



**Agenda Item D.3**  
**DISCUSSION/ACTION ITEM**  
**Meeting Date: June 17, 2025**

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**TO:** Mayor and Councilmembers

**SUBMITTED BY:** Peter Imhof, Planning and Environmental Review Director

**PREPARED BY:** Anne Wells, Advance Planning Manager  
Andy Newkirk, Supervising Planner  
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**SUBJECT:** Affordable Housing Design (Implementation of Housing Element Subprogram HE 2.4(g))

**RECOMMENDATION:**

Receive a presentation on affordable housing design and approve staff's approach to the Development Economics & Affordable-by-Design Report recommendations.

**BACKGROUND:**

The City adopted the Housing Element 2023-2031 (Housing Element) on December 5, 2023, which was subsequently certified by the California Department of Housing & Community Development (HCD) on February 5, 2024. The City's adopted Housing Element includes goals, policies, quantified objectives, financial resources, and scheduled programs for the preservation, improvement, and development of housing. The Housing Element contains an "Eight-Year Action Plan" that lays out the timeline for program implementation.

One of these Housing Element subprograms identified for implementation early in the Eight-Year Action Plan is HE 2.4(g) Affordable Housing Design and are the subject of this staff report. Subprogram HE 2.4(g) states "[t]he City will research affordable design principles, including in collaboration with other agencies and stakeholders, to determine potential viability in the City and pursue regulatory amendments." The City also contracted with BAE to assist with Subprogram 2.4(g) Affordable Housing Design. A subconsultant, Environmental Science Associates (ESA), was tasked with conducting the research identified in subprogram HE 2.4(g).

This effort included producing a report that summarized the analysis and findings from (1) research on the concept of affordability-by-design, (2) input from stakeholders involved in housing in the region, and (3) an assessment of the City's housing policies and

regulations to determine potential opportunities for improvements. The analysis and findings were compiled into a Development Economics and Affordable-by-Design Report (Report), which is provided as Attachment 1. The Report includes a menu of recommendations for the City to consider. A comprehensive list of the Report's recommendations, and City staff's response to each recommendation, can be found in Attachment 2 to the staff report.

On March 10, 2025, City staff, accompanied by BAE and ESA, presented the findings of the Report and staff responses detailed in Attachment 2 to Planning Commission. The Planning Commission generally supported staff's approach to the recommendations. Since review by the Planning Commission, the Report was updated with a brief discussion and analysis of the viability of small units, or "microunits," as an affordable design option.

## **DISCUSSION:**

The Report includes analysis of what affordability by design is and approaches to understanding and achieving affordability by design in Goleta. Affordable housing design refers to the intentional approach of creating housing solutions that prioritize affordability throughout the development process, from planning and construction to long-term maintenance. The concept extends beyond the physical structure; it involves strategic decisions about location, density, unit size, design, materials, construction methods, and amenities. It not only incorporates elements that reduce costs for developers, but also for residents and the community. The goal is to strike a balance between economic feasibility for developers, affordability and quality of life for residents, and broader community sustainability, ensuring that housing can remain financially accessible without sacrificing quality, durability, or community integration.

The Report includes feedback from stakeholders on their experience with building housing in Goleta, including constraints and opportunities for affordable housing design. The Report also analyzes the existing processes, policies, and regulations related to affordable design. Finally, the Report includes a series of recommendations to further foster affordability. These recommendations are included throughout the report and consolidated in Table 4 of the Report.

City staff divided the Report recommendations into categories based on how staff suggest approaching the recommendations. The approaches fall into five broad categories and are summarized below and in Attachment 2.

### Category 1: Consider with General Plan

Recommendations that fall within this category include:

- Explore extended fee deferrals for affordable housing projects beyond the issuance of the Certificate of Occupancy, such as long-term deferrals over a set period. (4.2.a)

- Refine development impact fee structures to provide additional concessions for innovative housing solutions, such as modular construction or energy-efficient designs. (4.2.d)
- Offer density bonuses or fee reductions for developers who incorporate accessible multigenerational design features. (4.2.f)
- Establish design guidelines that promote accessibility features. (4.2.g)
- Support training sessions for developers on the diverse housing needs of special needs populations. (4.2.h)
- Encourage integrated housing models that combine housing with on-site supportive services. (4.2.i)
- Offer incentives for developers who agree to hold accessible units for tenants with disabilities while subsidy processing is completed. (4.2.j)
- Collaborate with advocacy organizations to understand challenges faced by individuals with special needs, particularly those with developmental disabilities, and explore partnerships for case management, workshops, and other strategies to improve application accessibility. (4.2.l)

Category 1 recommendations can fit within existing programs of the General Plan. The relevant General Plan program is highlighted in the table in Attachment 2. For example, consideration of reduced impacts fees for certain types of projects can be considered with Housing Element subprogram HE 2.4(f) (Reduced Impact Fees). This subprogram is included in the Advance Planning Division work program for Fiscal Year 2025-2026 under “Implement Required Housing Element Programs.” However, Category 1 recommendations would add additional costs or complexity to existing programs. Staff would implement Category 1 recommendations, considering costs and staffing implications, at such time as those General Plan programs are implemented.

#### Category 2: Procedural Improvements

Recommendations that fall within this category include:

- Develop a handout outlining the City's Pre-Application Review (Planner Consultation) process City offers and add a link to the handout on the City website. (4.1.a)
- Develop a handout outlining the most common plan check comments that each department issues by permit/project type. (4.1.b.1)
- Consider streamlining plan check review for housing development projects, take into consideration how much affordability is proposed. (4.1.b.2)
- Continue to monitor and evaluate applications that utilize objective design standards to understand if there are standards that are more favorable to affordable housing design. (4.1.c)
- Consider adding information to the City's website about for-profit and non-profit housing partners. (4.1.d)

- Create an easily accessible resource that outlines criteria, processes, and eligibility for fee reductions, waivers, and deferrals. (4.2.b)
- Collaborate with independent agencies, such as the School District, to explore opportunities for reducing or deferring their fees on affordable housing projects. (4.2.c)
- Develop an interactive housing dashboard to map affordable and accessible units and guide users through the application process. (4.2.k)
- Map available accessible units and filtering by key features (e.g., wheelchair accessibility, roll-in showers, proximity to transit). (4.2.k.1)
- Update in-lieu fee nexus study every 5 years to ensure that fees remain proportional to construction costs and market trends. (4.3.b)
- Define “Equal Value” in the City’s inclusionary housing regulations. (4.3.g.1)
- Specify “Character and Location” for Off-Site Units in the City’s inclusionary housing regulations. (4.3.g.2)
- Evaluate the City’s existing considerations for Other Parking Reductions under Goleta Municipal Code subsection 17.38.050(C) and consider making these standards objective and by-right. (4.3.l.2)

The recommendations in Category 2 include procedural improvements that could typically take place at the staff level. However, because the recommendations will typically require additional time and staff effort, they would be implemented only as staffing and resources allow, considering other adopted Annual Work Program commitments. Some of these items may take longer to implement or prove impractical. As for Category 1, staff would not return to City Council to specifically discuss implementation of Category 2 recommendations. Rather, implemented recommendations would be tracked through the General Plan Annual Progress Report under Housing Element subprogram HE 2.4(g).

### Category 3: General Plan and Zoning Amendments to Consider in 2027

Recommendations that fall within this category include:

- Permit inclusionary units to be counted as part of an above-base density bonus. For instance, if base zoning allows 20 units per acre, developers could build an additional 4 units (20 percent of base density) designated as affordable units. (4.3.f)
- Permit building heights of 45 to 50 feet in the CC, OT, OI, and CG districts, particularly near High Quality Transit Areas (HQTAs), or major transit stops, to facilitate higher-density mixed-use projects. (4.3.h)
- Standardize and increase lot coverage requirements across districts to reduce complexity and help enable developments to be built to maximum density. For example, adopt a uniform coverage standard of 50 to 60 percent for all zones that allow residential uses. (4.3.i)

- Reduce or eliminate open space requirements for units in high-density, HQTAs, near high-quality parks or recreational uses. (4.3.j)
- Permit developers to meet open space requirements through alternative methods, such as rooftop gardens or nearby park improvements off-site. (4.3.k)
- Remove parking minimums for affordable housing projects, studio units, and developments within half a mile of a major transit stop or HQTA. (4.3.l.1)

Recommendations in Category 3 typically include changes to development standards. Staff does not support implementing these recommendations at this time but would instead suggest considering these recommendations during the Housing Element mid-term evaluation in 2027, if needed.

#### Category 4: Changes to consider for the next Housing Element

Recommendations that fall within this category include:

- Include data collection on housing needs for people with developmental disabilities in future Housing Element updates. (4.2.e)
- Require the construction of affordable units through the City's inclusionary housing requirements only when the applicant has access to subsidy programs to offset the financial gap; otherwise allow for the payment of an in-lieu fee. (4.3.a)
- Allow developers to opt for in-lieu fees to meet the City's inclusionary housing requirements without showing infeasibility of developing on-site. (4.3.c)
- Lower the inclusionary housing requirement to a more feasible percentage (e.g., 5 to 10 percent) based on financial feasibility studies and consultation with developers. Alternatively, allow the percentage to vary by project type or location, with higher requirements in areas with lower development costs. (4.3.e)

Recommendations in this category would require possible changes to the Housing Element, specifically to the City's inclusionary housing policy, which staff does not support at this time. Instead, staff supports considering these recommendations when the City embarks on the 7<sup>th</sup> cycle Housing Element in 2031. Category 4 recommendations would require considerable staff effort as part of the larger, state-mandated Housing Element update. The scope of the 7<sup>th</sup> cycle Housing Element update would be a future work program and budget item.

#### Category 5: Not recommended

There are two recommendations in this category. The first, Recommendation 4.3.d, suggests basing the City's below-market rate unit sales and rental rates on square footage of the unit rather than the number of bedrooms. This recommendation is not supported by staff due to concerns that the recommendation runs the risk of incentivizing the creation of larger units (by square footage) at a higher cost (sales prices or rent) without providing a commensurate increase in housing occupancy/capacity. The second recommendation, 4.3.g.3, is to clarify how fractional inclusionary housing units are treated

in the City's zoning regulations. This recommendation is not supported by staff as staff believe the existing regulations already provide adequate clarity.

### Microunits

In the Report, microunits are identified as units typically 350 square feet or smaller. Microunits provide full, independent living (including a bathroom, cooking facilities, etc.) and differ from other housing types, such as residential care facilities, supportive and transitional housing, and group residential.

The Report notes challenges to microunit feasibility, such as construction costs, Building Code requirements, and market demand. Further, the Report includes pros and cons of microunits. Pros include lower development cost per unit and greater dwelling unit yield on a site (assuming greater densities are allowed), and appeal to one-person households, such as students. Cons include higher cost for construction on a per-square-foot basis when compared to larger units, limited marketability in suburban contexts, and the unsuitability for larger households. The Report includes examples of support for this housing type in other jurisdictions and regions, and a brief discussion of the feasibility of microunits in Goleta. The Report notes that microunits may be affordable to a single person household at the moderate income level in Goleta. The Report also highlights a recent microunit project in Santa Barbara that was financially supported by a non-residential project component.

No recommendations were added to the Report based on the additional analysis added to the Study regarding microunits. Of note, the Report identifies microunits as not affordable to lower income households. The lack of affordability for lower income households is one of the reasons no recommendations to support microunits were added. Additionally, the Report pros are more supportive of microunits in urban, dense, transit-rich locations that do not align with the Goleta land use context. As the recent example from Santa Barbara illustrates, the viability of microunits in this region is questionable and likely reliant upon significant development flexibility in terms of standards, such as building heights, residential density, required parking, and lot coverage limits.

Focusing on microunits may also not serve the housing demands in Goleta. As noted in the Report, a con of microunits is the exclusion of larger households, as microunits are typically only suitable for one person. The City's Housing Element Technical Appendix notes that, under State Housing Element law, large households of five or more persons are considered a special needs group for housing. Housing Element subprogram HE 3.1(a)(3) specifically identifies increasing access to family-oriented housing (units with at least two bedrooms) as a strategy for the City. With the presence of student housing demands from local colleges and universities, such as the University of California, Santa Barbara, and Santa Barbara City College, microunits may not serve Goleta's needs.

There are existing zoning provisions that an applicant in Goleta could utilize to facilitate small unit development. The City's small-scale unit incentive in Goleta Municipal Code subsection 17.07.050(C) allows a developer to count units of 500 square feet or smaller as 0.75 units for the purpose of residential density calculations. Additionally, the City

allows Single-Room Occupancy (SRO) Housing, with a Major Condition Use Permit, in the Planned Residential (RP), Residential – Medium Density (RM), and Residential – High Density (RH) zone districts. SRO Housing overlaps with the concept of microunits. Staff do not recommend any specific actions related to microunits, consistent with the Report.

**FISCAL IMPACTS:**

This item is to facilitate discussion and confirm staff's approach to the recommendations provided in the Report on affordable design. As such, there is no immediate fiscal impact associated with the discussion. Fiscal impacts associated with implementing the categories of recommendations are summarized in the report above.

**ALTERNATIVES:**

No alternatives are provided as staff are seeking confirmation of staff's approach to the Report recommendations.

**LEGAL REVIEW BY:** Isaac Rosen, City Attorney

**APPROVED BY:** Robert Nisbet, City Manager

**ATTACHMENTS:**

1. Development Economics & Affordable-by-Design Report (ESA, May 2025)
2. Summary of Development Economics and Affordable-by-Design Report Recommendations and Staff Responses
3. Staff Presentation

## **Attachment 1**

Development Economics & Affordable-by-Design (HE Program 2.4g)  
Report (ESA, May 2025)

# Development Economics & Affordable-by-Design Report

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Prepared by



Environmental Science Associates

for



**May 2025**



# Development Economics & Affordable-by-Design Report

## 1. Introduction

The Development Economics & Affordable-by-Design Report aims to consolidate the analysis and findings from ESA's research and education on affordable-by-design and existing city regulations and policies, as well as input received during stakeholder outreach, to provide a comprehensive understanding of the key factors influencing affordable housing development in the City of Goleta. This report serves as a resource to identify critical issues and opportunities within the local housing framework and to present actionable recommendations. By examining affordable-by-design principles, stakeholder feedback, and existing regulatory landscapes, the report provides a framework for targeted regulatory changes and strategic actions to maximize cost efficiency, feasibility, and accessibility in future affordable housing projects.

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## 2. What is Affordable-by-Design?

### 2.1 Definition of Affordable-by-Design

Affordable housing design refers to the intentional approach of creating housing solutions that prioritize affordability throughout the development process, from planning and construction to long-term maintenance. The concept extends beyond the physical structure; it involves strategic decisions about location, density, unit size, design, materials, construction methods, and amenities. It not only incorporates elements that reduce costs for developers, but also for residents and the community. The goal is to strike a balance between economic feasibility for developers, affordability and quality of life for residents, and broader community sustainability, ensuring that housing can remain financially accessible without sacrificing quality, durability, or community integration.

By addressing affordability at every stage, from zoning regulations to the permitting process to construction methods and long-term maintenance, affordable housing design fosters equitable and resilient housing solutions.

### 2.2 A Systems-Based Approach

While affordable housing design addresses the direct costs associated with permitting, constructing and maintaining housing, achieving affordability for developers and residents requires a systems-based approach. This includes increasing housing supply, stabilizing tenancies, and providing financial assistance or subsidies where needed. It is important to acknowledge these three components to

understand that addressing affordable housing design alone will not be enough to create and maintain affordable housing. These are briefly explained below.

## Supply

Increasing the housing supply is essential to meeting demand and alleviating market pressures. A greater volume of housing, particularly multifamily units and affordable housing types, helps moderate prices and create opportunities for diverse housing options. Affordable-by-design strategies, such as streamlined approval processes, fee waivers, and removing regulatory barriers, directly contribute to expanding supply while keeping costs manageable (Smith 2023).

## Stability

Stability focuses on protecting tenants and ensuring housing security over the long term. Policies like rent stabilization, anti-displacement ordinances, and long-term affordability covenants prevent low-income residents from losing access to affordable units. Without stability measures, increased supply alone cannot guarantee sustained affordability or prevent displacement.

## Subsidy

Subsidies provide financial assistance to offset the affordability gap for households that earn less than the market can accommodate. Subsidy programs may include direct funding for low-income housing development, tax credits like the Low-Income Housing Tax Credit (LIHTC), or rental assistance programs. Affordable-by-Design strategies reduce the reliance on subsidies by lowering development costs, but subsidies remain essential to bridge the gap between development costs and the for-sale or rental price of affordable housing at all income levels.

Together, these three components—supply, stability, and subsidy—form an interdependent framework for addressing housing affordability. Affordable housing design serves as a key contributor to housing supply by helping to make it more feasible to create more units that meet affordability standards. However, as suggested above, the solution to affordable housing comes down to three co-equal priorities: supply, stability, and subsidy (Phillips 2020).

## 2.3 Affordable-by-Design Research Findings

To develop a comprehensive understanding of affordable-by-design principles, our research relied on a multi-pronged approach. We reviewed academic literature, policy reports, and case studies from cities across the United States to identify effective strategies for promoting affordability through design. This included analyzing peer-reviewed studies on housing economics, zoning and regulatory reforms, energy efficiency programs, and social equity initiatives. We also examined real-world examples from cities with innovative policies, such as San Diego, Minneapolis, and Berkeley, to evaluate the outcomes of their affordable-by-design initiatives. Our research methods included:

- **Case Study Analysis:** Investigated successful implementation of affordable-by-design strategies, such as density bonuses, modular construction, and parking reform.

- **Data Review:** Analyzed findings from economic studies, including those highlighting the impact of inclusionary zoning and regulatory changes on housing supply and affordability.
- **Policy Evaluation:** Examined ordinances, standards, and incentive programs aimed at reducing housing costs while promoting energy efficiency and sustainability.
- **Stakeholder Input:** Incorporated insights from developers, policymakers, and affordable housing advocates to identify barriers and opportunities for creating equitable housing solutions (see Section 3 below for Stakeholder Outreach Feedback).

This research revealed that affordability by design is not a one-size-fits-all solution. It requires tailored, context-specific interventions that address regulatory, procedural, design, and equity factors. The findings presented below highlight key strategies for achieving affordability by design within Goleta.

## Regulatory and Procedural Factors

The zoning and regulatory landscape can create conditions that support affordability by design. Research highlights the following strategies:

- **Increasing Density:** Allowing higher-density developments or mixed-use zoning can significantly reduce the cost per unit by spreading fixed costs (land and infrastructure) across more units. SPUR's 2007 "Affordable-by-Design" article for how to create middle income housing in San Francisco recommends replacing unit limits with height and bulk regulations, allowing for a combination of smaller, more affordable units with larger units to be built within the same building envelope (SPUR 2007).
- **Parking Requirements:** Mandated parking spaces significantly increase construction costs in urban areas, with studies suggesting that structured parking and underground parking contribute tens of thousands of dollars to the cost per unit (SPUR 2007, Phillips 2020, Buffalo Common Council 2017). Research advocates for reducing or eliminating parking minimums for affordable housing, particularly in areas near transit. Several successful examples are provided below:
  - In 2017, Buffalo, New York became one of the first major U.S. cities to abolish parking minimums citywide. This reform encouraged the development of affordable housing by lowering construction costs associated with parking facilities. Subsequent observations have shown no significant increase in parking issues, as developers tailored parking provisions to actual demand (Buffalo Common Council 2017).
  - Minneapolis eliminated parking minimums for new residential developments in 2018, particularly in areas well-served by public transit. This policy change has been associated with an increase in affordable housing projects. Studies have found that parking utilization rates remained consistent, indicating that the reduction did not lead to parking shortages (Minneapolis City Council 2018).
  - In 2019, San Diego eliminated parking requirements for multifamily residential developments in transit priority areas. This policy change reduced construction costs and facilitated the development of more affordable housing units (City of San Diego 2019). In 2022, a CalMatters article highlighted that the removal of parking requirements in transit-priority areas allowed for significantly lower parking ratios in new projects, enabling more affordable housing units without causing parking shortages, as many residents utilized public transportation (CalMatters 2022).

- **Inclusionary Housing Requirements:** Inclusionary housing ordinances, which require developers to include below-market-rate (BMR) units in new projects or pay in-lieu fees, aim to increase affordable housing supply and integrate low-income households into market-rate developments. However, research highlights mixed outcomes. While these ordinances promote equity and affordability, studies suggest that rigid requirements may inadvertently reduce housing supply or increase costs. For example, the Lincoln Institute of Land Policy (2015) found that overly strict inclusionary zoning policies can deter development or drive up market-rate housing prices if not paired with flexible options like in-lieu fees, density bonuses, or subsidies. Similarly, the Turner Center for Housing Innovation (2024) analyzed Los Angeles' Transit-Oriented Communities program and found that higher inclusionary requirements, when applied without complementary incentives, led to diminishing returns in affordable housing production. To maximize effectiveness, inclusionary housing policies should be tailored to local market conditions, incorporating tools to balance affordability goals with sustained housing production (Lincoln Institute of Land Policy 2015; Turner Center for Housing Innovation 2024; Phillips 2020).
- **Streamlining Processes:** Complex permitting and approval processes add to development costs. Simplifying these can reduce project timelines and financing costs, as demonstrated in several cities that have implemented expedited review for affordable housing projects. Specific examples include:
  - **San Diego's Expedited Permitting Programs:** San Diego has implemented several initiatives to streamline the permitting process for affordable housing, including the Affordable Housing Permit Now, which allows a ministerial permit process for 100% affordable housing projects and emergency shelters; Express Plan Check, which offers faster plan reviews for eligible projects through an additional fee; and Professional Certification for Discretionary Projects, which enables qualified professionals to certify compliance with submittal guidelines, bypassing the initial completeness check and reducing intake times. These programs aim to reduce review times and facilitate quicker project approvals (City of San Diego 2024).
  - **Austin's S.M.A.R.T. Housing Policy:** The City of Austin, Texas, provides an expedited permitting process and building permit fee waivers for transit-oriented, affordable housing. This policy promotes the production of housing affordable to households with incomes up to 80% of the area median income ([LSA Planning 2018](#)).

## Efficiency in Design

Design choices have a direct impact on construction costs, energy efficiency and long-term affordability:

- **Volume-to-Surface Ratio:** Designing buildings with efficient shapes, such as squares or rectangles, reduces the amount of exterior wall material needed, which is one of the more expensive components of construction. These shapes not only lower construction costs but also contribute to energy efficiency by minimizing heat loss or gain through the building envelope (Pages Ruiz 2024). This principle is central to affordable-by-design strategies as it achieves both cost savings and sustainability.
- **Modular and Prefabricated Design:** Modular construction offers opportunities to lower costs through mass production and faster construction timelines. This method is particularly viable in areas with high labor costs, such as Goleta, as it reduces the need for on-site labor. However, modular construction works best for projects with repetitive unit designs such as affordable housing

developments. Projects with unique or highly customized designs may find modular less cost-effective due to the need for specialized factory adjustments (Phillips 2020).

- **Collaborative Housing:** Collaborative design processes, where residents and stakeholders co-design housing, have been shown to reduce costs while increasing satisfaction. This process often happens in public-private partnerships where the government or non-profits engage with residents to ensure the project meets community needs. For example, in Seattle’s Othello Square, a public-private partnership brought together local residents to co-design a mixed-use affordable housing project with spaces for cultural gatherings and small businesses tailored to the area’s immigrant communities (Phillips 2020).
- **Microunits:** Microunits, typically defined as self-contained residential units of 350 square feet or less, have gained attention as a strategy to promote affordability-by-design. These compact units include a private bathroom and kitchen and are designed to maximize efficient use of space. Note the City has regulations for “Small-Scale Units” defined as units that are 500 square feet or less, in Goleta Municipal Code (GMC) subsection 17.07.050(c). Proponents argue that microunits lower the total construction cost per unit and provide entry-level housing options in high-cost markets. They are often built in urban, transit-accessible locations and may share amenities such as communal kitchens, lounges, or workspaces.

Microunits differ from other housing types such as Residential Care Facilities (RCFs) or Supportive/Transitional Housing, which provide on-site services like case management or medical care, and are typically staffed and licensed to serve specific populations. They also differ from Group Residential uses, which involve shared kitchen and bathroom facilities and are not self-contained dwelling units. Microunits, by contrast, are intended to function as independent living spaces with private facilities, while still promoting compact, cost-efficient design.

While microunits can contribute to supply and affordability, their feasibility depends on local construction costs, building code requirements, land values, and market demand. Regulatory conditions are also critical. Zoning standards such as maximum allowable density, building height limits, minimum parking requirements, and open space mandates can significantly impact whether microunits are feasible to construct. Some jurisdictions have adopted microunit-friendly regulations by increasing allowed densities, reducing or eliminating parking minimums near transit, and allowing smaller unit sizes or shared open space. Others continue to have regulatory barriers that limit the practicality of these units. According to the American Planning Association, microunits can address urban housing shortages by offering lower rents per unit, but they also raise concerns about livability and suitability for families. (Mallach, A., 2014)

The following presents some pros and cons of microunits followed by examples of jurisdictions currently supporting microunits.

#### **Pros of Microunits**

- **Lower total development cost per unit** due to smaller size, though per-square-foot costs can be higher.
- **Increased unit yield per site – when zoning allows – can help meet RHNA targets** by maximizing the number of units on limited infill parcels. This benefit assumes the project can

increase density through tools such as state Density Bonus Law, local zoning density increases for microunits, or microunit-specific ordinances (e.g., Seattle, WA; San Francisco, CA). Note that in the City of Goleta small-scale units have a dwelling unit equivalent of 0.75, meaning a project with 20 small-scale units is considered only to have a “dwelling unit equivalent” of 15 units (see Section 17.07.050(C)(3)).

- **Appealing to one-person households, students, service workers, or individuals in transitional life stages** who may prioritize cost, location, or flexibility over space. In some cities (e.g., New York City and Seattle), microunits have helped address workforce housing near jobs and campuses.
- **Efficient for high-density infill sites** (e.g., 60+ du/acre), especially near transit, where microunits are often more financially viable due to high land values and reduced parking needs. "High density" typically refers to multifamily zones exceeding 30–40 du/acre.
- **Shared amenities** (such as lounges, workspaces, and kitchens) can foster community while reducing individual unit construction costs and square footage requirements.

#### Cons of Microunits

- **Higher per-square-foot construction costs**, due to the need for individual bathrooms and HVAC systems per unit, and often a desire for individual kitchens in each unit. These costs may reduce savings unless offset by reduced parking or fees.
- **Not well-suited for families or multigenerational households** due to limited living space and lack of flexibility for shared living arrangements.
- **Potential opposition from neighbors** in lower-density areas due to perceived impacts on neighborhood character, parking or renter demographics.
- **Limited marketability in lower-density suburban contexts** where demand for micro-living may be lower. Microunits typically appeal to populations like students, recent graduates, or traveling professionals. In communities where most housing demand comes from families or long-term residents seeking larger spaces, the appeal may be limited unless located near employment centers, colleges, or transit.
- **Complexities in zoning and building code compliance** – particularly in suburban areas, including limits on:
  - Minimum unit sizes (e.g. 220-350 SF)
  - Minimum parking ratios per unit
  - Open space requirements (e.g., 200 SF of private or common open space per unit)
  - Maximum density requirements
  - Height, lot area or floor area ratio (FAR) limits that prevent building up to desired density.

These standards can constrain the feasibility of microunit developments unless revised or waived.

### Example Jurisdictions and States Supporting Microunits

- **San Francisco, CA:** Approved microunits as small as 220 SF, with incentives for group housing and density bonuses (City and County of San Francisco, 2013).
- **Seattle, WA:** Home to one of the largest microunit markets; adopted relaxed regulations for “congregate housing” (City of Seattle, 2021).
- **Washington State:** State Legislature passed House Bill 1998, which required cities to allow micro-apartments in any urban growth area by 2025, in a move to address the affordable housing shortage (King5, 2024).
- **New York City, NY:** Launched pilot projects such as Carmel Place, which showcase prefabricated microunits (New York City Department of Housing Preservation and Development, 2015).

### Feasibility for Microunits in Goleta

As shown in the table below, microunits may provide a more affordable option for one-person households when compared to larger studios and one-bedroom units. Based on a survey of newly-constructed multifamily projects in Goleta, for example, a microunit of 350 square feet could potentially be affordable to a Moderate Income household earning up to 120% area median income (AMI) (\$100,050 for a single-person household in Santa Barbara County).

Unit Type	Unit Size, sf (a)	Rent per sf per month (b)	Monthly Rent	Required Annual Income (c)	AMI Levels Served (d)
Microunit	350 sf	\$6.00	\$2,100	\$84,000	Moderate (up to 120% AMI) Above Moderate
Studio	581 sf	\$5.58	\$3,242	\$130,200	Above Moderate Only
1-Bedroom	713 sf	\$5.34	\$3,807	\$152,300	Above Moderate Only

(a) Studio and 1-bedroom average unit sizes based on a sample of recently-built multifamily (2015+) projects in the City of Goleta.

(b) Rents for studios and 1-bedrooms are based on a sample of recently-built multifamily (2015+) projects in the City of Goleta. Rents per sf per month for Microunits are estimated, and based on evidence in other cities suggesting microunits capture higher rents on a per sf basis than studios.

(c) Assumes no more than 30 percent of annual household income may be spent on housing.

(d) Assumes 1 person household for Microunits and Studios; 2 person household for One-Bedroom Units

However, they are also comparatively more expensive to build. A study from the Urban Land Institute (ULI) found that the “fixed” costs of microunit construction can exceed traditional multifamily construction by up to 10 percent. This is due in part to kitchens and bathrooms that comprise a larger share of each dwelling unit.

Another important cost consideration includes parking. A single vehicle parking space, including circulation, measures approximately 350 square feet, which (coincidentally) is the size of a typical microunit. To the extent that parking standards for microunits are not reduced significantly when

compared to parking standards for studio units, one covered space per unit<sup>1</sup>, up to half of a microunit building's gross building area could be eaten away by expensive parking treatments.

It is worth noting that developers in the area have indicated that the microunit buildings are not currently financially feasible. A new 4-story microunit building in Santa Barbara, for example, is only financially feasible due to the cross-subsidy of a commercial component (mini-storage) that is otherwise unrelated to the project. This residential portion of the project provides no vehicle parking, near 100% lot coverage, and is over 200 du/acre.

## Utility Performance

California is a leader in energy and water efficiency standards through its progressive building codes, including Title 24 and CALGreen, which sets rigorous benchmarks for energy-efficient construction. These codes require measures such as high-performance building envelopes, efficient HVAC systems, and mandatory solar installations for new residential buildings. However, research and case studies suggest that there are opportunities to go above and beyond these standards to enhance affordability and sustainability.

- **Passive House Standards:** Passive House standards focus on ultra-low energy use by minimizing heating and cooling demands through airtight construction and super-insulated walls. For example, the Habitat for Humanity project at 822 E. Canon Perdido in Santa Barbara, completed in 2014, became the first multifamily Passive House-certified project in Southern California. This development provides 12 homes for 44 people, including 22 children. Certified Passive House buildings achieve low environmental impact and significantly reduce utility costs through advanced construction techniques (Habitat for Humanity of Southern Santa Barbara County 2014).
- **All-Electric Buildings:** Transitioning to fully electric buildings eliminates natural gas connections and reduces greenhouse gas emissions, while simplifying energy systems. Although Berkeley's natural gas ban in new buildings was overturned in court, cities can still allow developers the option to forgo natural gas hookups in favor of fully electric systems. This flexibility can reduce construction costs while enabling developers to align with sustainable building trends (CalMatters 2022).
- **Net-Zero Energy and Carbon Buildings:** Net-zero energy buildings generate as much energy as they consume, typically through renewable energy sources like solar panels combined with energy-efficient designs. Lancaster, CA, adopted a net-zero energy requirement for all new homes built after 2020, setting a statewide precedent for energy-efficient housing (California Energy Commission 2024). Programs supporting energy-efficient New Construction:
  - **California Electric Homes Program (CalEHP):** Offers up to \$1.5 million per project for all-electric new construction, with a focus on multifamily housing (California Energy Commission 2024).
  - **Building Initiative for Low-Emissions Development (BUILD):** Provides financial incentives for low-income, all-electric residential buildings, offering \$3,300 per multifamily unit or \$5,500 per single-family home (California Energy Commission 2024).

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<sup>1</sup> GMC Table 17.38.040(A) Required On-Site Parking Spaces

- **California Energy-Smart Homes Program:** Supports developers in adopting advanced energy measures for residential new construction, including single-family homes and accessory dwelling units (California Energy Commission 2024).
- **Advanced Materials and Construction Techniques:** Innovative materials and methods, such as phase-change materials, cool roof coatings, and cross-laminated timber (CLT), enhance energy efficiency while reducing environmental impact. Los Angeles promotes the use of cool roofs to combat urban heat island effects, improving energy performance for residents and communities (Phillips 2020).
- **Smart Building Technology:** Smart building systems optimize energy use with real-time monitoring, demand-response technologies, and automated controls for lighting and HVAC. Sacramento's SMUD program supports affordable housing developments that integrate smart thermostats and demand-response technologies to lower peak energy usage (California Energy Commission 2024).
- **Water-Energy Nexus:** Efficient water systems reduce the energy needed to deliver and heat water, achieving both water and energy savings. In San Francisco, the Non-potable Water Ordinance mandates that new developments of 100,000 square feet or more install onsite water reuse systems to collect, treat, and reuse alternate water sources, such as graywater, for non-potable applications like toilet flushing and irrigation (San Francisco Public Utilities Commission 2024). This requirement not only conserves potable water but also reduces the energy associated with water treatment and transportation, thereby lowering overall utility costs for residents and contributing to environmental sustainability.

## Equity and Accessibility

Affordable-by-Design must also address social equity by ensuring housing serves diverse populations:

- **Community Land Trusts and Shared Ownership Models:** These models ensure long-term affordability and prevent displacement by removing land from speculative markets. Examples include:
  - **The Dudley Street Neighborhood Initiative (Boston, MA):** This community land trust manages affordable housing while ensuring long-term affordability and preventing displacement.
  - **Champlain Housing Trust (Burlington, VT):** This is the largest community land trust in the U.S., which has preserved over 2,000 affordable homes.
  - **Oakland Community Land Trust (Oakland, CA):** This trust focuses on converting foreclosed properties into affordable housing and maintaining long-term affordability for low-income families.
- **Tailored Solutions for Populations:** Policies can adjust requirements (e.g., parking or unit size) for specific populations such as seniors or individuals with disabilities, optimizing resources while meeting unique needs. In Chicago, the City's Accessible Housing Program funds developments with larger units to accommodate wheelchairs, mobility aids, and in-home care providers. The Beacon Hill Village in Boston offers co-living spaces and services like grocery delivery tailored to seniors aging in place. Veterans Village in Las Vegas combines small units with larger shared spaces and wraparound services to address the unique needs of its residents.

### 3. Stakeholder Outreach Feedback

As part of Housing Element (HE) Program 2.4(g), the City of Goleta and ESA held three virtual, one-hour outreach meetings with key stakeholders in the development community on December 10, 2024. The purpose of these sessions was to hear what stakeholders' experiences have been with building and supporting housing in the City of Goleta and to gather input on constraints and opportunities for affordable housing design.

The first session of the day was focused on hearing from affordable housing advocates and the second and third sessions were focused on hearing from developers (both affordable housing and market rate). Eight stakeholders were invited to the first session focused on affordable housing advocates, only one stakeholder from Coalition for Housing Accessibility, Needs, Choices & Equality, Inc. (CHANCE Housing) attended. Twenty developers were invited to the two developer focused sessions<sup>2</sup>—six attended the first session, and three attended the second developer session.

For each session, the City/ESA Team gave the same brief, 15-minute PowerPoint presentation to kick-off the discussion. The presentation consisted of a high-level overview of the project and HE Program 2.4(g), as well as what the City/ESA Team means by 'Affordable-by-Design.' Following this brief presentation, the City/ESA Team facilitated a 45-minute open discussion with the stakeholders. Our team prepared a list of questions to help guide the conversation and to learn more about what's working well, what's not working well, and how the City can help make things more affordable and cost efficient to develop.

During the open discussion we heard from a variety of stakeholders, including one affordable housing advocate, as well as affordable housing and market rate developers with a variety of experience in Goleta. Some of the stakeholders have constructed projects in Goleta in the last 10 years, a few that have proposed housing projects but are still working through the review process, a couple that have received approval but not yet constructed, as well as developers that work in adjacent jurisdictions but have not yet developed in the City of Goleta. A summary of the key findings/lessons learned are presented below and organized into three key themes we heard: process, policies, and regulations.

#### 3.1 Process

1. **Permit Streamlining:** Both affordable housing and market rate developers in Goleta highlighted the importance of permit streamlining and the positive impacts a smooth and efficient process can have on a project. They emphasized that while the City does some things well when it comes to permit review, such as offering a pre-application review to developers for entitlement applications, there are opportunities to improve and streamline the City's review at all stages of the permitting process. Common feedback shared during the stakeholder meetings include the following:
  - **Pre-Application Planner Consultation:** A few different developers noted that the City's Pre-Application review process is working well for them and noted that the more the City can publicize and encourage developers to utilize this process the better.

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<sup>2</sup> One of the developers invited was unavailable to join either session. They reached out to the ESA/City Team and shared their feedback over phone and email with ESA.

- **Discretionary Review (Entitlements and Environmental/CEQA):** The level of CEQA review was described as a significant factor in the overall approval timeline for discretionary projects. While developers called this out as a constraint to development they also acknowledged that many factors relating to these requirements are outside of the City’s control, such as existing site conditions, CEQA requirements, state law, as well as responsiveness of the applicant to provide required information to keep the process moving forward.
  - **Ministerial Review (Plan Check and Inspections):** Developers noted that they experience the most significant delays during the plan check review process, particularly as a result of often delayed, complex comments from Santa Barbara County Fire Department and the City’s Public Works Department. Multiple developers mentioned these two departments, more often than not, provide feedback late in the review process and that their feedback can result in significant permitting delays. Several developers noted that the comments they receive are often not objective, both during plan check review and during the inspection phase, resulting in a lot of back and forth between the developer and the City to understand the nature of the outstanding comments.
2. **Partnerships:** Affordable Housing Developers emphasized that for-profit and non-profit collaborations in the City of Goleta have been extremely successful. It was suggested that to the extent the City can be vocal and speak up publicly in favor of these for-profit and non-profit collaborations and help facilitate partnerships to enable affordable housing, the better.

## 3.2 Policies

1. **Fee Deferrals, Reductions and Waivers.** Stakeholders noted that the City of Goleta is recognized as a leader in offering fee reductions and waivers, setting an example for other jurisdictions. Developers highly value these financial incentives, which can significantly lower the cost to develop affordable housing projects. As part of the City’s Development Impact Fee (DIF) Reduction Program<sup>3</sup>, the City waives DIFs that are under its control for beneficial projects – external agencies like the School District, that operate independently control their own fees. Impact fee deferrals, in particular, were highlighted by affordable housing developers as a critical tool for enabling them to manage upfront costs better and improve project feasibility.
2. **Housing Element Policies on Special Needs Housing.** Stakeholders emphasized the need for the City of Goleta to revisit its HE policies on Special Needs Housing, suggesting further analysis in the current or upcoming cycles. The City currently lacks data collection and analysis focused on people with developmental disabilities, leaving a gap in understanding their unique housing needs. Housing for this population requires thoughtful design considerations, both in terms of external building and site design (e.g., adequate parking for live-in staff and visitors, space for accessible transportation services), as well as internal unit size and layout (e.g., space within a unit for live-in caretakers, accessible showers without a tub, storage of equipment such as wheelchairs, etc.). See ‘Housing

<sup>3</sup> City Council Resolution No. 22-68 adopted on December 20, 2022, amended the City’s DIF Reduction Program for Beneficial Projects, which include the following project categories: “ADU”, “Child Care Facility”, “Family Day Care” and “Day Care”, “Mobile Home”, “Non-Profits”, “Special Care Home”, “Residential Care Facilities”, “Assisted Living”, “Supportive Housing”, “Transitional Housing” and “Special Needs Housing” as presently defined, or may hereafter be amended, in the City of Goleta’s Zoning Ordinances.

Accessibility and Adaptability’ below for more details. Stakeholders also noted that while developers and state decision-makers prioritize housing for other vulnerable groups, such as individuals experiencing homelessness, substance use, or mental health challenges, people with developmental disabilities are often overlooked. State application processes also pose barriers for these populations, particularly when seeking affordable rental housing.

3. **Housing Accessibility and Adaptability.** Stakeholders stressed that Affordable-by-Design principles must prioritize accessibility, adaptability, and affordability. While smaller, “efficient” units are often promoted as cost-effective, these designs can be impractical for individuals with developmental disabilities. Specific challenges include insufficient space for live-in caregivers, storage for medical equipment or wheelchairs, and safe bathroom designs. Multi-generational housing was also highlighted as a crucial consideration, allowing individuals to transition through different life stages while maintaining their independence and quality of life. Stakeholders encouraged the City to advocate for innovative housing solutions, such as modular or 3-D printed designs, to address the needs of diverse populations better. Incorporating accessibility and adaptability into housing design ensures all residents can live comfortably and safely.

### 3.3 Regulations

1. **Inclusionary Housing Regulations.** Developers in Goleta and the region have raised significant concerns about inclusionary housing requirements as summarized in Section 4.3 Regulations. They emphasize that the current policies create financial burdens that make housing development infeasible. The concerns raised suggest that inclusionary housing requirements, as currently structured, are acting as a barrier to housing development by imposing strict mandates without accounting for the realities of development costs and market dynamics. Common developer concerns include the following:
  - **Financial Infeasibility:** Developers argue that the inclusionary housing requirements result in substantial financial losses, as they are required to sell or rent below-market-rate (BMR) units at prices far below the cost of construction (Molina 2024). Developers note that construction costs in Goleta are among the highest in California. One developer shared that the estimated cost for his condominium development project in Goleta, which would consist of 84 units, each 1,500 square-feet with 3 bedrooms and 3 bathrooms, totals \$833/sq. ft. This amount includes construction costs, soft costs (i.e., fees related to design, engineering, permitting and infrastructure), and land valuation.

Based on the breakdown, the total cost to build a three-bedroom 1,500-square-foot unit at \$833/sq. ft. is \$1,249,500. The market rate sales price as of January 2025 in the greater Goleta area for a brand new condominium is an estimated \$1,000 per square foot (Zillow 2025), which equates to \$1.5 million for each 1,500 square-foot unit. With this project as an example, the following represents the estimated profit/loss per unit at each income level based on the City’s BMR Maximum Sales Prices Effective 5/13/2024:

**Table 1 Estimated Profit/Loss per Unit at Each Income Level**

Income Level	3-Bedroom Unit Maximum Sales Price per Unit	Per Unit Development Cost (January 2025)	Market Rate For-Sale Comparables (January 2025)	Estimated Profit/Loss per Unit
Extremely Low	\$71,300	\$1,249,500	—	-1,178,200
Very Low	\$160,500	\$1,249,500	—	-1,089,000
Low	\$213,100	\$1,249,500	—	-1,036,400
Moderate	\$398,500	\$1,249,500	—	-851,000
Workforce (up to 200% Area Median Income)	\$675,600	\$1,249,500	—	-573,900
Market Rate	N/A	\$1,249,500	1,500,000	+250,000

For an 84-unit project, 20% or 17 units are required to be sold at BMR prices, as indicated in the table below. The table also provides the estimated profit/loss for the project at each income level and for the project as a whole, which is estimated at a total profit of \$1,367,500.

Given the total estimated development cost of \$104,958,000 (84 units X 1500 SF X \$833 per SF), the total return on cost (ROC) with inclusionary requirements is calculated at 1.3% (Total Profit/Total Cost). By comparison, the ROC without inclusionary requirements would be 20% (84 units x 250,000 Profit ÷ 104,958,000 development cost).

While the standard profit margin requirement for developers varies based on project type, market conditions, and risk factors, developers of market rate housing typically aim for a profit margin of 10-20% of total project costs or an ROC of 15%–20%, which measures profit as a percentage of total development costs.

Without inclusionary requirements, the developer's project would be considered feasible and incentivized. However, with inclusionary requirements, a 1.3% ROC not only falls significantly below industry standards but also fails to account for project risks such as rising material costs, interest rate fluctuations, and market uncertainties. The low return does not provide sufficient financial incentive to attract investment or obtain financing, as lenders often require a cushion to ensure feasibility and repayment capability. For these reasons, a project with such a low return would be considered financially unviable by most developers and demonstrate that the inclusionary requirements as structured serve as a financial burden and disincentive to housing development in Goleta.

**Table 2 Total Estimated Profit/Loss at Each Income Level and Project As a Whole**

Income Level	Profit/Loss per Unit (from the table above)	# of Units at Each Income Level <sup>a</sup>	Market Rate For-Sale Price per Unit (January 2025) (\$1,000 per sq. ft.)	Total Profit/Loss
Extremely Low (2.5%)	-1,178,200	2	—	-\$2,356,400
Very Low (2.5%)	-1,089,000	2	—	-\$2,178,000
Low (5%)	-1,036,400	5	—	-\$5,182,000
Moderate (5%)	-851,000	4	—	-\$3,404,000
Workforce (up to 200% Area Median Income) (5%)	-573,900	4	—	-2,295,600
Market Rate	+250,000	67	1,500,000	\$16,783,500
<b>Total</b>		<b>84</b>		<b>\$1,367,500</b>

NOTE:

- a. The number of units at each income level is calculated by taking 84 units and multiplying that by the percentage required at each income level. The combined fractional units at each income level equated to a full unit applied to the low-income level pursuant to Goleta Municipal Code Section 17.28.050(B)(2)

- **Bank Reluctance to Finance Projects:** Financing challenges are a recurring theme, as banks are hesitant to fund developments requiring developers to absorb significant losses. One developer remarked that lenders typically require 30 percent equity for construction loans, which is difficult to meet given the financial losses associated with inclusionary requirements.
  - **Disproportionate Burden:** One developer shared that it is unfair to task developers alone with the burden of supplying affordable housing. The cost to build BMR units should be distributed equitably and be a shared responsibility among those that create an impact on both the demand and supply of affordable housing.
2. **Development Standards.** The City/ESA Team asked developers about the City's residential development standards, specifically interested in why developers aren't building to maximum allowable densities. All noted that as soon as they try to go up to four stories, the lumber size kicks up and the price per unit goes way up. This, coupled with the capacity to park on site and ability to meet Open Space requirements, are the primary factors driving developers to build three-story buildings below maximum densities (typically building between 25 and 28 units/acre). At this density, developers noted that they can still park at grade without having to go to a podium structure. Other key findings/takeaways from the stakeholder outreach meetings regarding development standards are listed below:
- Developers are using SB 330 and Density Bonus on almost every project and primarily using Density Bonus to alleviate development standards (reduce setbacks or increase building height)—rarely are they using it to increase density.
  - Parking is always a challenge—while it takes up a lot of land and can make it more difficult to get more density, there is a demand for it, and developments need parking.

- Developers do not want to under park their properties.
- Affordable projects have a different financial metric that is subsidized, which enable them to go above three stories and still make it pencil.

## 4. Requirements and Recommendations

Below is a summary of existing City and state requirements and existing City procedures, followed by recommendations (what the City can consider to address each issue) organized by key themes we heard from stakeholders during outreach.

### 4.1 Process

#### Permit Streamlining

##### *City Requirements and Procedures*

The City has a dedicated web page for Planning and Environmental Review permit applications: <https://www.cityofgoleta.org/your-city/planning-and-environmental-review/building-planning/permits-and-regulations>. This web page is robust with information, including City contact information, as well as hyperlinks to application and submittal requirements and the City's current zoning regulations and administrative procedures, information about ADUs and SB330, as well as other application types and helpful handouts. The City has a separate page for Advance Planning that includes information about the City's General Plan/Coastal Land Use Plan. This is hyperlinked and accessible via the dedicated web page for Planning and Environmental Review permit applications.

Similar to the City's web page for Planning and Environmental Review permit applications, there is a separate webpage dedicated to ministerial building permit applications:

<https://www.cityofgoleta.org/your-city/planning-and-environmental-review/building-planning/building-and-safety-division>. This webpage includes some information, including contact information, building permit handouts and information about scheduled inspections.

- Discretionary Review (Entitlements and Environmental/CEQA)
  - Permit Review Times
    - As described in the City's 2023-2031 HE, the estimated time between receiving an entitlement and submitting a building permit application is around 6 months. Once the applicant has received an entitlement, it takes time for the applicant's team to prepare the final plans and reports such as the full set of architectural drawings, stormwater plans, a hydrological report, grading plans, and improvement plans (road, sewer, water). This process may be quicker or slower depending on the complexity of the project and how much risk the applicant wants to take to authorize plan development prior to entitlement (City of Goleta, 2023).
    - Environmental review is required for all discretionary development projects under CEQA. The level of CEQA review has a significant impact on project processing times, particularly if an EIR is required. Goleta follows the procedures set forth in CEQA and its guidelines with

respect to environmental review and analysis and public noticing requirements. While CEQA often acts as a constraint to the cost and supply of housing and creates uncertainty in the development process, it is a State mandate that the City has no ability to change.

- Streamlined Procedures
  - Permit Streamlining Act: The City adheres to the processing requirements of the Permit Streamlining Act (Government Code Section 65920 et. seq.). Consistent with these requirements, the City makes a completeness determination within 30 days of application submittal (Government Code §65943). The City includes this 30-day completeness review timeline for all projects, not just those that qualify under the Permit Streamlining Act, in GMC subsection 17.52.030(B). In addition, the City complies with streamlining determinations pursuant to CEQA.
  - Limitations on the Number of Public Hearings: The City's zoning regulations (GMC Section 17.71.010) include limitations on public hearings for projects qualifying under California Government Code §65589.5(h)(2) (limiting qualifying projects to five hearings).
- SB 35/Objective Design Standards (ODS): The City also developed ODS consistent with SB 35 (2017) requirements for streamlined, objective review of certain residential and mixed-use developments. On November 15, 2022, the City Council adopted Ordinance No. 22-14 establishing ODS and associated ministerial permit procedures for projects that qualify under SB 35 or other State law. These new regulations are codified as Chapter 17.44 of the GMC.

In addition to these existing Streamlined Procedures, the City's HE identified the following amendments to Title 17 related to Streamlined Processing as part of Program HE 2.1 'Encourage a Diverse Range of New Housing'. All of these amendments related to permit streamlining, and outlined below, have been completed as of December 2024.

- On December 3, 2024, the City adopted Ordinance No. 24-05. Ordinance No. 24-05 included amendments to address findings for Design Review (ensure Findings 1 and 3 cannot be used to reduce residential density of a proposed project) and Development Plan (remove reference to density in Finding 2) approvals to ensure the findings do not limit residential densities below what is allowed in the relevant land use designation and zoning district
- Also as part of Ordinance No. 24-05, the City exempted mixed-use development that includes no more than 5,000 square feet of nonresidential square footage and no more than 4 dwelling units in the CC, OT, and OI zone districts from the requirement for a Development Plan.
- On December 3, 2024, the City Council adopted Ordinance No. 24-05 which amended various sections of the City's Zoning Ordinance (Title 17), including allowing for 100 percent affordable housing projects ministerial review pursuant to the procedures and standards in Chapter 17.44 of the GMC.
- On November 19, 2024, the City adopted a General Plan amendment, via Resolution 24-65, to Conservation Element subpolicy CE 1.5 to ensure that changes to mapped environmentally sensitive habitat areas are not treated as a General Plan amendment for a project. On December 3, 2024, the City adopted Ordinance No. 24-05. Ordinance No. 24-05 included companion

amendments to GMC Chapter 17.30 (Environmentally Sensitive Habitat Areas) to reflect the amendment to Conservation Element subpolicy CE 1.5.

## Recommendations

In addition to the City Initiatives identified in the HE to address issues with the review process, the following outline some recommendations to consider for improvement:

- 4.1.a Pre-Application Planner Consultation:** The City could consider developing a simple handout outlining the City's Pre-Application Review process that they offer. They could add a hyperlink to this handout on their dedicated webpage for Planning and Environmental Review. This could serve to help publicize this information and encourage developers to utilize this process early on.
- 4.1.b Ministerial Plan Check Review and Inspections:** As described in Section 3.1, developers experience the most significant delays during the plan check review process. There are opportunities to improve the information that is publicly available on the City's website as it relates to the building permit plan check review process and inspections. The information on this webpage is less detailed than the information about Planning and Environmental Review permit applications. Some suggestions for improvement include:
  - 4.1.b.1 Common Plan Check Comments Handouts:** The City could develop a handout outlining the most common plan check comments that each department issues by permit/project type. This could help applicants, especially developers that haven't already done work in Goleta, understand what the most common plan check issues tend to be by project type and help them prepare a more complete and comprehensive initial building permit application.
  - 4.1.b.2 Prioritize Plan Check Review.** The City could consider looking at streamlining plan check review for housing development projects and also take into consideration how much affordability is proposed.
- 4.1.c Permit Streamlining:** During the stakeholder outreach meetings, the cities of Paso Robles and Santa Paula were cited by developers as examples of jurisdictions that are doing a good job of coming up with ways to streamline housing, specifically with their new ODS. As of writing of this report, the City of Goleta has received one application that proposed to utilize the ODS adopted by the City in 2022. The City of Goleta should continue to monitor and evaluate applications they receive that propose to utilize the ODS to understand if there are standards that are more favorable to affordable housing design to facilitate permit streamlining.

## Partnerships

### City Requirements and Procedures

One of the City's HE Goals states that: "Goleta encourages active engagement and collaboration between governmental agencies, private organizations, and community stakeholders to create partnerships and share resources to achieve our housing goals." As described in Section 3 above, several developers noted that for-profit and non-profit collaborations in the City have been extremely successful. The City has worked with developers and housing advocates to ensure that the maximum number of affordable units

is generated at each project site. The City also has continued to work with non-profit housing providers/financers, such as People's Self-Help Housing, to facilitate the development of more affordable housing. Since the dissolution of Redevelopment Agencies and Regional Development Agencies (RDAs) throughout the State, the City has been using other financial sources and mechanisms to facilitate funding for affordable housing via partnerships with the Santa Barbara Housing Trust Fund and other supporting entities.

As part of the City's HE, several programs were identified to continue to promote collaboration and encourage partnerships. The following provides details of each relevant program:

- **Program HE 2.1 Encourage a Diverse Range of New Housing.** Seek funding sources and potential partnerships to expand financial resources to support community rehabilitation.
- **Program HE 2.4 Facilitate Affordable Housing Development.** The City will use its regulatory, financial, and administrative resources to assist in developing affordable housing units.
- **Program HE 2.7 Funding for Affordable Housing.** The City will develop ongoing City and external sources of funding to support affordable housing as follows:
  - b. Participate in external grant programs such as the HOME Investment Partnerships Program (HOME) and Community Development Block Grant (CDBG) and others when appropriate to leverage the City's affordable housing funds for local projects and programs.

### **Recommendations**

As evidenced by the City's HE goals and programs, the City already acknowledges that there are opportunities to enhance relationships and partnerships with nonprofit providers of housing services. In addition to these HE programs, to the extent the City can continue to be more vocal and speak up publicly and often in favor of these for-profit and non-profit collaborations and the benefits of them, the better.

- 4.1.d Partnerships Info Webpage:** To further encourage and promote for-profit and non-profit partnerships, the City could consider adding information to their dedicated webpage for Planning and Environmental Review about for-profit and non-profit partners, including organization names, contact information and links to past projects that have been successful in the City of Goleta. This would enable the information to be more readily available to those interested in learning more about these opportunities in Goleta and exploring these types of partnerships as well as the broader public.

## **4.2 Policies**

### **Fee Deferrals, Reductions and Waivers**

#### **City Requirements and Procedures**

The City of Goleta has established policies to reduce financial barriers for affordable housing developers by offering fee deferrals, reductions, and waivers. While Development Impact Fees (DIFs) are not currently automatically reduced or waived for affordable housing projects, the City evaluated opportunities to implement such reductions for 100 percent affordable and special needs housing developments (HE 2.4(f)) and made several amendments, described below. The City also maintains an

Affordable Housing Trust Fund, partially funded through in-lieu fees, and supports various affordable housing initiatives (HE 2.7).

The City of Goleta allows for the development of accessory dwelling units (ADUs) in compliance with state law, including streamlined permitting requirements and state-mandated fee reductions. For permitting, the City has waived zoning permit requirements for many ADUs, as codified in GMC Section 17.41.030. Additionally, the City provides fee adjustments for ADUs in compliance with state law: ADUs under 750 square feet are exempt from Development Impact Fees (DIFs), while those over 750 square feet are subject to proportional fees capped at \$5,000 (GMC subsection 17.41.030(G)).

The City's Beneficial Project Resolution (Resolution No. 22-68) further outlines specific categories of projects eligible for fee reductions or waivers. These include Special Care Homes, Residential Care Facilities, Assisted Living, Supportive Housing, Transitional Housing, and Special Needs Housing. Non-profit projects within these categories qualify for a 100 percent DIF reduction, while for-profit projects receive an 85 percent reduction. Affordable housing projects do not automatically qualify for fee waivers or reductions unless they meet one of these specified categories.

To further support housing affordability, the City will consider additional fee waivers or reductions for affordable housing as part of Housing Element Program HE 2.4(f). However, decisions on expanding these incentives await updates to the City's traffic model and transportation DIF values to understand the financial implications better.

Applicants must submit requests for DIF reductions or waivers before planning approval or, if no planning permit is required, before building permit issuance. Late requests are denied.

### **State Requirements**

California's Density Bonus Law (Government Code §65915 et seq.) allows for fee waivers, deferrals, and other concessions for qualifying affordable housing projects, incentivizing the development of affordable units by reducing financial barriers.

### **Recommendations**

The following outline some recommendations the City could consider implementing to address these challenges.

- 4.2.a Explore Additional Fee Deferrals:** Explore extended fee deferrals for affordable housing projects beyond the issuance of the Certificate of Occupancy, such as long-term deferrals over a set period (e.g., 20 years) to further alleviate financial barriers for developers.
- 4.2.b Public Resources:** Create an easily accessible resource that outlines criteria, processes, and eligibility for fee reductions, waivers, and deferrals.
- 4.2.c Agency Collaboration:** Collaborate with independent agencies, such as the School District, to explore opportunities for reducing or deferring their fees on affordable housing projects.
- 4.2.d Leverage Impact Fee Adjustments:** Consider refining development impact fee structures to provide additional concessions for innovative housing solutions, such as modular construction or energy-efficient designs.

## Housing Element Policies on Special Needs Housing

### *City Requirements*

The City of Goleta promotes housing opportunities for individuals with special needs through targeted policies and programs. HE Program 3.1 Affirmatively Further Fair Housing Opportunities expands affordable housing by utilizing federal, state, and local funding, focusing on lower-income and special needs populations (HE 3.1(a)). This program works to reduce barriers to affordable housing (HE 3.1(a)(2)), support family-oriented housing (HE 3.1(a)(3)), and prioritize vulnerable groups, including individuals with disabilities, seniors, veterans, and foster youth transitioning from care (HE 3.1(a)(4)).

The City facilitates transitional and supportive housing for residential uses, applying the same standards and procedures as other residential developments to streamline approvals (HE 3.2(d)). Small residential care facilities (six or fewer persons) are permitted as family residential uses while zoning amendments will allow larger facilities in designated zones without requiring major conditional use permits (HE 3.2(e)). Housing for farmworkers is permitted in compliance with state law, ensuring access to appropriate accommodations (HE 3.2(f)).

To further promote special needs housing, the City collaborates annually with housing organizations and developers to identify opportunities and provide assistance for grant applications, focusing on housing for individuals with developmental disabilities (HE 3.2(g)). The City also encourages family-friendly amenities in new housing developments, such as recreation areas, play yards, and childcare facilities, to support families with children (HE 3.2(h)).

### *State Requirements*

California has enacted multiple laws to streamline the development and regulation of supportive and special needs housing. AB 2162 requires local jurisdictions to process supportive housing developments by right in zones where multifamily and mixed-use developments are allowed, removing discretionary review under certain conditions. The California Health and Safety Code (§17021.5 and §17021.6) ensures farmworker housing and other special needs housing are treated as residential uses under local zoning laws, protecting their ability to operate without unnecessary restrictions.

Other state laws regulate specific types of special needs housing. AB 2339 (2022) requires jurisdictions to designate adequate zoning for emergency shelters, preventing zoning laws from constraining these facilities. AB 101 (2019) requires cities to allow Low-Barrier Navigation Centers (LBNCs) by right in areas zoned for mixed-use and non-residential uses. California Health and Safety Code §§1500-1567.87 governs Residential Care Facilities (RCFs), setting operational and licensing standards for group homes, adult residential facilities, and skilled nursing facilities. SB 745 (2013) ensures that transitional and supportive housing must be treated as residential use in local zoning codes, preventing discriminatory regulations that could limit their development.

## Recommendations

The following recommendations could address challenges related to Special Needs Housing.

- 4.2.e Expand Data Collection:** Include data collection on housing needs for people with developmental disabilities in future Housing Element updates to inform targeted programs and funding opportunities.
- 4.2.f Incentives for Accessible Multigenerational Design:** Offer density bonuses or fee reductions for developers who incorporate accessible multigenerational design features, such as larger units designed for accessibility needs, shared spaces, and flexible layouts. These units should provide adequate space for wheelchair maneuverability, medical equipment storage, and live-in caregivers, ensuring they meet the needs of individuals with disabilities and multigenerational households.
- 4.2.g Inclusive Design Standards:** Establish design guidelines that promote accessibility and adaptability features such as private entrances, adaptive bathrooms, wider doorways, shared common areas for multigenerational families, and adequate space for live-in caregivers.
- 4.2.h Developer Education on Special Needs Housing:** Support training sessions for developers on the diverse housing needs of special needs populations, including individuals with developmental disabilities, the aging population, and other vulnerable groups. Given the significant underrepresentation of housing designed for individuals with developmental disabilities, sessions should include targeted guidance from disability advocates to address their unique accessibility and design needs.
- 4.2.i Integrated Housing Models:** Encourage integrated housing models that combine housing with on-site supportive services, such as vocational training, therapy, and day programs. Given the lack of housing options for individuals with developmental disabilities, efforts should prioritize models that address their specific service and accessibility needs.

## Housing Accessibility and Adaptability

### City Requirements

The City of Goleta addresses the needs of persons with disabilities and multigenerational households by emphasizing accessibility and adaptability in its housing policies. HE Program 3.1 Affirmatively Further Fair Housing Opportunities program promotes universal design standards in new developments, ensuring housing accessibility for vulnerable populations (HE 3.1). The City also supports researching innovative construction methods to improve cost-efficiency and adaptability in housing design (HE 2.4(g)).

A recent example of this commitment is the City's approval of its first 3D-printed affordable home at 550 Cambridge Drive. Sponsored by the Housing Trust Fund (HTF), this prototype home is a 1,400-square-foot, single-story residence designed using state-of-the-art robotic printing technology. The project aims to serve as a local and regional model for new housing technology that can reduce construction costs, improve sustainability, and accelerate affordable housing production. The home will include energy-efficient systems, drought-tolerant landscaping, and reinforced concrete walls for climate resilience. The

project is a collaboration between HTF, Cambridge Drive Community Church, Apis Cor, and People's Self-Help Housing.

To further remove barriers, the City has implemented reasonable accommodation procedures that allow individuals with disabilities to request modifications to zoning and building regulations, ensuring inclusive housing opportunities (HE 3.2(i); GMC Chapter 17.63).

### ***State and Federal Requirements***

The Fair Housing Act (federal) and California's Reasonable Accommodation Law require jurisdictions to remove barriers for individuals with disabilities by implementing inclusive zoning regulations and accommodating reasonable requests for housing modifications.

### ***Recommendations***

The City could consider the following recommendations to address challenges related to Housing Accessibility and Adaptability for vulnerable communities, developers and housing advocates in Goleta.

- 4.2.j Incentives for Developers to Prioritize Disability-Accessible Housing:** Offer incentives (such as fee waivers, density bonuses, or expedited permitting) for developers who agree to hold accessible units for tenants with disabilities while subsidy processing is completed.
- 4.2.k Develop an Interactive Affordable and Accessible Housing Portal:** Develop an interactive housing dashboard to map affordable and accessible units and guide users through the application process, building off The San Diego Housing Commission's "Affordable Housing Overview" tool, which provides real-time mapping of affordable housing properties, inclusionary units, and project-based voucher properties. The Goleta tool could expand on this framework by:
  - 4.2.k.1** Mapping available accessible units and filtering by key features (e.g., wheelchair accessibility, roll-in showers, proximity to transit).
- 4.2.l Data Collection and Analysis:** Collaborate with advocacy organizations to understand challenges faced by individuals with special needs—particularly those with developmental disabilities—and explore partnerships for case management, workshops, and other strategies to improve application accessibility.

## **4.3 Regulations**

### **Inclusionary Housing**

#### ***City Requirements***

The City of Goleta's Inclusionary Housing chapter of the (GMC Chapter 17.28) establishes specific requirements for developers to include below-market-rate (BMR) housing units in new residential developments. These requirements are intended to promote affordability; however, the strict requirements have posed challenges for developers that have an impact on overall housing production.

### Purpose and Intent

The following summarizes the City's purpose and intent for inclusionary housing:

- **Promoting Housing Affordability:** Ensure an adequate supply of affordable housing for persons and households of low and moderate incomes who work or live in the City, addressing the housing affordability crisis and fostering an economically diverse community.
- **Equitable and Sustainable Development:** Support General Plan policies to maintain a balanced mix of workplaces and residential uses that reduce commuting-related air quality impacts and energy consumption, while providing housing options for an economically diverse workforce.
- **Efficient Use of Land:** Avoid depletion of limited land resources by requiring the development of affordable housing when market-rate units are constructed, making the most efficient use of available land.
- **Integration of Affordable Housing:** Prioritize constructing affordable units on the same site as market-rate construction. If infeasible, ensure that off-site affordable units or rehabilitated units are located in neighborhoods of similar character.
- **Streamlined Implementation:** Establish clear standards and procedures to efficiently implement inclusionary housing requirements in compliance with Federal and State law.
- **Additional Incentives:** Encourage the development of affordable housing by offering incentives for projects that exceed minimum affordability requirements under State law.
- **Implementation Hierarchy:** Emphasize the construction of new affordable units on-site as the primary objective, with secondary options such as off-site construction, land dedication, or in-lieu fees to meet housing goals.

### Summary of Goleta's Inclusionary Requirements

- **Percentage of Inclusionary Units:**
  - The City mandates that for new housing development projects of five or more units, 20 percent of units must be designated as affordable at various income levels outlined in the City's Housing Element and zoning regulations. The percentage is applied to the total number of dwelling units proposed for a project.
  - The Review Authority may reduce the 20 percent affordability level to 15 percent upon making the required finding that a developer will provide a public benefit exceeding the requirements of Title 17.

The following breakdown reflects the City's requirements for developers, based on whether the affordability level remains at 20 percent or is reduced to 15 percent through review authority adjustments:

- **Base Requirement:** For projects qualifying for a 20% affordability level, the breakdown of units is as follows:
  - **Extremely Low-Income Households:** 2.5% of the total number of units at prices affordable to extremely low-income households.

- **Very Low-Income Households:** 2.5% of the total number of units at prices affordable to very low-income households.
- **Low-Income Households:** 5% of the total number of units at prices affordable to low-income households.
- **Moderate-Income Households:** 5% of the total number of units at prices affordable to moderate-income households.
- **Above Moderate-Income Households (120%–200% of median income):** 5% of the total number of units at prices affordable to above moderate-income households.
- **Reduced Requirement:** For projects that meet the criteria for a reduced affordability level of 15%, the breakdown of units is as follows:
  - **Extremely Low-Income Households:** 1% of the total number of units at prices affordable to extremely low-income households.
  - **Very Low-Income Households:** 1% of the total number of units at prices affordable to very low-income households.
  - **Low-Income Households:** 5% of the total number of units at prices affordable to low-income households.
  - **Moderate-Income Households:** 4% of the total number of units at prices affordable to moderate-income households.
  - **Above Moderate-Income Households (120%–200% of median income):** 4% of the total number of units at prices affordable to above moderate-income households.
- **Rental and Sale Price Limits:** The City imposes strict caps on the sale and rental prices of BMR units as provided in Appendix A. For example:
  - A **three-bedroom unit** designated for extremely low-income households has a **maximum sale price of \$71,300** (2024 limits).
  - For rental units, maximum rents are capped based on income thresholds, such as **\$1,236 per month** for a three-bedroom low-income unit.
- **Off-Site, Land Dedication, or In-Lieu Fees:** If the development of on-site affordable units is infeasible, developers may propose to provide affordable units on another site or dedicate land for the construction of affordable housing as long as it is sufficient to make the development of the affordable units feasible and the off-site location is comparable in character and location to the market-rate development location. The inclusionary housing requirements do not provide clarity as to whether this means that the land valuation of the off-site location must be similar or what exactly is meant by “character and location.”

If unable to provide the required affordable housing on-site, off-site, or through a land dedication, the developer may propose paying an inclusionary housing in-lieu fee payment, acquisition or rehabilitation of existing units, or other alternatives of equal value to the development of affordable units on site. The requirements do not provide clarity as to what “equal value” means, whether it refers to the cost of construction (hard costs, soft costs and land valuation), or the market value of

the unit after construction, or some other definition of “equal value”. Additionally, while the City has conducted a nexus study to justify its in-lieu fee levels, some stakeholders suggest that allowing developers more flexibility, such as paying in-lieu fees without proving infeasibility, could enhance participation and efficiency in meeting affordable housing goals.

### State Requirements

The State of California plays a significant role in housing policy through mandates and legislation aimed at increasing housing production and addressing affordability. However, it does not impose direct requirements for inclusionary housing ordinances. Instead, the state provides a framework that cities like Goleta must navigate to ensure their policies align with broader legal and regulatory standards. Provided below are legislative and legal considerations and precedents to consider as it relates to the City’s inclusionary housing chapter as well as potential legal risks to the City based on current requirements.

- **Regional Housing Needs Allocation (RHNA):** California requires cities and counties to plan for their share of regional housing needs through the RHNA process. This includes setting targets for housing production across income levels, including very low, low, moderate, and above-moderate income categories. While RHNA establishes housing goals, it does not mandate exactly how jurisdictions should achieve them, leaving room for local policies like inclusionary housing.
- **Housing Accountability Act (HAA):** The HAA, codified in Government Code Section 65589.5, restricts the ability of local governments to deny or reduce the density of housing projects that comply with applicable zoning and planning requirements. The HAA prohibits local governments from disapproving housing projects or imposing conditions that make projects infeasible unless specific findings are made based on substantial evidence in the record (e.g., adverse public health or safety impacts that cannot be mitigated).

### Legal Constraints on Inclusionary Housing Policies

- **Proportionality of Fees and Requirements:** The **Nollan-Dolan standard** established by the U.S. Supreme Court requires that development exactions, such as affordable housing requirements, must be “roughly proportional” to the impact of the development. In *California Building Industry Association v. City of San Jose (2015)*, the California Supreme Court upheld inclusionary housing requirements but noted that they must align with legal standards of proportionality, meaning that any fees or conditions imposed must be proportional to the public impacts of the development and cannot arbitrarily burden developers.
- **Takings Clause (Fifth Amendment):** The U.S. Constitution prohibits the government from taking private property for public use without just compensation. Inclusionary housing ordinances typically do not constitute a “taking” because they impose conditions on development approvals rather than physically appropriating property or denying all economic use of the land. Courts have generally upheld inclusionary housing requirements as serving a legitimate public purpose—addressing housing needs and promoting social equity—which satisfies the “public use” requirement of the Takings Clause.

However, some cases can and have risen to regulatory takings claims when a developer demonstrates that inclusionary requirements make a project economically infeasible or result in a confiscation of economic value. Section 17.28.100 of the GMC addresses this issue by allowing

modifications or waivers if the developer proves that compliance would violate the Takings Clause under the U.S. or California Constitutions. This provision helps safeguard the ordinance from potential legal challenges.

- **California Mitigation Fee Act:** This law requires that development fees be reasonably related to the impact of the project. If inclusionary housing requirements are perceived as excessive or arbitrary, they could be challenged under this act.

### **Relevant Legislation and Precedents**

- **AB 1505 (Palmer Fix):** AB 1505 (2017) clarified that inclusionary housing ordinances are legal in California, even for rental housing, reversing the *Palmer v. City of Los Angeles* (2009) decision. However, it also reinforced the need for ordinances to be reasonable and not overly burdensome.
- **Koontz v. St. Johns River Water Management District (2013):** This U.S. Supreme Court case extended takings clause protections, stating that exactions must have a clear nexus and be proportional to the development's impact. While not specific to housing, it provides a legal framework that can be applied to inclusionary housing policies.
- **Pilling v. City of Healdsburg (2024):** This case involved a challenge to Healdsburg's inclusionary housing ordinance, which imposed a \$20,000 fee on a small-scale housing project. The city ultimately settled, refunding the fee and compensating the developer. The case highlights how inclusionary fees may be contested if they are perceived as excessive, lacking proportionality, or creating undue financial burdens.

### **Recommendations**

To address the issues raised by stakeholders concerning the City's Inclusionary Housing requirements, following are some recommendations to consider for modifications to GMC Chapter 17.28:

- 4.3.a **Only Mandate the Construction of Affordable Units Where Subsidies Exist:** Require the construction of affordable units only when the applicant has access to subsidy programs to offset the financial gap; otherwise allow for the payment of an in-lieu fee. The City can help form partnerships between market rate and affordable housing developers to help finance the construction of affordable units. Examples of subsidy programs include the Low-Income Housing Tax Credits (LIHTC) and California Housing Accelerator funds.
- 4.3.b **Perform Updates to the Nexus Study Every 5 Years:** The City has already conducted a nexus study to support the justification of its in-lieu fees. The study should be updated every 5 years to ensure that fees remain proportional to construction costs and market trends. Many jurisdictions, such as Oxnard, update their studies every 5–10 years to ensure fees align with housing market realities.
- 4.3.c **Allow Developers to Opt for In-Lieu Fees:** The City already permits in-lieu fees in cases where the applicant can demonstrate that constructing affordable housing units is infeasible. A comparative analysis of Goleta's current in-lieu fee levels (first adopted via Resolution No. 21-45 and updated annually) suggests they are more affordable than constructing BMR units, further supporting this recommendation.

- 4.3.d Align Requirements with Market Realities:** Base inclusionary housing requirements on current market conditions, including construction and land costs, rather than using static assumptions. This approach ensures policies remain equitable and effective over time. While the City relies on state affordability numbers, shifting Goleta’s inclusionary housing requirements to calculate maximum sale and rent prices based on square footage rather than bedrooms would align with actual development expenses. Developers incur costs based on square footage, not the number of bedrooms. For example, a large three-bedroom unit (e.g., 1,800 square feet) costs significantly more to build than a smaller one (e.g., 1,200 square feet). A modified pricing structure could limit rent or sale prices to a certain dollar amount per square foot, allowing flexibility based on unit size. While tying sale and rent prices to square footage is uncommon, it has been proposed in jurisdictions such as Los Angeles to better align costs with unit sizes. Goleta could explore pilot programs to determine the feasibility of this model.
- 4.3.e Reassess and Adjust Inclusionary Percentages:** Lower the inclusionary requirement to a more feasible percentage (e.g., 5 to 10 percent) based on financial feasibility studies and consultation with developers. Alternatively, allow the percentage to vary by project type or location, with higher requirements in areas with lower development costs. The following table provides examples from other cities in the region. Importantly, the requirements should align with market realities and cannot require the developer to take a financial loss or render the project financially infeasible.

**Table 3: Comparison of Inclusionary Housing Ordinances**

City/County	Inclusionary Housing Ordinance	Inclusionary Requirement	In-Lieu Fee	Fee Flexibility
Camarillo	No	—	—	—
City of Ventura	Yes	15% for rental projects; 10% for ownership	\$46.35/sq. ft. for rental; \$29.24/sq. ft. ownership	Deferrals available through agreements
County of Ventura	No	—	—	—
Fillmore	No	—	—	—
Moorpark	Yes		TBD	Fee waivers and deferral requests possible through Development Agreement.
Oxnard	Yes (currently being updated)	10% affordability for 10+ units	\$31,453–\$40,439 per unit	Developers can choose to pay in-lieu fees instead of building on-site.
Thousand Oaks	Yes	5%–10% depending on housing type	\$14.60–\$25.70/sq. ft.	Fee deferrals allowed
Ojai	No	—	—	—

City/County	Inclusionary Housing Ordinance	Inclusionary Requirement	In-Lieu Fee	Fee Flexibility
Port Hueneme	Yes	25% for 10+ units in coastal zone	\$26,500 per unit	—
Santa Paula	Yes	15% based on agreements with City Council	Determined by City Council	Fee deferral program potential for affordable housing assistance through an affordable housing Trust Fund (developed from in-lieu fee payments)

**4.3.f Adopt an Above-Base Density Program:** Permit inclusionary units to be counted as part of an above-base density bonus. For instance, if base zoning allows 20 units per acre, developers could build an additional 4 units (20 percent of base density) designated as affordable units. This approach ensures market-rate profitability while providing affordable housing.

**4.3.g Add Clarity to Key Definitions and Standards:** The requirements lacks clarity in several areas, which could lead to inconsistent interpretations and application. Specific recommendations include:

**4.3.g.1 Define “Equal Value” Explicitly:** Clarify whether “equal value” refers to the cost of constructing affordable units (hard costs, soft costs, and land valuation), the market value of completed units, or another benchmark. This will provide developers with clear expectations and reduce disputes over compliance.

**4.3.g.2 Specify “Character and Location” for Off-Site Units:** Clearly define what “comparable character and location” means when developers propose off-site affordable units. For example, it could include metrics such as access to transit, schools, and services; neighborhood income levels; and proximity to the market-rate development. Cities like Ventura have defined these terms to include transit access and alignment with neighborhood income demographics.

**4.3.g.3 Simplify Fractional Unit Calculations:** Provide clear guidance for how developers should address fractional units, such as rounding requirements or combining fractional units across projects to simplify compliance. Include an example of how this would be calculated.

## Development Standards

### *City Requirements and Procedures*

The City’s General Plan and Title 17 establish policies and standards that guide development in the City of Goleta, including Residential Density, Height, Lot Coverage, Open Space and Off-Street Parking Requirements. As part of the City’s HE process, the City conducted an analysis of each development standard, it’s potential constraint on development and opportunities/City Initiatives to address the HE constraint.

As part of the City's HE, an evaluation of recent residential projects was also conducted. The evaluation, summarized in Section V of the City's HE – Residential Land Inventory, found that the density for recent multifamily projects varied from 78 to 105 percent the maximum density allowed under the City's land use regulations. This analysis demonstrates that development standards do not prevent housing development projects from achieving maximum allowable densities. However, to improve the feasibility of residential development subprograms HE 2.1 and HE 2.3 were included in the City's Housing Plan to further support residential development. All zoning amendments proposed as part of HE 2.1 and HE 2.3 have been adopted by the City to address constraints to housing development projects. The following sections outline the potential constraints identified in the HE and amendments to address the HE constraint, organized by development standard.

### Residential Density

As described in the City's HE, based on input from potential developers, residential density maximums may be an impediment to mixed-use redevelopment of current developed sites in these districts. In order to address this potential impediment, subprogram HE 2.1(a) included a General Plan and Title 17 amendment to increase this maximum residential density in the CC district to 20 du/ac. The City adopted these amendments on December 5, 2023, and December 19, 2023.

### Height

Based on previous development, three-story development is viable with a base 35-foot height standard. Several recent developments have included three-story structures, including Heritage Ridge, Old Town Village, Village at Los Carneros, and Hollister Village. The City's HE found that the Coastal Zone height limit of 25 feet in the residential districts may pose an impediment to development at the maximum density. The majority of residential development in residential districts has occurred within the Inland Area, with higher height standards. Additionally, the City's site inventory includes many sites within the OT zone district, with a maximum height of 30 feet. The HE analysis found that this may cause challenges in developing three-story mixed-use redevelopment in this zone. Housing Plan subprogram HE 2.1(h) was included to implement revisions to Title 17 and the General Plan to increase height maximums in these four zones/land use designations to 35 feet in all locations.) On April 16, 2024, the City adopted Ordinance 24-01, that, among other things, amended these height requirements consistent with subprogram HE 2.1(h). Just prior to that, on April 2, 2024, the City adopted accompanying General Plan Amendments (Reso. 24-19, Section 3, Exhibit A).

### Lot Coverage

Title 17 used to limit lot coverage to 30 percent in the RP and RM zoning districts and 40 percent in the RH district. Based on recent housing development, the City's lot coverage standards have not been an impediment to housing development in the residential zones. With the existing lot coverage standards, recent development has achieved an average of 92 percent of the maximum density allowed on the site. Nevertheless, on April 16, 2024, as part of various zoning amendments, the City amended Title 17 to increase the lot coverage of RH from 40 to 50 percent in order to facilitate better design and encourage higher density (GMC Table 17.07.030) and amend how lot coverage is defined. Prior to a zoning amendment on June 6, 2023 (Ordinance No. 23-05), lot coverage was measured by a percent of the "net" lot area. This method of defining lot coverage was found in the HE to potentially substantially reduce the development potential on a site. Housing Plan subprogram HE 2.1(i) was included to implement a Title 17 amendment to change the lot coverage methodology to total lot area.

The City's zoning regulations do not include maximum lot coverage regulations for the CC, OT, and CG zoning districts; therefore, there is no possibility for lot coverage restrictions to constrain mixed-use residential development in these districts. That said, lot size requirements could play a larger role in constraining development projects than they previously have in Goleta as higher densities are allowed. This is something the City should keep in mind as allowable densities increase.

### Open Space

The City's HE noted that open space standards may be challenging for mixed-use projects, particularly on infill sites and when converting existing development to mixed-use. As such, subprogram HE 2.1(g) included a zoning amendment to reduce open space requirements for mixed-use projects. As part of Ordinance No. 24-05, adopted on December 3, 2024, the City amended the open space requirements for mixed-use residential units included in GMC subsection 17.24.120(A).

### Off-Street Parking Requirements

The City's HE noted that excessive parking standards can be a constraint to housing development, particularly affordable units. Developers also mentioned this during stakeholder outreach meetings, conducted in December 2024, as part of this program effort.

As part of the City's HE, existing parking requirements for smaller residential units (studio and one-bedroom units) was identified as a potential constraint on multifamily housing development.

Subprogram HE 2.3(d) was included in the Housing Plan to:

- Reduce parking standards for studio and one-bedroom units to address this potential constraint to the cost and supply of housing,
- Clarify the City's zoning regulations around how the reduction of up to 25 percent from the City's parking requirements for senior housing and income-restricted units is applied, and
- Remove the City's requirement for a Major Conditional Use Permit for a shared parking reduction for mixed-use development.

The City's updated residential off-street parking requirements are summarized below (as detailed in GMC Table 17.38.040(A)).

**TABLE 17.38.040(A): REQUIRED ON-SITE PARKING SPACES**

Use Classification	Required Parking Spaces and Additional Regulations	
RESIDENTIAL USES		
Single-Unit Dwelling	2 covered spaces per dwelling unit. See Section <a href="#">17.07.040(B)</a> for exceptions in RS.	
Multiple-Unit Development:		
<i>Studio</i>	1 space per unit.	One covered space must be designated for each unit.
<i>One-bedroom units</i>	1.5 spaces per unit.	One additional guest parking space must be provided for every 3 units.
<i>Two or more bedrooms</i>	2 spaces per unit.	Up to 25% reduction allowed for senior housing and income-restricted units.
Group Residential	1 space per 4 beds, plus 1 for every 10 units.	
Mobile Home Parks	2 spaces per site which may be in tandem, 1 space for every 5 sites for guest parking.	
Residential Care:		
<i>Small</i>	None in addition to what is required for the residential use.	
<i>Large</i>	1 space for every 4 beds.	
Single-Room Occupancy (SRO) Housing	1 space per 2 units.	

### Recommendations

In addition to the City initiatives and completed zoning amendments identified in the HE to address constraints to development, the following outline some additional recommendations the City could consider for modification to development standards:

- 4.3.h Increase Height Limits in Targeted Areas:** Permit building heights of 45 to 50 feet in the CC, OT, OI, and CG districts, particularly near High Quality Transit Areas (HQTAs), or major transit stops, to facilitate higher-density mixed-use projects.
- 4.3.i Streamline and Increase Lot Coverage Requirements to Support Feasible Density:** Standardize and increase lot coverage requirements across districts to reduce complexity and help enable developments to be built to maximum density. For example, adopt a uniform coverage standard of 50 to 60 percent for all zones that allow residential uses.
- 4.3.j Tailor Open Space Standards for Mixed-Use and Infill:** Reduce or eliminate open space requirements for units in high-density, HQTAs, near high-quality parks or recreational uses.
- 4.3.k Provide Flexibility in Meeting Open Space Standards:** Permit developers to meet open space requirements through alternative methods, such as rooftop gardens or nearby park improvements off-site.

#### 4.3.1 Manage Off-Street Parking:

**4.3.1.1 Eliminate Parking Minimums for Certain Units:** Remove parking minimums for affordable housing projects, studio units, and developments within half a mile of a major transit stop or HQTa.

**4.3.1.2 Encourage Car-Free Development:** Evaluate the City’s existing considerations for Other Parking Reductions under GMC subsection 17.38.050(C) and consider making these standards objective and by-right, by removing the Conditional Use Permit, Development Plan, or Modification Permit requirements.

## 5. Conclusion

This report presents a comprehensive analysis of affordable-by-design strategies, regulatory barriers, and opportunities to improve housing affordability, accessibility, and feasibility in the City of Goleta. Several key areas for improvement have been identified through an evaluation of existing policies, stakeholder input, and research on best practices.

Addressing regulatory constraints, streamlining permitting processes, and strengthening partnerships are essential steps to facilitate affordable housing development and reduce costs. Expanding incentives for adaptable, accessible, and multigenerational housing models can ensure that housing meets the needs of all residents, including individuals with disabilities and lower-income households.

**Table 4** below summarizes recommended actions proposed throughout the report to support the City’s housing goals and help the City advance affordability, accessibility, and housing equity. These recommendations are organized across key focus areas, including process improvements, policy initiatives, and regulatory adjustments, to ensure that housing solutions in Goleta remain sustainable, inclusive, and responsive to community needs.

**Table 4: Summary of Recommendations**

Recommendation	Description
<b>4.1 PROCESS</b>	
<i>PERMIT STREAMLINING</i>	
<b>4.1.a: Pre-Application Planner Consultation</b>	The City could consider developing a simple handout outlining the City's Pre-Application Review process that they offer. They could add a hyperlink to this handout on their dedicated webpage for Planning and Environmental Review. This could serve to help publicize this information and encourage developers to utilize this process early on.
<b>4.1.b: Ministerial Plan Check Review and Inspection</b>	<p>As described in Section 3.1, developers experience the most significant delays during the plan check review process. There are opportunities to improve the information that is publicly available on the City's website as it relates to the building permit plan check review process and inspections. The information on this webpage is less detailed than the information about Planning and Environmental Review permit applications. Some suggestions for improvement include:</p> <p><b>4.1.b.1 Common Plan Check Comments Handouts:</b> The City could develop a handout outlining the most common plan check comments that each department issues by permit/project type. This could help applicants, especially developers that haven't already done work in Goleta, understand what the most common plan check issues tend to be by project type and help them prepare a more complete and comprehensive initial building permit application.</p> <p><b>4.1.b.2 Prioritize Plan Check Review.</b> The City could consider looking at streamlining plan check review for housing development projects and also take into consideration how much affordability is proposed.</p>
<b>4.1.c: Permit Streamlining</b>	During the stakeholder outreach meetings, the cities of Paso Robles and Santa Paula were cited by developers as examples of jurisdictions that are doing a good job of coming up with ways to streamline housing, specifically with their new ODS. As of writing of this report, the City of Goleta has received one application that proposed to utilize the ODS adopted by the City in 2022. The City of Goleta should continue to monitor and evaluate applications they receive that propose to utilize the ODS to understand if there are standards that are more favorable to affordable housing design to facilitate permit streamlining.
<i>PARTNERSHIPS</i>	
<b>4.1.d: Partnerships Info Webpage</b>	To further encourage and promote for-profit and non-profit partnerships, the City could consider adding information to their dedicated webpage for Planning and Environmental Review about for-profit and non-profit partners, including organization names, contact information and links to past projects that have been successful in the City of Goleta. This would enable the information to be more readily available to those interested in learning more about these opportunities in Goleta and exploring these types of partnerships as well as the broader public.
<b>4.2 POLICIES</b>	
<i>FEE DEFERRALS, REDUCTIONS, AND WAIVERS</i>	
<b>4.2.a: Explore Additional Fee Deferrals</b>	Explore extended fee deferrals for affordable housing projects beyond the issuance of the Certificate of Occupancy, such as long-term deferrals over a set period (e.g., 20 years) to further alleviate financial barriers for developers.
<b>4.2.b: Public Resources</b>	Create an easily accessible resource that outlines criteria, processes, and eligibility for fee reductions, waivers, and deferrals.

Recommendation	Description
<b>4.2.c: Agency Collaboration</b>	Collaborate with independent agencies, such as the School District, to explore opportunities for reducing or deferring their fees on affordable housing projects.
<b>4.2.d: Leverage Impact Fee Adjustments</b>	Consider refining development impact fee structures to provide additional concessions for innovative housing solutions, such as modular construction or energy-efficient designs.
<i>HOUSING ELEMENT POLICIES ON SPECIAL NEEDS HOUSING</i>	
<b>4.2.e: Expand Data Collection</b>	Include data collection on housing needs for people with developmental disabilities in future Housing Element updates to inform targeted programs and funding opportunities.
<b>4.2.f: Incentives for Accessible Multigenerational Design</b>	Offer density bonuses or fee reductions for developers who incorporate accessible multigenerational design features, such as larger units designed for accessibility needs, shared spaces, and flexible layouts. These units should provide adequate space for wheelchair maneuverability, medical equipment storage, and live-in caregivers, ensuring they meet the needs of individuals with disabilities and multigenerational households.
<b>4.2.g: Inclusive Design Standards</b>	Establish design guidelines that promote accessibility features such as private entrances, adaptive bathrooms, wider doorways, shared common areas for multigenerational families, and adequate space for live-in caregivers.
<b>4.2.h: Developer Education on Special Needs Housing</b>	Support training sessions for developers on the diverse housing needs of special needs populations, including individuals with developmental disabilities, aging population, and other vulnerable groups. Given the significant underrepresentation of housing designed for individuals with developmental disabilities, sessions should include targeted guidance from disability advocates to address their unique accessibility and design needs.
<b>4.2.i: Integrated Housing Models</b>	Encourage integrated housing models that combine housing with on-site supportive services, such as vocational training, therapy, and day programs. Given the lack of housing options for individuals with developmental disabilities, efforts should prioritize models that address their specific service and accessibility needs.
<i>HOUSING ACCESSIBILITY AND ADAPTABILITY</i>	
<b>4.2.j: Incentives for Developers to Prioritize Disability</b>	Offer incentives (such as fee waivers, density bonuses, or expedited permitting) for developers who agree to hold accessible units for tenants with disabilities while subsidy processing is completed.
<b>4.2.k: Develop an Interactive Affordable and Accessible Housing Portal</b>	<p>Develop an interactive housing dashboard to map affordable and accessible units and guide users through the application process, building off The San Diego Housing Commission’s “Affordable Housing Overview” tool, which provides real-time mapping of affordable housing properties, inclusionary units, and project-based voucher properties. The Goleta tool could expand on this framework by:</p> <p><b>4.2.k.1</b> Mapping available accessible units and filtering by key features (e.g., wheelchair accessibility, roll-in showers, proximity to transit).</p>
<b>4.2.l: Data Collection and Analysis</b>	Collaborate with advocacy organizations to understand challenges faced by individuals with special needs—particularly those with developmental disabilities—and explore partnerships for case management, workshops, and other strategies to improve application accessibility.

Recommendation	Description										
4.3 REGULATIONS											
INCLUSIONARY HOUSING											
4.3.a: Only Mandate the Construction of Affordable Units Where Subsidies Exist	Require the construction of affordable units only when the applicant has access to subsidy programs to offset the financial gap; otherwise allow for the payment of an in-lieu fee. The City can help form partnerships between market rate and affordable housing developers to help finance the construction of affordable units. Examples of subsidy programs include the Low-Income Housing Tax Credits (LIHTC) and California Housing Accelerator funds.										
4.3.b: Perform Updates to the Nexus Study Every 5 Years	The City has already conducted a nexus study to support the justification of its in-lieu fees. The study should be updated every 5 years to ensure that fees remain proportional to construction costs and market trends. Many jurisdictions, such as Oxnard, update their studies every 5–10 years to ensure fees align with housing market realities.										
4.3.c: Allow Developers to Opt for In-Lieu Fees	The City already permits in-lieu fees in cases where the applicant can demonstrate that constructing affordable housing units is infeasible. A comparative analysis of Goleta’s current in-lieu fee levels (first adopted via Resolution No. 21-45 and updated annually) suggests they are more affordable than constructing BMR units, further supporting this recommendation.										
4.3.d: Align Requirements with Market Realities	Base inclusionary housing requirements on current market conditions, including construction and land costs, rather than using static assumptions. This approach ensures policies remain equitable and effective over time. While the City relies on state affordability numbers, shifting Goleta’s inclusionary housing requirements to calculate maximum sale and rent prices based on square footage rather than bedrooms would align with actual development expenses. Developers incur costs based on square footage, not the number of bedrooms. For example, a large three-bedroom unit (e.g., 1,800 square feet) costs significantly more to build than a smaller one (e.g., 1,200 square feet). A modified pricing structure could limit rent or sale prices to a certain dollar amount per square foot, allowing flexibility based on unit size. While tying sale and rent prices to square footage is uncommon, it has been proposed in jurisdictions such as Los Angeles to better align costs with unit sizes. Goleta could explore pilot programs to determine the feasibility of this model.										
4.3.e: Reassess and Adjust Inclusionary Percentages	<p>Lower the inclusionary requirement to a more feasible percentage (e.g., 5 to 10 percent) based on financial feasibility studies and consultation with developers. Alternatively, allow the percentage to vary by project type or location, with higher requirements in areas with lower development costs. The following table provides examples from other cities in the region. Importantly, the requirements should align with market realities and cannot require the developer to take a financial loss or render the project financially infeasible.</p> <p><b>Table 3: Comparison of Inclusionary Housing Ordinances</b></p> <table><tr><th>City/County</th><th>Inclusionary Housing Ordinance</th><th>Inclusionary Requirement</th><th>In-Lieu Fee</th><th>Fee Flexibility</th></tr><tr><td>Camarillo</td><td>No</td><td>—</td><td>—</td><td>—</td></tr></table>	City/County	Inclusionary Housing Ordinance	Inclusionary Requirement	In-Lieu Fee	Fee Flexibility	Camarillo	No	—	—	—
City/County	Inclusionary Housing Ordinance	Inclusionary Requirement	In-Lieu Fee	Fee Flexibility							
Camarillo	No	—	—	—							

Recommendation	Description				
	City of Ventura	Yes	15% for rental projects; 10% for ownership	\$46.35/sq. ft. for rental; \$29.24/sq. ft. ownership	Deferrals available through agreements
	County of Ventura	No	—	—	—
	Fillmore	No	—	—	—
	Moorpark	Yes		TBD	Fee waivers and deferral requests possible through Development Agreement.
	Oxnard	Yes (currently being updated)	10% affordability for 10+ units	\$31,453–\$40,439 per unit	Developers can choose to pay in-lieu fees instead of building on-site.
	Thousand Oaks	Yes	5%–10% depending on housing type	\$14.60–\$25.70/sq. ft.	Fee deferrals allowed
	Ojai	No	—	—	—
	Port Hueneme	Yes	25% for 10+ units in coastal zone	\$26,500 per unit	—
	Santa Paula	Yes	15% based on agreements with City Council	Determined by City Council	Fee deferral program potential for affordable housing assistance through an affordable housing Trust Fund (developed from in-lieu fee payments)
<b>4.3.f: Adopt an Above-Base Density Program</b>	Permit inclusionary units to be counted as part of an above-base density bonus. For instance, if base zoning allows 20 units per acre, developers could build an additional 4 units (20 percent of base density) designated as affordable units. This approach ensures market-rate profitability while providing affordable housing.				

Recommendation	Description
<b>4.3.g: Add Clarity to Key Definitions and Standards</b>	<p>The requirements lacks clarity in several areas, which could lead to inconsistent interpretations and application. Specific recommendations include:</p> <p><b>4.3.g.1 Define “Equal Value” Explicitly:</b> Clarify whether “equal value” refers to the cost of constructing affordable units (hard costs, soft costs, and land valuation), the market value of completed units, or another benchmark. This will provide developers with clear expectations and reduce disputes over compliance.</p> <p><b>4.3.g.2 Specify “Character and Location” for Off-Site Units:</b> Clearly define what “comparable character and location” means when developers propose off-site affordable units. For example, it could include metrics such as access to transit, schools, and services; neighborhood income levels; and proximity to the market-rate development. Cities like Ventura have defined these terms to include transit access and alignment with neighborhood income demographics.</p> <p><b>4.3.g.3 Simplify Fractional Unit Calculations:</b> Provide clear guidance for how developers should address fractional units, such as rounding requirements or combining fractional units across projects to simplify compliance. Include an example of how this would be calculated.</p>
<i>DEVELOPMENT STANDARDS</i>	
<b>4.3.h: Increase Height Limits in Targeted Areas</b>	Permit building heights of 45 to 50 feet in the CC, OT, OI, and CG districts, particularly near High Quality Transit Areas (HQTAs), or major transit stops, to facilitate higher-density mixed-use projects.
<b>4.3.i: Streamline and Increase Lot Coverage Requirements to Support Feasible Density</b>	Standardize and increase lot coverage requirements across districts to reduce complexity and help enable developments to be built to maximum density. For example, adopt a uniform coverage standard of 50 to 60 percent for all zones that allow residential uses.
<b>4.3.j: Tailor Open Space Standards for Mixed-Use and Infill</b>	Reduce or eliminate open space requirements for units in high-density, HQTAs, near high-quality parks or recreational uses.
<b>4.3.k: Provide Flexibility in Meeting Open Space Standards</b>	Permit developers to meet open space requirements through alternative methods, such as rooftop gardens or nearby park improvements off-site.
<b>4.3.l: Manage Off-Street Parking</b>	<p><b>4.3.l.1 Eliminate Parking Minimums for Certain Units:</b> Remove parking minimums for affordable housing projects, studio units, and developments within half a mile of a major transit stop or HQTA.</p> <p><b>4.3.l.2 Encourage Car-Free Development:</b> Evaluate the City’s existing considerations for Other Parking Reductions under GMC subsection 17.38.050(C) and consider making these standards objective and by-right, by removing the Conditional Use Permit, Development Plan, or Modification Permit requirements.</p>

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## **Attachment A      Maximum Sale and Rental Prices in Goleta**

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## **Attachment A      Maximum Sale and Rental Prices in Goleta**

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**City of Goleta  
Below Market Rate Units  
Maximum Sale Prices**

**Effective Date: 5/13/2024**

	<b>STUDIO</b>	<b>1-BEDROOM</b>	<b>2-BEDROOM</b>	<b>3-BEDROOM</b>	<b>4-BEDROOM</b>
<b>Extremely Low</b>	\$31,100	\$44,500	\$57,900	\$71,300	\$82,000
<b>Very Low</b>	\$93,600	\$115,900	\$138,200	\$160,500	\$178,300
<b>Low</b>	\$129,700	\$157,500	\$185,300	\$213,100	\$235,400
<b>Moderate</b>	\$259,500	\$305,800	\$352,200	\$398,500	\$435,600
<b>Workforce (up to 200% AMI)</b>	\$454,100	\$528,300	\$602,400	\$675,600	\$735,900



**City of Goleta**  
**Below Market Rate Units**  
**Maximum Rent Amounts**  
(per month)

**Effective Date: 5/13/2024**

	<b>STUDIO</b>	<b>1-BEDROOM</b>	<b>2-BEDROOM</b>	<b>3-BEDROOM</b>	<b>4-BEDROOM</b>
<b>Extremely Low</b>	\$625	\$715	\$804	\$893	\$965
<b>Very Low</b>	\$1,042	\$1,191	\$1,340	\$1,489	\$1,608
<b>Low</b>	\$1,251	\$1,429	\$1,608	\$1,787	\$1,929
<b>Moderate</b>	\$2,084	\$2,382	\$2,680	\$2,978	\$3,216
<b>Workforce (up to 200% AMI)</b>	\$3,335	\$3,811	\$4,288	\$4,764	\$5,145

## **Attachment 2**

### **Summary of Development Economics and Affordable-by-Design Report Recommendations and Staff Responses**

## Attachment 2: Summary of Development Economics and Affordable-by-Design Report Recommendations and Staff Responses

Report Recommendation	Description (Summarized from Report)	Staff Response
<b>4.1 PROCESS</b>		
<i>PERMIT STREAMLINING</i>		
<b>4.1.a: Pre-Application Planner Consultation</b>	Develop a handout outlining the City's Pre-Application Review (Planner Consultation) process City offers and add a link to the handout on the City website.	<b>Category 2: Procedural Improvements.</b>
<b>4.1.b: Ministerial Plan Check Review and Inspection</b>	<b>4.1.b.1 Common Plan Check Comments Handouts:</b> Develop a handout outlining the most common plan check comments that each department issues by permit/project type.	<b>Category 2: Procedural Improvements.</b>
	<b>4.1.b.2 Prioritize Plan Check Review.</b> Consider streamlining plan check review for housing development projects, take into consideration how much affordability is proposed.	<b>Category 2: Procedural Improvements.</b> Note: Housing Element Subprogram HE 2.4(h) includes priority processing of applications for 100% affordable housing projects.
<b>4.1.c: Permit Streamlining</b>	Continue to monitor and evaluate applications that utilize objective design standards to understand if there are standards that are more favorable to affordable housing design.	<b>Category 2: Procedural Improvements.</b>
<i>PARTNERSHIPS</i>		
<b>4.1.d: Partnerships Info Webpage</b>	Consider adding information to the City's website about for-profit and non-profit partners, including organization names, contact information and links to past projects that have been successful in the City of Goleta.	<b>Category 2: Procedural Improvements.</b> Note: Recommendation aligns with Housing Element Subprogram HE 2.4(b).
<b>4.2 POLICIES</b>		
<i>FEE DEFERRALS, REDUCTIONS, AND WAIVERS</i>		
<b>4.2.a: Explore Additional Fee Deferrals</b>	Explore extended fee deferrals for affordable housing projects beyond the issuance of the Certificate of Occupancy, such as long-term deferrals over a set period (e.g., 20 years).	<b>Category 1: Consider with General Plan.</b> Note: See Housing Element Subprogram HE 2.4(f), Reduced Impact Fees.
<b>4.2.b: Public Resources</b>	Create an easily accessible resource that outlines criteria, processes, and eligibility for fee reductions, waivers, and deferrals.	<b>Category 2: Procedural Improvements.</b> Note: Update could occur after implementation of Recommendation of 4.2.a and Housing Element Subprogram HE 2.4(f), Reduced Impact Fees.

## Attachment 2: Summary of Development Economics and Affordable-by-Design Report Recommendations and Staff Responses

Report Recommendation	Description (Summarized from Report)	Staff Response
<b>4.2.c: Agency Collaboration</b>	Collaborate with independent agencies, such as the School District, to explore opportunities for reducing or deferring their fees on affordable housing projects.	<b>Category 2: Procedural Improvements.</b> Note: Such action is consistent with Housing Element Subprogram HE 5.2(a).
<b>4.2.d: Leverage Impact Fee Adjustments</b>	Refine development impact fee structures to provide additional concessions for innovative housing solutions, such as modular construction or energy-efficient designs.	<b>Category 1: Consider with General Plan.</b> Note: See Housing Element Subprogram HE 2.4(f), Reduced Impact Fees.
<i>HOUSING ELEMENT POLICIES ON SPECIAL NEEDS HOUSING</i>		
<b>4.2.e: Expand Data Collection</b>	Include data collection on housing needs for people with developmental disabilities in future Housing Element updates.	<b>Category 4: Changes to consider for the next Housing Element.</b>
<b>4.2.f: Incentives for Accessible Multigenerational Design</b>	Offer density bonuses or fee reductions for developers who incorporate accessible multigenerational design features, such as larger units designed for accessibility needs, shared spaces, and flexible layouts.	<b>Category 1: Consider with General Plan.</b> Note: See Housing Element Subprogram HE 2.4(f), Reduced Impact Fees.
<b>4.2.g: Inclusive Design Standards</b>	Establish design guidelines that promote accessibility features such as private entrances, adaptive bathrooms, wider doorways, shared common areas for multigenerational families, and adequate space for live-in caregivers.	<b>Category 1: Consider with General Plan.</b> Note: Could be included in General Plan Implementation Action VA-IA-2 (Preparation and Adoption of Design Guidelines). Timing dependent upon City Council work program prioritization.
<b>4.2.h: Developer Education on Special Needs Housing</b>	Support training sessions for developers on the diverse housing needs of special needs populations, including individuals with developmental disabilities, aging population, and other vulnerable groups. Include targeted guidance from disability advocates to address their unique accessibility and design needs.	<b>Category 1: Consider with General Plan.</b> Note: See Housing Element Subprogram HE 3.1(c) (Fair Housing Education and Training).

## Attachment 2: Summary of Development Economics and Affordable-by-Design Report Recommendations and Staff Responses

Report Recommendation	Description (Summarized from Report)	Staff Response
<b>4.2.i: Integrated Housing Models</b>	Encourage integrated housing models that combine housing with on-site supportive services, such as vocational training, therapy, and day programs. Prioritize models that address their specific service and accessibility needs.	<b>Category 1: Consider with General Plan.</b> No direct action required. City supports integrated housing models through zoning allowances supportive and transitional housing, low-barrier navigation centers, group residential, single-room occupancy housing, and residential care facilities; City also supported the Buena Tierra supportive housing project and recently approved the Heritage Ridge housing project.
<i>HOUSING ACCESSIBILITY AND ADAPTABILITY</i>		
<b>4.2.j: Incentives for Developers to Prioritize Disability-Accessible Housing</b>	Offer incentives (such as fee waivers, density bonuses, or expedited permitting) for developers who agree to hold accessible units for tenants with disabilities while subsidy processing is completed.	<b>Category 1: Consider with General Plan.</b> Note: See Housing Element Subprogram HE 2.4(f), Reduced Impact Fees.
<b>4.2.k: Develop an Interactive Affordable and Accessible Housing Portal</b>	Develop an interactive housing dashboard to map affordable and accessible units and guide users through the application process. <b>4.2.k.1</b> Map available accessible units and filtering by key features (e.g., wheelchair accessibility, roll-in showers, proximity to transit).	<b>Category 2: Procedural Improvements.</b> Note: The City maintains a list of below market-rate units and includes a map of these units in the General Plan Annual Progress Report. Implementation of 4.2.k.1 may take longer as the City continues to gather such information.
<b>4.2.l: Data Collection and Analysis</b>	Collaborate with advocacy organizations to understand challenges faced by individuals with special needs—particularly those with developmental disabilities—and explore partnerships for case management, workshops, and other strategies to improve application accessibility.	<b>Category 1: Consider with General Plan.</b> Note: See Housing Element Subprograms HE 3.1(c) and HE 5.2(a).

## Attachment 2: Summary of Development Economics and Affordable-by-Design Report Recommendations and Staff Responses

Report Recommendation	Description (Summarized from Report)	Staff Response
<b>4.3 REGULATIONS</b>		
<i>INCLUSIONARY HOUSING</i>		
<b>4.3.a: Only Mandate the Construction of Affordable Units Where Subsidies Exist</b>	Require the construction of affordable units only when the applicant has access to subsidy programs to offset the financial gap; otherwise allow for the payment of an in-lieu fee. The City can help form partnerships between market rate and affordable housing developers to help finance the construction of affordable units.	<b>Category 4: Changes to consider for the next Housing Element.</b> Note: Such a change would require amendment Housing Element subprogram HE 2.5(f).
<b>4.3.b: Perform Updates to the Nexus Study Every 5 Years</b>	Update in-lieu fee nexus study every 5 years to ensure that fees remain proportional to construction costs and market trends.	<b>Category 2: Procedural Improvements.</b> Note: In-lieu fees originally adopted in 2021.
<b>4.3.c: Allow Developers to Opt for In-Lieu Fees</b>	Allow developers to opt for in-lieu fees without showing infeasibility of developing on-site.	<b>Category 4: Changes to consider for the next Housing Element.</b> Note: Such a change would require amendment Housing Element subprogram HE 2.5(f).
<b>4.3.d: Align Requirements with Market Realities</b>	Base inclusionary housing requirements on current market conditions, including construction and land costs, rather than using static assumptions. A modified pricing structure could limit rent or sale prices to a certain dollar amount per square foot, allowing flexibility based on unit size.	<b>Category 5: Not recommended.</b>
<b>4.3.e: Reassess and Adjust Inclusionary Percentages</b>	Lower the inclusionary requirement to a more feasible percentage (e.g., 5 to 10 percent) based on financial feasibility studies and consultation with developers. Alternatively, allow the percentage to vary by project type or location, with higher requirements in areas with lower development costs.	<b>Category 4: Changes to consider for the next Housing Element.</b>
<b>4.3.f: Adopt an Above-Base Density Program</b>	Permit inclusionary units to be counted as part of an above-base density bonus. For instance, if base zoning allows 20 units per acre, developers could build an additional 4 units (20 percent of base density) designated as affordable units.	<b>Category 3: General Plan and Zoning Amendments to Consider in 2027.</b> Note: Action may require a General Plan amendment.

## Attachment 2: Summary of Development Economics and Affordable-by-Design Report Recommendations and Staff Responses

Report Recommendation	Description (Summarized from Report)	Staff Response
<b>4.3.g: Add Clarity to Key Definitions and Standards</b>	<b>4.3.g.1 Define “Equal Value” Explicitly:</b> Clarify whether “equal value” refers to the cost of constructing affordable units (hard costs, soft costs, and land valuation), the market value of completed units, or another benchmark.	<b>Category 2: Procedural Improvements.</b> Note: Can be considered with next round of Title 17 amendments.
	<b>4.3.g.2 Specify “Character and Location” for Off-Site Units:</b> Clearly define what “comparable character and location” means when developers propose off-site affordable units.	<b>Category 2: Procedural Improvements.</b> Note: Can be considered with next round of Title 17 amendments.
	<b>4.3.g.3 Simplify Fractional Unit Calculations:</b> Provide clear guidance for how developers should address fractional units, such as rounding requirements or combining fractional units across projects to simplify compliance. Include an example of how this would be calculated.	<b>Category 5: Not recommended.</b> Note: Staff does not support change to fractional unit calculations in GMC subsection 17.28.050(B). Instruction on how to combine fractional units is included in that subsection.
<i>DEVELOPMENT STANDARDS</i>		
<b>4.3.h: Increase Height Limits in Targeted Areas</b>	Permit building heights of 45 to 50 feet in the CC, OT, OI, and CG districts, particularly near High Quality Transit Areas (HQTAs), or major transit stops, to facilitate higher-density mixed-use projects.	<b>Category 3: General Plan and Zoning Amendments to Consider in 2027.</b> Note: Action would require a General Plan amendment.
<b>4.3.i: Streamline and Increase Lot Coverage Requirements to Support Feasible Density</b>	Standardize and increase lot coverage requirements across districts to reduce complexity and help enable developments to be built to maximum density. For example, adopt a uniform coverage standard of 50 to 60 percent for all zones that allow residential uses.	<b>Category 3: General Plan and Zoning Amendments to Consider in 2027.</b> Note: Action would require a General Plan amendment.
<b>4.3.j: Tailor Open Space Standards for Mixed-Use and Infill</b>	Reduce or eliminate open space requirements for units in high-density, HQTAs, near high-quality parks or recreational uses.	<b>Category 3: General Plan and Zoning Amendments to Consider in 2027.</b>

## Attachment 2: Summary of Development Economics and Affordable-by-Design Report Recommendations and Staff Responses

Report Recommendation	Description (Summarized from Report)	Staff Response
<b>4.3.k: Provide Flexibility in Meeting Open Space Standards</b>	Permit developers to meet open space requirements through alternative methods, such as rooftop gardens or nearby park improvements off-site.	<b>Category 3: General Plan and Zoning Amendments to Consider in 2027.</b>
<b>4.3.l: Manage Off-Street Parking</b>	<b>4.3.l.1 Eliminate Parking Minimums for Certain Units:</b> Remove parking minimums for affordable housing projects, studio units, and developments within half a mile of a major transit stop or HQT.	<b>Category 3: General Plan and Zoning Amendments to Consider in 2027.</b>
	<b>4.3.l.2 Encourage Car-Free Development:</b> Evaluate the City's existing considerations for Other Parking Reductions under Goleta Municipal Code subsection 17.38.050(C) and consider making these standards objective and by-right, by removing the Conditional Use Permit, Development Plan, or Modification Permit requirements.	<b>Category 2: Procedural Improvements.</b> Note: Consideration can be given to provide more reduction options without the need for a discretionary approval in the next round of Title 17 amendments.

## **Attachment 3**

### Staff Presentation

# Affordable Housing Design

June 17, 2025

Presentation by:

Anne Wells, Advance Planning Manager

Andy Newkirk, Supervising Planner

Molly Cunningham, Assistant Planner

Aaron Barker, Associate Principal BAE

Shannon Wages, Principal Planner ESA

Alison Lenci, Senior Planner ESA



# Background

- Housing Element 2023-2031 adoption (December 2023)
  - HE 2.4(g) Affordable Housing Design
- City contracted with BAE and ESA
  - Prepared a Development Economics & Affordable-by-Design Report



# Affordable Housing Design

- Prioritize affordability throughout the development process
- Incorporate elements that reduce costs for developers and residents
- Ensure that housing is financially accessible without sacrificing quality, durability, or community integration



# Report Recommendations and Staff Responses

# 1. Consider with General Plan

4.2.a: Explore Additional Fee Deferrals

4.2.d: Leverage Impact Fee Adjustments

4.2.f: Incentives for Accessible Multigenerational Design

4.2.g: Inclusive Design Standards

4.2.h: Developer Education on Special Needs Housing

4.2.i: Integrated Housing Models with Onsite Services

4.2.j: Incentives for Disability-Accessible Housing

4.2.l: Data Collection and Analysis



## 2. Procedural Improvements (as staffing allows)

4.1.a/b.1/d; 4.2.b/k: Materials for City Website

4.1.b.2: Prioritize Plan Check Review

4.1.c: Permit Streamlining (ODS Effectiveness Tracking)

4.2.c: Agency Collaboration

4.3.b: Perform Updates to the Nexus Study Every 5 Years

4.3.g.1/2: Inclusionary Housing Regulations Clarification

4.3.l.2: Ministerial Review of Parking Reductions



### 3. General Plan and Zoning Amendments to Consider in 2027

4.3.f: Adopt an Above-Base Density Program

4.3.h: Increase Height Limits in Targeted Areas

4.3.i: Streamline and Increase Lot Coverage Requirements to Support Feasible Density

4.3.j: Tailor Open Space Standards for Mixed-Use and Infill

4.3.k: Provide Flexibility in Meeting Open Space Standards

4.3.l.1: Eliminate Parking Minimums for Certain Units



## 4. Changes to consider for the next Housing Element

4.2.e: Expand Data Collection

4.3.a: Only Mandate the Construction of Affordable Units Where Subsidies Exist

4.3.c: Allow Developers to Opt for In-Lieu Fees

4.3.e: Reassess and Adjust Inclusionary Percentages



## 5. Not Recommended

- 4.3.d: Align Requirements with Market Realities
  - Concern recommendation runs the risk of incentivizing the creation of larger units (by square footage) at a higher cost (sales prices or rent) without providing a commensurate increase in housing occupancy.
- 4.3.g.3: Simplify Fractional Unit Calculations
  - Already sufficiently clear



# Microunits

- Pros: Lower development cost, more units, higher density
- Cons: Limited marketability (students, etc.), not for families
- Feasibility in Goleta is questionable
- Existing City regulations for small units
- No Report recommendations tailored to microunits



# Summary and Next Steps

- Categories 1 and 2
  - Implement where possible and practical
  - When implemented, highlighted in General Plan Annual Progress Report
- Category 3: Consider in 2027, if warranted
- Category 4: Consider for 7<sup>th</sup> Cycle Housing Element project
- Category 5: Not implemented



# Council Questions and Feedback