



COMMUNITY DEVELOPMENT DEPARTMENT

HOUSING TASK FORCE

April 12, 2017

Housing Task Force Objectives

Analyze effectiveness of AUD Program to provide housing for existing SB residents/employees; explore options to assess impact fees or otherwise mandate the construction of rental housing affordable to households earning 80 to 120% of the Area Median Income

Investigate adjustments to parking requirements based on location, bulk, size, and scale and desired outcomes such as: smaller units, units with fewer bedrooms, parking in-lieu fees, or other benefits in exchange for parking requirement reductions

Consider the potential sources of information that will inform the Task Force, Developers and Stakeholders as to the effect, if any, when evaluating certain aspects of the AUD Incentive Program.

Explore ways to encourage employer-sponsored and limited-equity cooperative housing development.

AGENDA

- I. HTF AUD Reports/On-line Information – John Campanella (10 minutes)

- II. Nexus and Economic Feasibility Studies (20 minutes)

- III. Analyze effectiveness of AUD Program to provide housing for existing Santa Barbara residents/employees; explore options to assess impact fees or otherwise mandate the construction of rental housing affordable to households earning 80 to 120% of the Area Median Income – (40 minutes)

NEXUS AND ECONOMIC FEASIBILITY STUDIES

- Staff recommended Areas of Focus / Questions to be answered by studies
- Stakeholder participation in development and review

NEXUS AND ECONOMIC FEASIBILITY STUDIES

- Customized for Average Unit-Size Density Incentive Program
- Nexus Study: shows relationship between an increase in all housing and the resulting increased need for affordable housing.
- Economic Feasibility Study: determines if inclusionary housing or affordable housing impact fee or any proposed modification to AUD would unreasonably disrupt developer/owner's economic returns on a project.

NEXUS AND ECONOMIC FEASIBILITY STUDIES

Areas of focus/questions to be answered by the studies

- Staff Recommendations
 - Determine the value of various development incentives such as:
 - *Parking*
 - *Building stories*
 - *Setbacks/outdoor living space*
 - *Stream-lined review/approval process*

NEXUS AND ECONOMIC FEASIBILITY STUDIES

Areas of focus/questions to be answered by the studies

- Staff Recommendations
 - Determine the cost to a developer of restricting the rents of various sized units affordable to:
 - *Low Income Tenants (80% and below of Area Median Income)*
 - *Moderate Income Tenants (80% to 120% of Area Median Income)*
 - Determine an appropriate Housing Impact Fee

NEXUS AND ECONOMIC FEASIBILITY STUDIES

Areas of focus/questions to be answered by the studies

- Staff Recommendations
 - Evaluate the rate of return for existing & proposed multifamily rental and owner prototypes and projects:
 - *Priority Housing Overlay*
 - *High Density*
 - *Medium-High Density*
 - *Condominium*

NEXUS AND ECONOMIC FEASIBILITY STUDIES

Recommended stakeholder participation in development and review

City Council	Planning Commission
Historic Landmarks Commission	Architectural Board of Review
Housing Task Force	City Staff
Developers	Architects
Multifamily Lenders	Real Estate Agents
Real Estate Appraisers	Advocacy Groups
Others	

NEXUS AND ECONOMIC FEASIBILITY STUDIES

- Action: Accept staff recommended Areas of Focus / Questions to be answered and stakeholder participation in development and review of studies

HTF OBJECTIVE – PRIORITY ONE

- Analyze effectiveness of AUD Program to provide housing for existing Santa Barbara residents and employees;
- Explore options to assess impact fees or otherwise mandate the construction of rental housing affordable to households earning 80 to 120% of the Area Median Income.

Analyze effectiveness of AUD program to provide housing for existing Santa Barbara residents/employees (40 minutes)

- 1) Surveys
- 2) Community Profile
- 3) Current Rental Market
- 4) Income Levels and Rent Affordability
- 5) Housing Element Performance

AUD ANNUAL SURVEY

- Purpose
 - Evaluate and monitor AUD Incentive Program completed projects
- Standard Condition of approval
- Submitted annually (Initial Report due 6 months after final Certificate of Occupancy)

COMMUNITY PROFILE

Based on 2011 - 2015 American Community Survey

- **Housing Occupancy (*Owner and Tenant*)**

- Total housing units:	37,886
- Occupied housing units:	34,973
- Vacant housing units:	2,913
- Rental vacancy rate:	1.7%

COMMUNITY PROFILE

Based on 2011 - 2015 American Community Survey

- **Housing Tenure**

- Ownership units: 40%
- Rental Units: 60%

- **Median Household Income**

- \$104,896 owner household
- \$ 49,684 renter household

COMMUNITY PROFILE

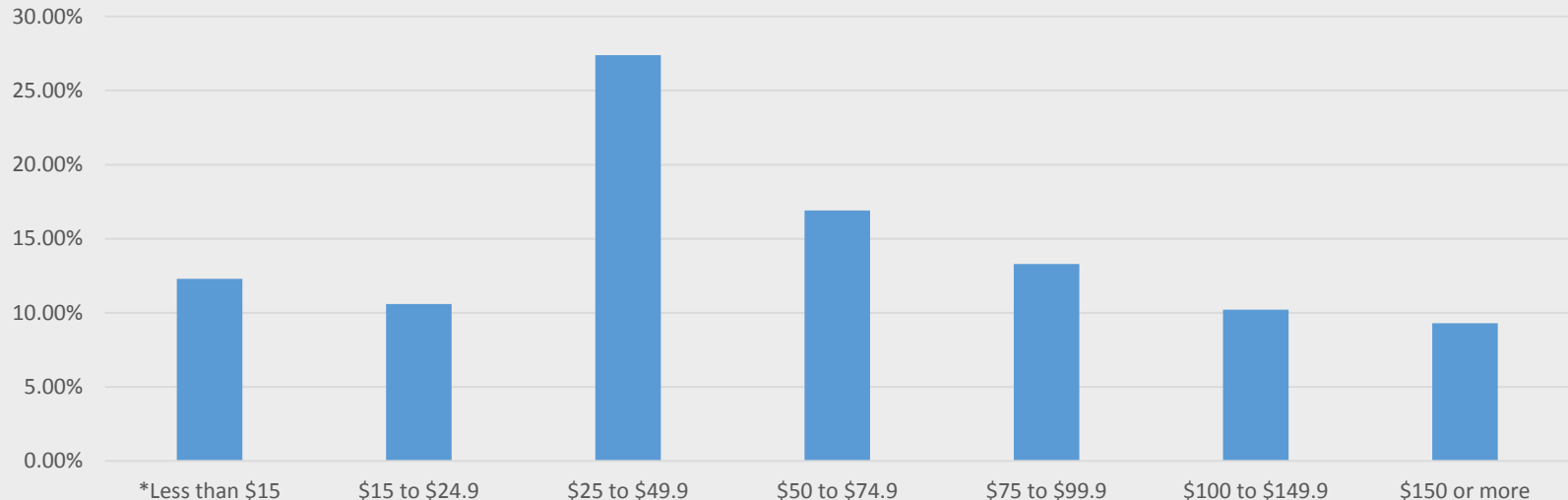
Based on 2011 - 2015 American Community Survey

- **Median Household Income**
 - \$ 49,684 renter household

COMMUNITY PROFILE

Based on 2011 - 2015 American Community Survey

Distribution of Renter Household Income
In the Past 12 Months (in 2015 inflation-adjusted dollars)
*in Thousands



COMMUNITY PROFILE

Based on 2011 - 2015 American Community Survey

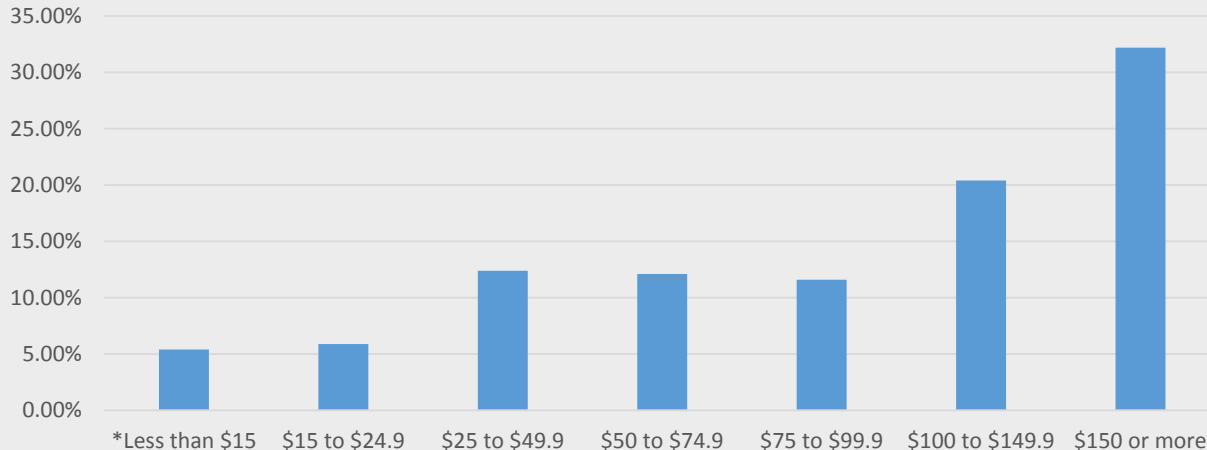
- **Median Household Income**
 - \$104,896 Owner-occupied household

COMMUNITY PROFILE

Based on 2011 - 2015 American Community Survey

DISTRIBUTION OF OWNER OCCUPIED HOUSEHOLD INCOME
IN THE PAST 12 MONTHS (IN 2015 INFLATION-ADJUSTED DOLLARS)

*In Thousands



COMMUNITY PROFILE

Based on 2014 SBCAG “State of the Commute”

- Daytime population change due to commuting: +15,858 (+17.3%)
- Workers who live and work in the City of Santa Barbara: 31,086 (62.3%)

CURRENT RENTAL MARKET

- Vacancy Factor: “There is anecdotal evidence that the residential vacancy rate in the South Coast has increased slightly from the less than 1% level that it has been at for a number of years to the 2-3% range”*
- Per HUD, a vacancy rate of 5% is considered sufficient to provide choice and mobility

*Santa Barbara Real Estate Observations, Quarterly Economic and Market Review by Keller-Williams (2/2017)

CURRENT RENTAL MARKET

- 2016 City of Santa Barbara and Dyer Sheehan Group Surveys

2017 Telephone Survey - Goleta	WILLOW SPRINGS	HOLLISTER VILLAGE
# OF UNITS	335	266
RENT	1 BR/1 BA = \$2,000 - \$2,500 2 BR/1 BA= \$2,500 - \$2,800 2 BR/2 BA= \$2,700 - \$3,200 3 BR /2 BA= \$3,300 - \$3,600	1 BR/1 BA = \$2,400 2 BR/2 BA = \$2,800 - \$3,000 3 BR/2 BA = \$3,190 - \$3,450
VACANCY RATE	0% (as of 02/28/17)	2.25% (as of 3/1/17)
DEMOGRAPHICS	Mixed Students and Workforce	not provided
FURNISHED/UNFURNISHED	Majority unfurnished	100 % Unfurnished
TURNOVER/WAITLIST	Waitlist/Interest List	No Waitlist

CURRENT RENTAL MARKET

- April 1 – April 11, 2017 City of Santa Barbara Rent Survey

Type	Bedrooms	Avg.	Median	Total Listing	Total
APT	0	\$ 1,433.98	\$ 1,450.00	40	
	1	\$ 1,803.52	\$ 1,737.50	138	
	2	\$ 2,335.74	\$ 2,325.00	107	
	3	\$ 3,154.23	\$ 3,120.00	13	
	4	NSD	NSD	0	298
CONDO	1	\$ 2,500.00	\$ 2,500.00	2	
	2	\$ 2,861.79	\$ 2,775.00	14	
	3	\$ 3,125.00	\$ 3,125.00	2	
	4	NSD	NSD	0	18
HOUSE	1	\$ 2,570.00	\$ 2,450.00	5	
	2	\$ 3,164.10	\$ 2,900.00	61	
	3	\$ 3,818.30	\$ 3,550.00	50	
	4	\$ 5,258.75	\$ 4,347.50	16	132

Income Levels & Rent Affordability

Incomes Eligible for Subsidies				
INCOME BY HOUSEHOLD SIZE				
Income Limit Category	Household Size			
	1	2	3	4
50%	\$ 29,500	\$ 33,700	\$ 37,900	\$ 42,100
80%	\$ 47,150	\$ 53,900	\$ 60,650	\$ 67,350
Area Median Income 100%	\$ 53,970	\$ 61,680	\$ 69,390	\$ 77,100
120%	\$ 64,764	\$ 74,016	\$ 83,268	\$ 92,520
160%	\$ 86,352	\$ 98,688	\$ 111,024	\$ 123,360
200%	\$ 107,940	\$ 123,360	\$ 138,780	\$ 154,200



Household Size	Unit Size	Rent*
1	Studio	\$1,600
2	One Bedroom	\$2,100
3	Two Bedroom	\$2,500
4	Two Bedroom	\$2,500

*Rents are average of City Rent Survey and Dyer/Sheehan Survey

Below 80% Incomes Eligible for Subsidies
Households earning 80 - 120% of AMI

PERCENT OF GROSS HOUSEHOLD INCOME USED FOR RENT**

Income Limit Category	Household Size			
	1	2	3	4
50%	65%	75%	79%	71%
80%	41%	47%	49%	45%
100%	36%	41%	43%	39%
120%	30%	34%	36%	32%
160%	22%	26%	27%	24%
200%	18%	20%	22%	19%

** 45.6% of renters pay over 35% of Gross Household Income -American Community Services 2015

Income Levels & Rent Affordability

Household Size	Unit Size	Rent*	Income Required**
1	Studio	\$1,600	\$57,500
2	One Bedroom	\$2,100	\$67,800
3	Two Bedroom	\$2,500	\$93,000
4	Two Bedroom	\$2,500	\$93,000
4	Three Bedroom	\$3,040	\$121,600
*Rents are average of City Rent Survey and Dyer/Sheehan Survey			
**Household Income Required To Afford Market Rent-Calculated at 30% of Gross Income			

Income Levels & Rent Affordability

Area Median Income (AMI) Determined By HUD Annually

Below 80% AMI Incomes are Eligible for Subsidies and not included in below calculations

Moderate Income Limits	Household Size			
	1	2	3	4
80% AMI	47,150	53,900	60,650	67,350
Rent @ 30% of 80% AMI	1,179	1,348	1,516	1,684
100% AMI	53,970	61,680	69,390	77,100
Rent @ 30% of 100% AMI	1,157	1,446	1,735	1,928
120% AMI	64,764	74,016	83,268	92,520
Rent @ 30% of 120% AMI	1,619	1,850	2,082	2,313

Income Levels & Rent Affordability

Example: Difference between Market Rents and Affordable Rents				
	Studio	One Bdrm	Two Bdrm	Three Bdrm
Market Rents	\$1,600	\$2,100	\$2,500	\$3,040
Rents affordable to tenants with 100% AMI income	\$1,157	\$1,446	\$1,735	\$1,928
Difference	(\$443)	(\$654)	(\$765)	(\$1,112)

Housing Element Performance

- H11. Promote Affordable Units
 - The production of affordable housing units shall be the highest priority and the City will encourage all opportunities to construct new housing units that are affordable to extremely low, very low, low, moderate and middle income owners and renters.

Housing Element Performance

- 2015 - 2023 Housing Element:
 - City's Regional Housing Needs Allocation (RHNA) Plan
 - *Demonstrates the capacity to develop 4,099 units*
 - City's Quantified Objective
 - *Produce 1,378 units*
 - *172 units per year for 8 years*

Housing Element Performance

Income Category	New Unit Objective (2015-2023)	New Units (Bldg. Permit Issued)		
		2015	2016	Total
Extremely Low, Very Low (<50% AMI)	109	0	61	61
Low (50%-80% AMI)		0	36	36
Moderate (80%-120%)	13	4	0	4
Above Moderate (>120%)	1,086	176	159	335
Total	1,208	180	256	436

Explore options to assess impact fees or otherwise mandate the construction of rental housing affordable to households earning 80% - 120% of the area median income

- 1) Recorded Covenant on Income Restricted Units
- 2) Impose affordable housing 'In Lieu' or Impact Fees
 - a. How Fees could be used

Restricted Units or Impose Impact Fees

- Restricted Affordable Units
 - An Affordability Covenant is recorded on the Project to ensure long-term affordability of restricted units.
 - The Affordability Covenant requires annual compliance monitoring which includes submission of annual reports

Restricted Units or Impose Impact Fees

- Housing Impact Fee:
 - The fee charged in lieu of providing affordable restricted (inclusionary) units.
 - Developers would have the option to provide inclusionary units or pay a housing impact fee on new rental developments

Restricted Units or Impose Housing Impact Fees

- **Use of Housing Impact Fees:**
 - Acquisition (Vacant or Improved Property)
 - Contribution to Low Income Housing Tax Credit Projects
 - Development of new low & moderate income housing units
 - Rehabilitation of existing affordable rental housing units to extend useful life
 - Development of moderate income condominium projects

Restricted Units or Impose Impact Fees

- Approximately 170 California jurisdictions have an Inclusionary Housing program.
- Degree of implementation varies.
- Each jurisdiction's utilization of Inclusionary or Density Bonus varies due to the jurisdiction's base density level and how that relates to a specific project's size.

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- Questions?



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