest number of very low- and low-income units to the jurisdictions hosting the largest shares of the region's jobs. The methodology expands opportunity for very low- and low-income populations to be better connected to employment opportunity. While there

are low-wage jobs throughout the county, the South Coast has a prevalence of low-wage service and tourism related jobs and the regions highest housing costs which results in drawing commuters from outside the South Coast (Northern Santa Barbara County and Ventura County). A South Coast emphasis on an improved job housing balance, income parity, and affirmatively furthering fair housing focuses on the improvement of the jobs housing fit between low-wage jobs and the housing needs of low wage workers.

4. Allocating a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category, as compared to the countywide distribution of households in that category from the most recent American Community Survey.

Addressing the income-equity disparities of the region's jurisdictions was a key focus of the income group allocation methodology. Though it was found that the disparity could not be completely corrected within a single RHNA cycle, TPAC members recommended, and the SBCAG Board of Directors chose the alternative that achieves the maximum possible disparity reconciliation within a single RHNA cycle. Addressing this objective to a higher degree would have resulted in the inability to satisfy Objective 1.

5. Affirmatively furthering fair housing.

SBCAG reviewed the 2020 version of the California Tax Credit Allocation Committee Opportunity Map for Santa Barbara County as it was developing the methodology. Areas containing the highest resource and high resource areas are concentrated in southern Santa Barbara County, the Santa Ynez Valley, and the unincorporated community of Orcutt. Coincidentally, portions of the region with disproportionate shares of existing very low- and low-income households are also reflective of the lack of highest resource and high resource areas. Therefore, this objective could be addressed by satisfying Objectives 1 and 4, though SBCAG was prepared to further address fair housing if needed. Two options were considered, as described in the Income Group Allocation Methodology discussion provided earlier in this memorandum, and based on the second alternative, the alternative which employed a 1.5 times multiplier to amplify disparity, best addressing the affirmatively furthering fair housing objective it was selected. The result of this method allocates 73 percent of the region's combined very low- (71 percent) and low-income (76 percent) units to jurisdictions hosting the highest resource and high resource areas.

ADDRESSING RHNA FACTORS

In addition to the RHNA objectives, there are twelve RHNA factors that SBCAG must consider when distributing each jurisdiction's overall and income category allocations. The RHNA factors include a longer list of considerations that must be considered or incorporated into the methodology. Each of the factors should be included to the extent that sufficient data is available (Gov. Code Section 65584.04(e)). The RHNA factors and how consideration of each was included in the development of the methodology are described below.

1. *Jobs and housing relationship.*

This shall include an estimate based on readily available data on the number of low-wage jobs within the jurisdiction and how many housing units within the jurisdiction are affordable to low-wage workers as well as an estimate based on readily available data, of projected job growth and projected household growth by income level within each member jurisdiction during the planning period.

SBCAG reviewed the jobs and housing balance of all jurisdictions. SBCAG's growth forecast, which forms the basis for the RHNA, considers areas where there are significant imbalances in jobs and housing and the likelihood of those imbalances changing in the future by applying existing and future jobs. Since this factor now includes consideration of existing and projected relationships between low-wage jobs and lower-income housing, the adopted RHNA methodology includes a jobs housing fit adjustment factor that seeks to house more low-wage workers near higher housing cost areas and encouraging to zone for more affordable housing types.

2. *The opportunities and constraints to development of additional housing in each member jurisdiction, including all of the following:*

2.a. Lack of capacity for sewer or water service due to federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period.

Some jurisdictions indicated that sewer and/or water capacity could be a constraint during the RHNA cycle. The RHNA methodology did not restrict a jurisdiction's overall allocation because of diminishing sewer or water capacity (Gov. Code 65584.04(A)(2)). As long as a jurisdiction is able to plan for additional sewer and/or water capacity, no special adjustments were considered in the RHNA methodology. The only case where a jurisdiction is allowed an adjustment is where federal or state regulations prohibit a jurisdiction from providing necessary infrastructure for additional development.

2.b. The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. The council of governments may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions. The determination of available land suitable for urban development may exclude lands where the Federal Emergency Management

Agency or the Department of Water Resources has determined that the flood management infrastructure designed to protect that land is not adequate to avoid the risk of flood

The amount of land available for development varies by jurisdiction from relatively large to very limited amounts of vacant land, in addition to infill opportunities from underutilized properties. However, jurisdictions that choose to set aside some land from development are not precluded from the planning for potential development in other lands within its boundaries. Jurisdictions are not subject to further reductions in their regional housing needs allocations based solely on their lack of developable lands

2.c. Lands preserved or protected from urban development.

Under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long-term basis, including land zoned or designated for agricultural protection or preservation that is subject to a local ballot measure that was approved by the voters of that jurisdiction that prohibits or restricts conversion to non-agricultural uses.

Lands must be officially designated as federal or state conservation lands before any adjustments to the RHNA methodology are considered. Even if federal designations are given, a jurisdiction still has the ability to plan for residential development on other lands within its boundaries. Jurisdictions that choose to impose local restrictions on developable lands are not exempt from the RHNA methodology. Jurisdictions with self-imposed restrictions may allow other lands for residential development, and as such, will be given an allocation according to the RHNA methodology.

2.d. County policies to preserve prime agricultural land.

As defined pursuant to Section 56064, within an unincorporated area zoned or designated for agricultural protection or preservation that is subject to a local ballot measure that was approved by the voters of that jurisdiction that prohibits or restricts its conversion to non-agricultural uses.

Santa Barbara County has policies that are intended to protect against the development of agricultural lands. The SBCAG forecast, which forms the basis of the total RHNA calculation, did not assume development in the areas where these policies are applicable.

3. Opportunities to maximize transit and existing transportation infrastructure.

The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure.

The SBCAG Regional Transportation Plan includes policies that emphasize transit-oriented development such as concentrating residences and commercial centers in urban areas near rail stations, transit centers and along transit development corridors and designing and building “complete streets” serving all transportation modes that connect high-usage origins and destinations.

4. Policies directing growth toward incorporated areas.

Agreements between a county and cities in a county to direct growth toward incorporated areas of the county, and land within an unincorporated area zoned or designated for agricultural protection or preservation that is subject to a local ballot measure that was approved by the voters of the jurisdiction that prohibits or restricts conversion to non-agricultural uses.

In excess of 77 percent of the region's RHNA determination is allocated to incorporated cities, thereby advancing this objective by promoting infill development. In addition, the allocation provided to the unincorporated county could reasonable be assumed to be accommodated within currently developed areas. Much of the existing development in the unincorporated county is indistinguishable to the cities it abuts; therefore, it is not assumed to place demand on transportation inefficient parcels of land.

5. The loss of units contained in assisted housing developments.

As defined in paragraph (9) of subdivision (a) of Section 65583, that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.

During its planning factors survey, SBCAG requested data on the potential loss of assisted units. "Assisted units" are multifamily rental housing units that receive governmental assistance under federal programs. Multiple programs and funding streams make it difficult for jurisdictions and other interest groups to compile accurate lists of the assisted properties in each jurisdiction. As such, the conversion of low-income units into non-low-income units is not explicitly addressed through the distribution of housing need. HCD has made considerable effort to identify the number, location, and risk level of assisted housing units throughout the state. SBCAG staff has determined that at-risk units are best addressed through local jurisdictions discretion in preparing their housing elements.

6. High housing cost burdens.

The percentage of existing households at each of the income levels listed in subdivision (e) of Section 65584 that are paying more than 30 percent and more than 50 percent of their income in rent.

SBCAG staff worked with HCD as a part of the RHNA determination consultation process to compare the region's housing cost burdens against comparable regions throughout the nation, including Cameron County, TX, Washoe County, NV, Richmond County, NY, Passaic County, NJ, Nueces County, TX, and Prince William County, VA. As a part of this exercise, lower income and higher income cost burdens were separated using 2013-2017 U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) data. The averages of these cost burdens by income group formed the basis for an adjustment as a part of the regional determination. The SBCAG region is experiencing higher rates of cost burden in both categories than its peer regions.

County	Lower Cost Burden	Higher Cost Burden
Cameron County, Texas	49.4%	5.8%
Washoe County, Nevada	65.6%	11.6%
Richmond County, New York	68.8%	15.0%
Passaic County, New Jersey	75.5%	18.2%
Nueces County, Texas	59.1%	8.2%
Prince William County, Virginia	73.2%	13.3%
Comparable Regions Average	65.27%	12.01%
Santa Barbara County, California	68.71%	19.59%
National	59.00%	10.00%

As demonstrated in the table above, housing cost burden disproportionately impacts lower income households in comparison to higher income households. This issue is exacerbated in areas where there is not enough affordable housing available, particularly in higher income areas. The adopted RHNA methodology incorporates the regional income parity and affirmatively furthering fair housing adjustment factors as a means of planning for more affordable housing types in higher income, higher opportunity areas of the region. Increasing affordable housing supply in these areas can help alleviate cost-burden experienced by local lower-income households because more affordable options will be available. The RHNA Methodology applies a jurisdiction-level adjustment factor for cost burden, and the above adjustment factors are sufficient to address this factor on a regional level. Local jurisdictions have the discretion to further address this factor in their housing elements.

7. The rate of overcrowding.

SBCAG staff worked with HCD as a part of the RHNA determination consultation process to compare the region’s rates of overcrowding against comparable regions throughout the nation, including, Beaumont-Port Arthur, TX Metro Area, Lafayette, LA Metro Area, Mobile, AL Metro Area, Salem, OR Metro Area, Reno, NV Metro Area, and Corpus Christi, TX Metro Area. The averages of these overcrowding rates, based on 2014-2018 5-yr Census ACS data, formed the basis for an adjustment as a part of the regional determination. The SBCAG region is experiencing higher rates of overcrowding than its peer regions.

Overcrowding is defined as more than 1.01 persons per room (bedrooms and living room) in a housing unit. Similar to cost-burden, overcrowding is caused by an accumulated housing supply deficit and is considered an indicator of existing housing need. As such, SBCAG staff has included jurisdiction-specific rates of overcrowding in the RHNA methodology and can be emphasized by local jurisdictions discretion in addressing this factor in preparing their housing elements.

Metro Area	Owner Renter over 1.01
Beaumont-Port Arthur	2.3%
Lafayette, LA	2.9%
Mobile, AL	2.7%
Salem, OR	4.3%
Reno, NV	4.5%
Corpus Christi, TX	5.1%
Average	3.50%
Santa Maria-Santa Barbara, CA	9.94%
National	3.35%

8. The housing needs of farmworkers.

The need for farmworker housing in the SBCAG region is a greater issue for the North County as there is more agricultural production in that region. Housing authorities in the region provide some publicly owned and/or dedicated farm laborer housing. Some of these units provide seasonal housing and others permanent housing. Farm labor camps are permitted by use permit. In addition, recent legislation (AB 1763: Farmworker Housing Act) streamlines and provides incentives for the construction of new worker units on surplus farmland, provided they are managed by a non-profit third party. Using this new process, land zoned for agriculture can be developed as farmworker housing so long as it meets standard environmental and safety guidelines and is deed-restricted for lower income agricultural workers for at least 55 years.

The county has policies encouraging some farm laborer housing on-site (via an accessory unit) and all of the agricultural zoning codes in the region allow for an accessory dwelling unit on-site, either by right or with an additional permit. The number of accessory dwelling units that currently exist in the region and the percentage of these used for farm laborer housing is unknown. Through their housing elements, all of the jurisdictions have policies that encourage the use of state and federal housing aid programs to provide farm laborer housing. The RHNA methodology does not apply a jurisdiction-level adjustment factor directly related to the housing needs of farmworkers. In many ways, directing growth toward incorporated areas protects the livelihood of farmworkers by preserving prime farmland. Assigning jurisdictions with higher numbers of farmworkers could result in the jurisdiction being forced to rezone agricultural land to housing uses as a means of accommodating its RHNA. This does not serve the interests of farmworkers. SBCAG staff has determined that the needs of farmworkers are best addressed through local jurisdictions discretion in preparing their housing elements.

9. The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction.

The plans made by University of California Santa Barbara (UCSB) campus is considered as a part of the SBCAG Growth Forecast and thereby incorporated into the RHNA methodology. In addition, the North County, South Coast jobs-based allocation accounts for UCSB jobs by allocating them to the South Coast region so that they are accounted for equally in the housing demand by all jurisdictions in that region.

10. The housing needs of individuals and families experiencing homelessness.

If a council of governments has surveyed each of its member jurisdictions pursuant to subdivision (b) on or before January 1, 2020, this paragraph shall apply only to the development of methodologies for the seventh and subsequent revisions of the housing element.

The planning factors survey was conducted by SBCAG beginning in late May 2020. The annual point in time survey provides a summary of the homeless population in the region. Conducted on January 29, 2020 by the Santa Maria/Santa Barbara County Continuum of Care (CoC), the Count is mandated by the U.S. Department of Housing and Urban Development (HUD) and serves as a snapshot of homelessness in the county on a single night. Countywide, 1,897 persons were counted representing an increase of 5 percent in the number of persons experiencing homelessness. The count includes 1,223 persons experiencing unsheltered homelessness and 674 persons living in emergency shelters or transitional housing. In 2019, the official PIT count was 1,803. There was a notable increase in unsheltered persons living in their vehicles between 2019 and 2020. Many counties experienced double digit increases in the homeless population

between 2017 and 2019. SBCAG staff has determined that the needs of the homeless are best addressed through local jurisdictions discretion in preparing their housing elements.

Point in Time Homeless Survey Results 2020 and 2019

Area	2020 Total	2019 Total
Carpinteria	39	21
Summerland	8	8
Montecito	6	6
Goleta	166	119
Santa Barbara	914	887
Isla Vista	69	33
Unincorporated South Coast areas		
Gaviota, East Goleta Valley, Mission Canyon and Toro Canyon.		
	90	not reported
Lompoc	211	249
Vandenberg Village/Mission Hills	5	
Buellton/Solvang/Santa Ynez Valley	2	5
Santa Maria	382	464
Orcutt	2	7
Guadalupe	3	4
New Cuyama	0	0
Totals	1,897	1,803

11. The loss of units during a state of emergency.

The loss of units during a state of emergency that was declared by the Governor pursuant to the California Emergency Services Act (Chapter 7 (commencing with Section 8550) of Division 1 of Title 2), during the planning period immediately preceding the relevant revision pursuant to Section 65588 that have yet to be rebuilt or replaced at the time of the analysis.

As a part of the Regional Determination, HCD applies a minimum replacement unit adjustment of 0.5 percent, which is intended to make up for the typical rate of housing demolitions and/or units lost. The SBCAG region has experienced a low 0.12 percent demolition rate over the past 10 years, which falls below the minimum replacement rate. HCD applied the 0.5 percent minimum, which resulted in 804 additional units for the region. In this way, the regional determination included more units than those lost through average demolitions.

12. The region's GHG emissions targets provided by the ARB pursuant to Section 65080.

Passenger vehicles account for roughly 30 percent of greenhouse gas emissions in California. Under Senate Bill 375 (SB 375), MPO's like SBCAG are responsible for conducting land use and transportation planning in a way that reduces greenhouse gases from cars and light duty trucks. Under SB 375, the California Air Resources Board (CARB) is responsible for issuing greenhouse gas targets to MPOs that aim to reduce vehicle emissions, consistent with state climate goals.

SBCAG's Regional Transportation Plan (RTP) achieves the required greenhouse gas emissions largely by addressing the region's jobs-housing imbalance. SBCAG's year 2035 GHG reduction target is -17 percent per capita. Scenarios tested in the development of the RTP found that correcting the jobs-housing imbalance is the only realistic means of meeting the required GHG reductions. In excess of 77 percent of the region's determination is allocated to incorporated cities, thereby advancing this objective by promoting infill development. In addition, the allocation provided to the unincorporated county could reasonable be assumed to be accommodated within currently developed areas. Much of the existing development in the unincorporated county is indistinguishable to the cities it abuts; therefore, it is not assumed to place demand on transportation inefficient parcels of land.

13. *Any other factors adopted by the council of governments.*

Any other factors adopted by the council of governments that further the objectives listed in subdivision (d) of Section 65584, provided that the council of governments specifies which of the objectives each additional factor is necessary to further. The council of governments may include additional factors unrelated to furthering the objectives listed in subdivision (d) of Section 65584 so long as the additional factors do not undermine the objectives listed in subdivision (d) of Section 65584 and are applied equally across all household income levels as described in subdivision (f) of Section 65584 and the council of governments makes a finding that the factor is necessary to address significant health and safety conditions.

No other planning factors were adopted by SBCAG to review as a specific local planning factor.

PLANNING FACTORS SURVEY RESULTS

In accordance with Gov. Code § 65584.04(b)(1) SBCAG surveyed the region's nine local jurisdictions. Surveys were distributed on May 27, 2020 with a requested response deadline of July 2, 2020. Five of the region's nine local jurisdictions responded to the survey. Common themes among the responses include the following.

- Responding jurisdictions noted constraints related to the availability of land suitable for development.
- Several jurisdictions noted constraints related to agricultural use protection policies or local ordinances as well as constraints related to the California Coastal Act.

Note that the surveys highlighted other points, but those other points did not span multiple jurisdictions to be considered common themes. The survey responses are further summarized on the SBCAG RHNA webpage.

APPENDIX 1: HCD FINAL DETERMINATION LETTER

STATE OF CALIFORNIA - BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY

GAVIN NEWSOM, Governor

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT

2020 W. El Camino Avenue, Suite 500
Sacramento, CA 95833
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov



January 27, 2020

Marjie Kirn, Executive Director
Santa Barbara County Association of Governments
260 North San Antonio Road, Suite B
Santa Barbara, CA 93110

Dear Marjie Kirn:

RE: Final Regional Housing Need Determination

This letter provides Santa Barbara County Association of Governments (SBCAG) with a final Regional Housing Need Determination. Pursuant to State Housing Element Law (Government Code section 65584, et seq.), the California Department of Housing and Community Development (HCD) is required to provide the determination of SBCAG's existing and projected housing need.

In assessing SBCAG's regional housing need, HCD and SBCAG staff completed an extensive consultation process from July 2019 through January 2021 that included the methodology, data sources, and timeline for HCD's determination of the Regional Housing Need. In order to inform this process, HCD also consulted with Walter Schwarm and Doug Kuczynski of the California Department of Finance (DOF) Demographic Research Unit.

Attachment 1 displays the minimum regional housing need determination of **24,856** total units across four income categories for SBCAG to distribute amongst the region's local governments. Attachment 2 explains the methodology applied pursuant to Government Code section 65584.01. In determining SBCAG's housing need, HCD considered all the information specified in state housing law (Government Code section 65584.01(c)).

SBCAG is responsible for adopting a methodology for Regional Housing Need Allocation (RHNA) and RHNA Plan for the projection period beginning June 30, 2022 and ending February 15, 2031. Pursuant to Government Code section 65584(d), the methodology to prepare SBCAG's RHNA plan must further the following objectives:

- (1) Increasing the housing supply and mix of housing types, tenure, and affordability.
- (2) Promoting infill development and socioeconomic equity, protecting environmental and agricultural resources, and encouraging efficient development patterns
- (3) Promoting an improved intraregional relationship between jobs and housing
- (4) Balancing disproportionate household income distributions
- (5) Affirmatively furthering fair housing

Pursuant to Government Code section 65584.04(d), to the extent data is available, SBCAG shall include the factors listed in Government Code section 65584.04(d)(1-13) to develop its RHNA plan, and pursuant to Government Code section 65584.04(f), SBCAG must explain in writing how each of these factors was incorporated into the RHNA plan methodology and how the methodology furthers the statutory objectives described above. Pursuant to Government Code section 65584.04(h), SBCAG submitted the draft methodology for review on December 18, 2020. HCD will review the draft methodology to ensure it furthers the objectives in Government Code section 65584(d) and provide written findings by February 16, 2021.

Increasing the availability of affordable homes, ending homelessness, and meeting other housing goals continues to be a priority for the State of California. To support these goals, the 2019-20 Budget Act allocated \$250 million for all regions and jurisdictions for planning activities through the Regional Early Action Planning (REAP) and Local Early Action Planning (LEAP) Grant programs. SBCAG is part of the Central Coast Multi-agency Working Group that is eligible for \$7,931,311 through the REAP program. All SBCAG jurisdictions are also eligible for LEAP grants and are encouraged to apply **by the January 31, 2021 deadline** to support meeting and exceeding sixth cycle housing element goals. Ongoing regionally tailored technical assistance will also remain available throughout the housing element development timeline. Technical assistance information is available at <https://www.hcd.ca.gov/community-development/planning-grants-ta.shtml>.

HCD also encourages all SBCAG's local governments to consider the many other affordable housing and community development resources available to local governments. HCD's programs can be found at <https://www.hcd.ca.gov/grants-funding/nofas.shtml>.

HCD commends SBCAG leadership in fulfilling their important role in advancing the state's housing, transportation, and environmental goals. HCD looks forward to continued partnership with SBCAG and member jurisdictions and assisting SBCAG in planning efforts to accommodate the region's share of housing need.

If HCD can provide any additional assistance, or if you, or your staff, have any questions, please contact Tom Brinkhuis, Housing Policy Specialist at (916) 263-6651 or tom.brinkhuis@hcd.ca.gov.

Sincerely,



Megan Kirkeby
Deputy Director
Enclosures

ATTACHMENT 1

HCD REGIONAL HOUSING NEED DETERMINATION SBCAG Projection Period: June 30, 2022 through February 15, 2031

<u>Income Category</u>	<u>Percent</u>	<u>Housing Unit Need</u>
Very-Low*	23.3%	5,799
Low	15.8%	3,935
Moderate	17.7%	4,397
Above-Moderate	43.2%	10,725
Total	100.0%	24,856
* Extremely-Low	13.2%	Included in Very-Low Category

Notes:

Income Distribution:

Income categories are prescribed by California Health and Safety Code (Section 50093, et. seq.). Percents are derived based on Census/ACS reported household income brackets and county median income.

ATTACHMENT 2

HCD REGIONAL HOUSING NEED DETERMINATION: SBCAG Projection Period: June 30, 2022 through February 15, 2031

Methodology

SBCAG: PROJECTION PERIOD (8.6 years)		
HCD Determined Population, Households, & Housing Unit Need		
Reference No.	Step Taken to Calculate Regional Housing Need	Amount
1.	Population: February 15 2031 (DOF June 30 2031 projection adjusted -4.5 months to February 15 2031)	488,190
2.	- Group Quarters Population: February 15 2031 (DOF June 30 2031 projection adjusted -4.5 months to February 15 2031)	-27,525
3.	Household (HH) Population	460,665
4.	Projected Households	160,850
5.	+ Vacancy Adjustment (2.51%)	+4,030
6.	+ Overcrowding Adjustment (6.44%)	+10,359
7.	+ Replacement Adjustment (.50%)	+804
8.	- Occupied Units (HHs) estimated June 30, 2022	-
9.	+ Cost-burden Adjustment	+1,389
Total	6th Cycle Regional Housing Need Assessment (RHNA)	24,856

Detailed background data for this chart is available upon request.

Explanation and Data Sources

- 1-4. Population, Group Quarters, Household Population, & Projected Households: Pursuant to Gov. Code Section 65584.01, projections were extrapolated from DOF projections. Population reflects total persons. Group Quarter Population reflects persons in a dormitory, group home, institute, military, etc. that do not require residential housing. Household Population reflects persons requiring residential housing. Projected Households reflect the propensity of persons within the Household Population to form households at different rates based on American Community Survey (ACS) trends.
5. Vacancy Adjustment: HCD applies a vacancy adjustment (standard 5% maximum to total projected housing stock) and adjusts the percentage based on the region's current vacancy percentage to provide healthy market vacancies to facilitate housing availability and resident mobility. The adjustment is the difference between standard 5% vacancy rate and regions current vacancy rate based (**2.49%**) on the 2015-2019 ACS data. For SBCAG that difference is **2.51%**.
6. Overcrowding Adjustment: In regions where the overcrowding rate is greater than the average of comparable region's overcrowding rate, HCD applies an adjustment based on the amount the region's overcrowding rate (**9.94%**) exceeds the comparable region's rate (**3.50%**). For SBCAG, that difference is **6.44%**. Data is from the 2015-2019 ACS.

7. Replacement Adjustment: HCD applies a replacement adjustment between .5% and 5% to the total housing stock based on the current 10-year annual average percentage of demolitions the region's local government annual reports to Department of Finance (DOF). For SBCAG the 10-year annual average multiplied by the length of the projection period is .12%, and the minimum .5% adjustment is applied.
8. Occupied Units: This figure reflects DOF's estimate of occupied units at the start of the projection period (June 30, 2022).
9. Cost Burden Adjustment: HCD applies an adjustment to the projected need by comparing the difference in cost-burden by income group for the region to the cost-burden by income group for the comparable regions, as determined by SBCAG. The very-low and low income RHNA is increased by the percent difference ($68.71\% - 65.27\% = 3.44\%$) between the region and the comparable regions' cost burden rate for households earning 80% of area median income and below, then this difference is applied to very low- and low-income RHNA proportionate to the share of the population these groups currently represent. The moderate and above-moderate income RHNA is increased by the percent difference ($19.60\% - 12.01\% = 7.59\%$) between the region and the comparable regions cost burden rate for households earning above 80% Area Median Income, then this difference is applied to moderate and above moderate income RHNA proportionate to the share of the population these groups currently represent. Data is from 2013-2017 CHAS.

APPENDIX 2: SBCAG METHODOLOGY SUBMITTAL TO HCD



■ 260 North San Antonio Road, Suite B ■ Santa Barbara, CA ■ 93110
■ Phone: 805/961-8900 ■ Fax: 805/961-8901 ■ www.sbcag.org

December 18, 2020

Megan Kirkeby
Deputy Director, Housing Policy and Development
Department of Housing and Community Development
<sent via email to megan.kirkeby@hcd.ca.gov>

RE: SBCAG RHNA ALLOCATION METHODOLOGY

Dear Ms. Kirkeby:

SBCAG is pleased to submit its draft RHNA allocation methodology to HCD for review in accordance with Government Code § 65584.04(i). SBCAG worked collaboratively with the region's nine jurisdictions and HCD staff in the development of this methodology with a focus on the five statutorily defined objectives (§ 65584(d)).

I would like to recognize the contributions of several of your staff members. Tom Brinkhuis has served SBCAG well in his role as our primary point of contact. Tom actively participated in numerous meetings, was quick to answer questions, and provided benefit to the consultation process. Tyrone Buckley, Tawny Macedo, and Paul McDougall also participated in the process and provided positive contributions.

SBCAG RHNA Webpage

SBCAG hosted a RHNA webpage to act as a depository for all documents prepared for the 6th cycle. It served as a resource for those involved with the process as well as interested members of the public. Here is the link to the website: <http://www.sbcag.org/rhna.html>

RHNA Supplemental Report

Prior to formally beginning the 6th cycle process, SBCAG included a project in its FY 2019-20 Overall Work Program which resulted in the RHNA Supplemental Report. The document was ultimately approved by the SBCAG Board during its June 2020 meeting. The RHNA Supplemental Report coalesces relevant RHNA related data and documents past SBCAG processes and the processes of other regions. Its purpose was to prepare the region's planners and elected officials for the 6th cycle. A link to the RHNA Supplemental Report is available on SBCAG's RHNA webpage.

RHNA Project Development Team

Prior to beginning the 6th cycle process SBCAG staff consulted with San Luis Obispo Council of Governments (SLOCOG) staff to discuss its best practices. The use of a Project Development Team (PDT) was a result of those discussion. SBCAG invited the region's community development directors and planning directors to serve on the RHNA PDT and to guide the RHNA process. The PDT met five times between February and September 2020. HCD staff participated in the February, July, and August meetings. As the RHNA

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allocation methodologies narrowed to a few alternatives SBCAG ended the role of the RHNA PDT and moved RHNA-related items to the Technical Planning Advisory Committee which is able to make formal recommendations to the SBCAG Board. All RHNA PDT meeting materials are available on SBCAG's RHNA webpage.

Technical Planning Advisory Committee

The Technical Planning Advisory Committee (TPAC) is a standing SBCAG advisory committee of the SBCAG Board. TPAC meets monthly, as needed, and is focused on land-use related issues in the Santa Barbara County Region. RHNA methodology was discussed by TPAC during its November 5 meeting, a Special TPAC meeting on November 12, and finally on December 3. TPAC agendas with RHNA-related items are available on SBCAG's RHNA webpage.

Survey Results

In accordance with Government Code § 65584.04(b)(1) SBCAG surveyed the region's nine local jurisdictions. Surveys were distributed on May 27, 2020 with a requested response deadline of July 2, 2020. Five of the region's nine local jurisdictions responded to the survey. Common themes among the responses include the following.

- Responding jurisdictions noted constraints related to the availability of land suitable for development.
- Several jurisdictions noted constraints related to agricultural use protection policies or local ordinances as well as constraints related to the California Coastal Act.

Note that the surveys highlighted other points, but those other points did not span multiple jurisdictions to be considered common themes. The survey responses are summarized on the SBCAG RHNA webpage.

Methodology

A following section highlights how the methodology satisfies the five objectives. This section describes the methodology.

To satisfy the requirements of Government Code § 65584.04(a) SBCAG, in consultation with HCD staff, elected to pursue a two-step methodology. SBCAG employed a two-step methodology in prior RHNA cycles as well. The Santa Barbara County region is divided into two distinct subregions – North County and South Coast. The Santa Ynez Mountain Range serves as a natural barrier between these two subregions. The first step of the two-step methodology divides the allocation into two subregional numbers. The value of the two-step methodology is it enables focus on the region's subregional jobs-housing imbalance.

First Step

The first step factors include a 60 percent weighting on existing jobs (InfoUSA, 2017) and a 40 percent weighting on forecasted 2020-2030 jobs (SBCAG Regional Growth Forecast, 2019). The 60/40 split allows for addressing the existing jobs-housing imbalance while also recognizing that conditions shift over time, though in reality there is not a significant

difference in the result when assessing sensitivity using a 100 percent allocation of either factor. The result of the first step allocates 60 percent of the region's RHNA determination to South Coast jurisdictions which also hosts 60 percent of the region's jobs.

The RHNA PDT considered a variety of first-step alternatives and ultimately chose to support the selected methodology because it most directly addresses the biggest fundamental planning challenge facing the Santa Barbara County region – its jobs-housing imbalance.

Second Step

The second step in the two-step formula allocates the subregional allocations to each of the respective local jurisdictions. The same second-step formula is applied to both subregions.

Considerable debate by both the RHNA PDT and TPAC members occurred when considering alternatives for a second step. Ultimately, the region chose to follow the intent of SB 828 (2018) for the second step. It includes equal weighting (50 percent) of both overcrowding and cost burden.

Other factors that were considered as part of a second step include: vacancy rate, forecasted household growth, forecasted job growth, and existing jobs, each under a variety of weightings. Overcrowding and cost burden were selected for the following reasons.

1. Approximately 55 percent of the region's RHNA determination resulted from SB 828. Employing overcrowding and cost burden recognizes the intent of SB 828 and assigns the corresponding units to the jurisdictions challenged by overcrowding and cost burden.
2. SB 828 caused the RHNA determination to exceed forecasted need and therefore the excess can be used to directly reduce overcrowding and cost burden.
3. When considering overcrowding and cost burden, as well as other options, the results remained in a relatively narrow band.
4. Of the options discussed, overcrowding and cost burden provide for simplicity in both the methodology and the ability to explain it to members of the public and elected officials.

Attachment A provides the results from the proposed methodology.

Income Group Allocation Methodology

To satisfy the requirements of Government Code § 65584(d)(4) SBCAG developed two methodologies for discussion by the RHNA PDT and TPAC members. The methodologies differed in the degree to which they sought to correct the income group disparities, though both sought to advance toward parity. TPAC members and the SBCAG Board elected to move forward with the methodology that works toward parity more expeditiously. Note that income group disparities exist to the point that they cannot be corrected within a single RHNA cycle. Following is a description of the methodology.

- Calculate the existing income group proportions for each jurisdiction
- Subtract the regional average income group proportion for each income group category and each jurisdiction
- Multiply by 1.5 to amplify the values (unique to the selected methodology)
- Add the values to the regional average income group proportions for each income group category and each jurisdiction
- Multiply the values for each jurisdiction's income group by that jurisdiction's RHNA allocation to determine allocation by income group
- Normalize

Attachment A provides the results from the proposed methodology.

Objectives

Development of the RHNA allocation methodology and the income group allocation methodology was focused on satisfying the five RHNA objectives (Govt. Code § 65584(d)(1-5)).

1. Increase the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner, which shall result in each jurisdiction receiving an allocation of units for low- and very low-income households.

The methodology provides the largest shares of housing to the jurisdictions with the highest housing costs. To balance this, and to promote a mix of housing types, the methodology, by adjusting jurisdictions allocations by income levels, subsequently seeks to provide larger shares of very low- and low-income categories to these jurisdictions. Jurisdictions such as Guadalupe and Lompoc, which already contain a disproportionate share of very-low and low-income housing are provided higher proportions of moderate and above-moderate housing allocations, for example. In accordance with State law, each jurisdiction is allocated housing in all four income groups.

2. Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region's greenhouse gas reductions targets provided by the State Air Resources Board pursuant to Section 65080.

This methodology directly complements the region's sustainable communities' strategy (SCS) which seeks to reduce greenhouse gases emitted by light-duty vehicles. SBCAG's SCS achieves the required greenhouse gas emissions largely by addressing the region's jobs-housing imbalance. SBCAG's year 2035 GHG reduction target is -17 percent per capita. Scenarios tested in the development of the SCS found that correcting the jobs-housing imbalance is the only realistic means of meeting the required GHG reductions. In excess of 77 percent of the region's determination is allocated to incorporated cities, thereby advancing this objective by promoting infill development. In addition, the allocation provided to the unincorporated county could reasonable be assumed to be accommodated within currently developed areas. Much of the existing development in

the unincorporated county is indistinguishable to the cities it abuts; therefore, it is not assumed to place demand on transportation inefficient parcels of land.

In its planning factors' survey response, the County noted that 81 percent of the unincorporated county is preserved or protected from urban development by means of the Williamson Act, being federal land, or land owned by conservation organizations. This condition largely constrains new development in the unincorporated county to areas already developed.

3. Promoting an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction.

SBCAG's methodology directly addresses the imbalance between jobs and housing. Sub regionally, the allocation of housing units directly corresponds with jobs, 60 percent focused on existing jobs and 40 percent on forecasted job growth. In addition, the income group allocation methodology provides the greatest number of very low- and low-income units to the jurisdictions hosting the largest shares of the region's jobs. The methodology expands opportunity for very low- and low-income populations to be better connected to employment opportunity. While there are low-wage jobs throughout the county, the South Coast has a prevalence of low-wage service and tourism related jobs and the regions highest housing costs which results in drawing commuters from outside the South Coast (Northern Santa Barbara County and Ventura County). A South Coast emphasis on an improved job housing balance, income parity, and affirmatively furthering fair housing focuses on the improvement of the jobs housing fit between low-wage jobs and the housing needs of low wage workers.

4. Allocating a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category, as compared to the countywide distribution of households in that category from the most recent American Community Survey.

Addressing the income-equity disparities of the region's jurisdictions was a key focus of the income group allocation methodology. Though it was found that the disparity could not be completely corrected within a single RHNA cycle, TPAC members recommended, and the SBCAG Board of Directors chose the alternative that achieves the maximum possible disparity reconciliation within a single RHNA cycle. Addressing this objective to a higher degree would have resulted in the inability to satisfy Objective 1.

Attachment A illustrates the degree of variation in income group allocation resulting from the methodology.

5. Affirmatively furthering fair housing.

SBCAG reviewed the 2020 version of the California Tax Credit Allocation Committee Opportunity Map for Santa Barbara County as it was developing the methodology. Areas containing the highest resource and high resource areas are concentrated in southern

Santa Barbara County, the Santa Ynez Valley, and the unincorporated community of Orcutt. Coincidentally, portions of the region with disproportionate shares of existing very low- and low-income households are also reflective of the lack of highest resource and high resource areas. Therefore, this objective could be addressed by satisfying Objectives 1 and 4, though SBCAG was prepared to further address fair housing if needed. Two options were considered, as described in the Income Group Allocation Methodology discussion provided earlier in this memorandum, and based on the second alternative, the alternative which employed a 1.5 times multiplier to amplify disparity, best addressing the affirmatively furthering fair housing objective it was selected. The result of this method allocates 73 percent of the region's combined very low- (71 percent) and low-income (76 percent) units to jurisdictions hosting the highest resource and high resource areas.

Public Process and Hearing

State law (Govt. Code § 65584.04(d)) requires SBCAG conduct at least one public hearing to receive oral and written comments on the proposed methodology. SBCAG noticed and conducted a public hearing during its Board of Directors meeting on December 17, 2020. Video documentation is available on SBCAG's website. In addition, numerous other opportunities for comment were provided to the public.

An informational item on RHNA was presented to the SBCAG Board of Directors during its July 2020 meeting. Additionally, a RHNA-related item was presented to both the North County and South Coast Subregional Planning Committees during their October 2020 meetings. The Subregional Planning Committees are comprised of SBCAG Board members representing the respective subregions. These meetings were all noticed and conducted in accordance with the Brown Act and the Governors' Executive Order N-29-20. Public comment was accepted in advance and during each meeting.

The RHNA methodology was the focus of discussion by TPAC, SBCAG's standing land-use advisory committee on November 5, 12, and December 3, 2020. TPAC meetings are noticed and conducted in accordance with the Brown Act and the Governors' Executive Order N-29-20. Public comment was accepted in advance and during each meeting.

On September 24, 2020, SBCAG conducted two virtual public workshops which were conducted for both the Regional Transportation Plan/Sustainable Communities Strategy and RHNA. A summary of the public input received is included in the October 19, 2020 PDT meeting memo. The memo is available on SBCAG's RHNA webpage. The public comment received aligns with the draft methodology.

Concluding Points

Local jurisdictions involved in the RHNA process have requested HCD provide a training seminar on suitable sites and related changes to State law. Should HCD staff be able to provide this training please coordinate with my staff to arrange the seminar.

Should questions arise during HCD's review, please do not hesitate to contact Michael Becker, Director of Planning, mbecker@sbcag.org or 831-915-9466.

Sincerely,



[Marjie Kirn \(Dec 18, 2020 09:56 PST\)](#)

Marjie Kirn
Executive Director

cc: Michael Becker, Director of Planning, SBCAG
Brian Bresolin, RHNA Project Manager, SBCAG
Lauren Bianchi-Klemann, Govt. Affairs and Public Information Manager, SBCAG
Tom Brinkhuis, HCD
Rachel van Mullem, Chief Assistant County Counsel, Santa Barbara County

APPENDIX 3: HCD METHODOLOGY REVIEW AND APPROVAL

STATE OF CALIFORNIA - BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY

GAVIN NEWSOM, Governor

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

2020 W. El Camino Avenue, Suite 500
Sacramento, CA 95833
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov



February 16, 2021

Marjie Kirn, Executive Director
Santa Barbara County Association of Governments
260 North San Antonio Road, Suite B
Santa Barbara, CA 93110

Dear Executive Director Marjie Kirn:

RE: Review of Draft Regional Housing Need Allocation (RHNA) Methodology

Thank you for submitting the draft Santa Barbara County Association of Governments (SBCAG) Sixth Cycle Regional Housing Need Allocation (RHNA) Methodology. Pursuant to Government Code Section 65584.04(i), the California Department of Housing and Community Development (HCD) is required to review draft RHNA methodologies to determine whether a methodology furthers the statutory objectives described in Government Code Section 65584(d).

The draft SBCAG RHNA methodology begins with the total regional determination provided by HCD of 24,856 units. The methodology divides the determination into two subregions—North County and South Coast—and allocates units to each subregion based on access to jobs. The methodology includes a 60 percent weighting applied to existing jobs and a 40 percent weight applied to forecasted 2020-2030 jobs from SBCAG's Regional Growth Forecast.

The methodology distributes the subregional allocations to cities and unincorporated areas based on a 50 percent weighting for both overcrowding and cost burden. Lastly, the methodology adjusts based on the current distribution of housing in terms of RHNA's four income categories.

In addition to being divided into north and south subregions, the methodology divides the unincorporated areas of Santa Barbara County into four specific areas: South Coast, Lompoc Valley, Santa Maria Valley, and Santa Ynez Valley. The unincorporated South Coast area receives most of the unincorporated units.

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HCD has completed its review of the methodology and finds that the draft SBCAG RHNA Methodology furthers the statutory objectives described in Government Code 65584(d).¹ HCD commends SBCAG for including factors in the draft methodology that direct units toward jurisdictions with more jobs and direct lower income units into high resource areas. In the interest of furthering RHNA statutory objective 4 (balancing income distributions), the draft SBCAG methodology makes adjustments that increase the number of lower income units going to higher income areas as a percentage of their total allocation. The inclusion of overcrowding as an allocation factor advances the objective of increasing housing supply where it is needed, but has the potential to weaken the furthering of other objectives, including the affirmatively furthering fair housing objective, as overcrowding can often be correlated with under-resourced and lower income communities. However, SBCAG's methodology balances this by applying a focus on jobs in the regional allocation and a strong equity adjustment to its jurisdictions, shifting over 75% of the lower income RHNA toward high resources areas with access to jobs.

Below is a brief summary of findings related to each statutory objective described within Government Code Section 65584(d):

1. Increasing the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner, which shall result in each jurisdiction receiving an allocation of units for low- and very low-income households.

The methodology allocates larger shares of RHNA to jurisdictions that experience higher rates of housing cost burden and higher rents. For example, the cities of Santa Barbara, Santa Maria, and Guadalupe have the highest share of cost burdened households and receive the highest share of RHNA as a proportion of existing households. Santa Maria and Guadalupe also have the highest rates of overcrowding. Santa Barbara receives the largest allocation both in terms of the highest ratio of RHNA units to existing units and percentage share of the region's RHNA. Santa Barbara also has the highest typical home value and the third highest median rent in the region.

Due to a strong equity adjustment, higher income jurisdictions generally receive greater lower income RHNA allocations relative to their existing share of households. On average, higher income cities receive a share of lower income RHNA that is greater than their share of existing households. Lower income cities receive a smaller share of lower income RHNA relative to their existing households.

2. Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region's greenhouse gas reductions targets provided by the State Air Resources Board pursuant to Section 65080.

The draft SBCAG methodology encourages a more efficient development pattern. The

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¹ While HCD finds this methodology compliant, applying this methodology to another region or cycle may not necessarily further the statutory objectives as housing conditions and circumstances may differ.

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initial jobs factor included in the methodology directs more housing units to areas with lower vehicle miles traveled (VMT) and more jobs and transit. For example, Santa Barbara, with the second lowest annual household VMT and the largest share of the region's job, receives the most RHNA in total numbers and by regional share. Santa Maria, with the lowest VMT and the third largest share of the region's jobs, receives the second largest RHNA allocation for a city in terms of total numbers and regional share. Both Santa Barbara and Santa Maria rank in the top three cities in terms of jobs access via 30-minute car commute. Further, the more urbanized South Coast unincorporated area receives the largest share of the unincorporated county RHNA at 73 percent. Conversely, the high-VMT cities of Buellton and Solvang receive the lowest allocations.

3. Promoting an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction.

The draft SBCAG methodology generally allocates more RHNA units to jurisdictions with more jobs. For instance, the City of Santa Barbara, the unincorporated county, and Santa Maria have the largest shares of the region's jobs and receive the largest percentage of the allocation. These three areas also have the most lower income jobs and receive the most lower income RHNA.

Santa Barbara and Goleta have the highest jobs/housing imbalance with 2.4 jobs for every housing unit. The methodology mitigates this imbalance with high allocations to the region's job centers. However, the methodology is less effective at addressing overall jobs/housing imbalances for smaller jurisdictions. Additional weighting of a jobs factor could be employed during the next cycle to help address these imbalances.

4. Allocating a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category, as compared to the countywide distribution of households in that category from the most recent American Community Survey.

This objective is furthered by a strong adjustment made to rebalance allocated units among the income categories. As a result of this adjustment, lower income jurisdictions receive 18 percent of their RHNA as lower income units on average, whereas higher-income jurisdictions receive 49 percent of their RHNA as lower income units. For example, Guadalupe, Lompoc, and Santa Maria currently have the top three highest percentages of lower income households and receive the smallest percentage of lower income RHNA units. This adjustment moves the region towards planning for a more even distribution of lower income households, which will increase housing planning for low- and very-low-income households in higher income communities. Further, not only does this adjustment further objective four, it also ensures lower income units are distributed equitably relative to objectives one and five.

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5. Affirmatively furthering fair housing, which means taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws.

SBCAG's methodology directs more lower income RHNA to higher-resourced areas. This is accomplished through an equity adjustment that increases the percentage of lower income units directed toward high resource and opportunity areas. The jobs focus and strong equity adjustment helped balance the potential consequences for this objective related to using overcrowding in the allocation.

HCD appreciates the active role of SBCAG staff in providing data and input throughout the draft SBCAG RHNA methodology development and review period. HCD especially thanks Michael Becker and Brian Bresolin for their significant efforts and assistance.

HCD looks forward to continuing our partnership with SBCAG to assist its member jurisdictions to meet and exceed the planning and production of the region's housing need.

Support opportunities available for the SBCAG region this cycle include, but are not limited to:

- SB 2 Planning Grants Technical Assistance: Ongoing regionally tailored technical assistance will also remain available throughout the housing element development timeline. Technical assistance information is available at <https://www.hcd.ca.gov/community-development/planning-grants-ta.shtml>.
- HCD also encourages all SBCAG's local governments to consider the many other affordable housing and community development resources available to local governments, including the Permanent Local Housing Allocation. HCD's programs can be found at <https://www.hcd.ca.gov/grants-funding/nofas.shtml>.

If HCD can provide any additional assistance, or if you, or your staff, have any questions, please contact Tom Brinkhuis, Housing Policy Specialist at (916) 263-6651 or tom.brinkhuis@hcd.ca.gov.



Megan Kirkeby
Deputy Director

APPENDIX 4: SBCAG ACCEPTANCE OF THE 6TH CYCLE RHNA DETERMINATION



■ 260 North San Antonio Road., Suite B ■ Santa Barbara, CA ■ 93110
■ Phone: 805/961-8900 ■ Fax: 805/961-8901 ■ www.sbcag.org

February 22, 2021

Megan Kirkeby
Deputy Director, Housing Policy and Development
Department of Housing and Community Development
Sent via email to megan.kirkeby@hcd.ca.gov

Subject: Santa Barbara County Association of Governments (SBCAG) Acceptance of the 6th cycle RHNA Determination.

Dear Ms. Kirkeby:

SBCAG is pleased to inform you that during its February 18 meeting, the SBCAG Board of Directors voted to accept the final RHNA determination for the Santa Barbara County region.

During the Board of Directors' meeting several issues were raised that were requested to be brought to your attention, including:

H-2A Visa Program

Senate Bill 828 overcrowding RHNA calculations as it relates to H-2A Visa Program needs further clarity. The program requires temporary housing of workers, which occurs not only in converted motels but other housing locations such as existing residential properties. As a region with a large agricultural economy, this led to questions of how overcrowding adjustments account for these scenarios which may not meet a formal "group quarters" definition or how HCD may account for these unique circumstances in the future as part of the final housing need calculation process. Additionally, further discussion and clarity on this issue would support local jurisdictions with their housing element updates and future regional housing need discussions.

State Support of Housing Production

It was strongly conveyed that State funding for development of affordable housing should proportionately reflect the housing need allocation. SBCAG recognizes that jurisdictions with the largest allocations are tasked with the highest goals and will require the most assistance to tangibly realize those goals. It was expressed that development of affordable housing through inclusionary ordinances is not sufficient to satisfy demand. Financial support from the State is needed to deliver the majority of the very-low income and low-income units identified in the determination.

Impacts of Remote Work

Assumptions and how to evaluate future projections of traditional jobs-housing balances need to be addressed with the unprecedented shift to telecommuting over the last year that allows workers to choose their place of residence regardless of their place of work. Further

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state guidance would benefit regional agencies and jurisdictions in the RHNA process and housing element updates.

Following the Board's action to accept the RHNA housing determination, SBCAG will now proceed with presenting the final methodology for consideration of formal adoption at the Board of Directors' March 18 meeting.

Thank you for your continued support and collaboration with our regional agency throughout this RHNA cycle and process. Should questions arise, please do not hesitate to contact Michael Becker, Director of Planning, mbecker@sbcag.org or 831-915-9466.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Marjie Kirn', written in a cursive style.

Marjie Kirn
Executive Director

cc: Michael Becker, Director of Planning, SBCAG
Brian Bresolin, RHNA Project Manager, SBCAG
Lauren Bianchi-Klemann, Govt. Affairs and Public Information Manager, SBCAG
Tom Brinkhuis, HCD
Rachel van Mullem, Chief Assistant County Counsel, Santa Barbara County

APPENDIX 5: SBCAG APPROVAL OF METHODOLOGY /RESOLUTION

A RESOLUTION OF THE SANTA BARBARA
COUNTY ASSOCIATION OF GOVERNMENTS

ADOPTION OF THE SIXTH REGIONAL)
HOUSING NEEDS ALLOCATION CYCLE) RESOLUTION NO. 21-03
METHODOLOGY FOR THE SANTA)
BARBARA COUNTY REGION)
_____)

WHEREAS, the Santa Barbara County Association of Governments (SBCAG) is the Metropolitan Planning Organization for the Santa Barbara County region; and

WHEREAS, California state housing element law requires SBCAG adopt a methodology for distributing the existing and projected regional housing need to each of the local jurisdictions within the SBCAG region; and

WHEREAS, the California Department of Housing and Community Development (HCD) is required to consult with SBCAG in determining the existing and projected housing need for the region prior to each housing element cycle; and

WHEREAS, on January 27, 2021, HCD provided SBCAG with a regional housing need number of 24,856 units distributed among four income categories, very-low (23.3%, low (15.8%), moderate (17.7%), and above-moderate (43.2%) for the 6th Housing Element Cycle (2023-2031); and

WHEREAS, SBCAG conducted a public hearing in December 2020 to formally receive verbal and written comments on the proposed Regional Housing Needs Allocation methodology options, in addition to two public workshops conducted in September 2020 and three publicly-accessible Technical Planning Advisory Committee (TPAC) meetings discussing methodology options; and

WHEREAS, after considering the public comments and the TPAC recommendation, at its December 18, 2020 meeting, the SBCAG Board of Directors authorized the submittal of the draft RHNA methodology for the 6th Housing Element Cycle to HCD for a 60-day review; and

WHEREAS, on February 16, 2021, HCD determined the draft RHNA methodology furthers the objectives set forth in state law, California Government Code Section 65584(d).

NOW, THEREFORE, BE IT RESOLVED that the SBCAG Board of Directors adopts the final RHNA Methodology for the Sixth Housing Element Cycle (2023-2031) attached hereto as "Attachment A" and incorporated herein by this reference.

PASSED AND ADOPTED this 18th day of March 2021 by the following vote:

AYES: WILLIAMS, HART, HARTMANN, NELSON, LAVAGNINO, UHRIG, JULIAN, OSBORNE, WATERFIELD, PEROTTE, MURILLO AND CHAIR SIERRA

NOES: CLARK

ABSENT:

ABSTAIN:

ATTEST:



Marjie Kim
Executive Director



Holly Sierra, Chair
Santa Barbara County
Association of Governments

APPROVED AS TO FORM:

Michael C. Ghizzoni
County Counsel



Deputy County Counsel