

ORDINANCE NO. 6138

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SANTA BARBARA AMENDING THE SANTA BARBARA MUNICIPAL CODE BY ADDING CHAPTER 26.80 ESTABLISHING THE CITY OF SANTA BARBARA LOCAL HOUSING TRUST FUND

THE CITY COUNCIL OF THE CITY OF SANTA BARBARA DOES ORDAIN AS FOLLOWS:

SECTION 1. Title 26 of the Santa Barbara Municipal Code is amended by adding Chapter 26.80 which reads as follows:

**26.80.010 Establishment and Purpose.**

In accordance with Santa Barbara Charter Section 1215, the City Council hereby establishes the City of Santa Barbara Local Housing Trust Fund ("SBLHTF"), for the purpose of utilizing and leveraging locally generated dollars for the production and preservation of affordable housing units.

**26.80.020 Definitions.**

The following definitions shall apply to the interpretation of this Chapter:

A. AREA MEDIAN INCOME or AMI. The most recent applicable county median family income published by the State of California Department of Housing and Community Development ("HCD").

B. ELIGIBLE PROJECT. Shall be defined as projects that are considered eligible and in compliance with the California Department of Housing and Development guidelines.

C. EXTREMELY LOW INCOME HOUSEHOLDS. Shall have the definition given in California Health & Safety Code Section 50106.

D. HCD or DEPARTMENT. Shall mean the State of California Department of Housing and Community Development.

E. HCD GUIDELINES. As adopted by HCD to implement, interpret and make specific Health and Safety Code (HSC) Sections 50842.1, 50842.2, 50843.5 and 54006(f) which governs the Local Housing Trust Fund Program.

F. LOWER INCOME HOUSEHOLDS. Shall have the definition given in Health and Safety Code Section 50079.5.

G. MATCHING FUNDS. Funds to the SBLHTF that are provided on an ongoing basis from both private and public contributions or public sources and that are not otherwise restricted for housing use under federal or state law.

H. MODERATE INCOME HOUSEHOLDS. Shall have the definition given in Health and Safety Code Section 50093.

I. VERY LOW INCOME. Shall have the definition given in Health and Safety Code Section 50105.

**26.80.030 Funding Sources.**

SBLHTF shall receive funding from the sources set forth below. SBLHTF may also receive funding from any other legally available source.

A. MATCHING FUNDS. The SBLHTF shall receive Matching Funds in the amount of \$2,883,548.00, that was allocated by the City Council on December 6, 2022, from the General Fund and specifically dedicated to a local housing trust fund.

B. ONGOING REVENUE. All inclusionary housing in-lieu fees collected under Sections 28.43.030, 28.43.070, 28.43.130, and 30.160.070 in the Municipal Code shall be deposited in the Local Housing Trust Fund as a dedicated and continuous source for operations of the Fund for a minimum of the required first five years of the Fund's existence.

C. City Council may allocate funds as Ongoing Revenue and Matching Funds to the SBLHTF to provide additional funding as needed.

**26.80.040 Eligible Uses of SBLHTF.**

A. Monies deposited in the SBLHTF shall be used to secure Program Funds under the applicable HCD Guidelines and statutes. Program Funds and Matching Funds shall be used for payment of predevelopment costs, acquisition, construction, or rehabilitation of Eligible Projects. Monies in the SBLHTF not used as Matching Funds or as Ongoing Revenue sources, may be used in accordance with the priorities identified by the Council approved Housing Element and financing strategy to construct, acquire, rehabilitate, or subsidize Very Low, Lower, and Moderate income housing.

B. Administrative expenses of up to five percent of Program Funds and Matching Funds are permitted.

C. At least 30 percent of Program Funds and Matching Funds shall be expended on assistance to Extremely Low Income Households.

D. No more than 20 percent of Program Funds and Matching Funds, shall be expended on assistance to Moderate Income Households.

E. The remaining Program Funds and Matching Funds may be expended on assistance to Lower Income Housing.

F. Expenditures from the SBLHTF shall be controlled, authorized, and paid in accordance with general City budgetary policies. Execution of contracts related to the use or administration of SBLHTF monies shall be in accordance with requirements expressly contained in the City's Charter, the Municipal Code, and City policy.

**26.80.050 Administration of Funds.**

A. Applications for funding shall be in a form approved by the Community Development Director and shall specify the Eligible Project and the number of Extremely Low, Very Low, Lower, and Moderate income housing units to be included in the Project. The application shall include all documentation and information deemed necessary by the Director for the evaluation of the application for compliance with State HCD requirements and City Council priorities. The application process will not require a request for proposal or a NOFA application. Application requirements will be based upon compliance with the State HCD requirements and the requirements of the established City of Santa Barbara Affordable Housing Policies and Procedures Handbook. Once reviewed for compliance, the Community Development Director will then forward the application to the City Council for consideration of financial assistance from the SBLHTF.

B. The SBLHTF shall be administered by the Finance Director and applications for funding shall be submitted to the Community Development Director as described in 26.80.050 (A).

C. Not later than July 31st of each year, the City shall provide the HCD with an annual report which contains the information required by the Guidelines, as may be amended from time to time. Additionally, revenues collected, funds committed, expenditures made, and any decisions made as to requests for reductions or exceptions shall be forwarded by the Finance Director and the Community Development Director and presented to the City Council.

SECTION 2. Severability. If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this Chapter or any part hereof is for any reason held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this Chapter of any part hereof. The City Council declares that it would have passed each section, subsection, paragraph, sentence, clause, or phrase hereof, irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses, or phrases be declared unconstitutional.

SECTION 3. The City Council finds that, on the basis of the whole record and exercising its independent judgment, this Ordinance is not subject to environmental review pursuant to the State Guidelines for Implementation of the California Environmental Quality Act Section 15060(c)(3) pertaining to activities that will not result in a direct or reasonably foreseeable indirect change to the environment and that are not defined as a project under Section 15378. This Ordinance has no potential for resulting in physical change to the environment directly or indirectly in that it merely regulates existing physical development.

**ORDINANCE NO. 6138**

STATE OF CALIFORNIA            )  
  )  
COUNTY OF SANTA BARBARA    ) ss.  
  )  
CITY OF SANTA BARBARA        )

I HEREBY CERTIFY that the foregoing ordinance was introduced on January 9, 2024, and adopted by the Council of the City of Santa Barbara at a meeting held on January 23, 2024, by the following roll call vote:

- AYES:                   Councilmembers Eric Friedman, Alejandra Gutierrez, Oscar Gutierrez, Meagan Harmon, Mike Jordan, Kristen W. Sneddon, Mayor Randy Rowse
  
- NOES:                   None
  
- ABSENT:               None
  
- ABSTENTIONS:       None

IN WITNESS WHEREOF, I have hereto set my hand and affixed the official seal of the City of Santa Barbara on January 23, 2024.



*Sarah Gorman*

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Sarah Gorman, MMC  
City Clerk Services Manager

I HEREBY APPROVE the foregoing ordinance on January 23, 2024.

*Randy Rowse*

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Randy Rowse  
Mayor