

CITY OF SANTA BARBARA  
AFFORDABLE HOUSING POLICIES  
AND PROCEDURES

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(updated per 3/6/2015 Area Median Income)



# THE CITY OF SANTA BARBARA



## **AFFORDABLE HOUSING POLICIES AND PROCEDURES (Owner Occupied, Rental and Rehabilitation/Preservation)**

Prepared by:  
COMMUNITY DEVELOPMENT DEPARTMENT  
ADMINISTRATION, HOUSING AND HUMAN SERVICES DIVISION

Housing Programs

George Buell, Community Development Director

Sue Gray, Community Development Business Manager

Deirdre Randolph, Community Development Programs Supervisor

David Rowell, Housing Project Planner

Melissa Bonillo, Housing Programs Specialist

Gabriele Cook, Administrative Specialist

**THE CITY OF SANTA BARBARA**  
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## EXECUTIVE SUMMARY

Santa Barbara has actively promoted the creation and preservation of affordable housing in the City since 1970. As a result, over 8 percent of the dwelling units in the City are considered affordable for the long-term.

Funding: The City has provided \$131.6 million in grants and loans for affordable housing. The sources of City affordable housing funding have included the City's Redevelopment Agency (which transferred in 2011 to the City as the Successor Housing Entity), federal HOME funds, and federal Community Development Block Grant funds. Not all-affordable housing receives City financial assistance; the City's density bonus program and the inclusionary housing ordinance are designed to create affordable housing without City financial assistance.

What is Meant by Affordable? Housing costs are considered affordable if they do not exceed a specified percentage of the household's income. Renter households should not be required to pay more than 30% of their gross monthly income on rent and utilities, and owner households should not pay more than 35% on house payments, homeowners' association dues, insurance, and property taxes. In addition, the unit must remain affordable to subsequent renters or owners by means of recorded long-term affordability controls.

Area Median Income (AMI): The City uses the "Area Median Income" as a basis for calculating the maximum rents and maximum sale prices permitted under the City's affordable housing programs. The U.S. Department of Housing and Urban Development (HUD) publishes AMIs for areas across the country each year; our applicable area is Santa Barbara County. The annual AMI for Santa Barbara County (including the City of Santa Barbara) as of March 2015, is \$75,400 for a household of four. The AMI amount is adjusted by household size.

Income Categories: The City's affordability requirements refer to the following income categories: extremely low, very low income, low-income, moderate income, middle income, and upper-middle income. Each income category is adjusted by household size. The income ranges for the extremely low, very low, and low-income categories are set by HUD.

Target Income: It would be impractical for the City to set affordable rents or sale prices based on the *actual* income of each household. Instead, affordable rents and sale prices are based on the *target income* for the income category the unit is meant to serve. For example, low-income rentals are generally targeted to households with incomes at 60% of the AMI; moderate-income condominiums are targeted to 100% of the AMI; middle-income condominiums are targeted to 120% of the AMI, and upper-middle income condominiums are targeted to 160% of the AMI.

Please note the distinction between *target incomes* and *income categories*: Income categories are used to determine who is eligible to rent or buy an affordable unit; target incomes are used to set the rents or sale prices. For example, for setting the affordable sale price of middle-income condominiums, the

City uses a target income of 120% of AMI, but households will be eligible to buy if their income does not exceed the City's middle-income limit of 160% of AMI.

Unit Size Adjustment: It would also be impractical for the City to base rents and sale prices on the actual number of people in each household. Instead, the calculations for rents and sale prices include a *unit size adjustment* for the number of bedrooms in the unit. This reflects the fact that larger units will generally be occupied by larger households who qualify within a higher income range.

Affordability Requirements for Low-income Rental Units: For a two-bedroom low-income rental unit (with a target income of 60%), the affordable rent would be \$1,018 per month. This maximum rent assumes that the landlord pays all utilities. If the tenant is required to pay some or all of the utilities, the maximum rents are reduced according to a "utility allowance" table. To assure compliance with the recorded affordability conditions, the City requires every owner of rent-restricted units to file reports with the City annually and upon each change in occupancy.

Affordability Requirements for Ownership Units: The initial maximum sale price for affordable sale units is determined according to a formula. The basic concept is simple: the price must be such that, after a 10% down payment, the monthly payments for all housing expenses will not exceed 35% of a occupant purchaser's income. Housing expenses include mortgage payments, taxes, insurance, and homeowner association fees. For example, the City's policies assume that a middle-income household buying a two-bedroom unit can afford monthly housing costs of \$2,375. By including this amount in the City's formula, the result is an affordable sale price of \$341,400. The price calculation is sensitive to changes in mortgage interest rates. The initial sale prices are set at the date of Planning Commission approval of the project and an interim or "Developer's Covenant" is recorded on the property. Please refer to Appendix F for an example of a middle-income price calculation.

Affordability Covenant for Ownership Units: To assure long-term affordability to subsequent buyers, the City requires that an affordability covenant be recorded against each affordable ownership unit. When the owner-occupant wishes to re-sell the unit, the City calculates the maximum resale price. In most cases, this will be the price paid by the owner, increased by the percentage change in AMI since the owner bought the unit. Any potential buyer must meet the City's current eligibility requirements.

State Density Bonus: State density bonus law requires that, for housing developments of five or more units, communities must provide a density bonus (and other benefits) if a developer proposes to provide a specified percentage of the units as affordable. (See Appendix B)

Density Bonus: The City also has a density bonus program pursuant to state law and the City's own ordinance. Through density bonus, the City allows development of a greater number of units than would normally be allowed under the existing zoning. In return, some or all of the units on the site are subject to affordability restrictions. The City has approved 538 density bonus units in 82 projects.

For ownership developments, the City may approve a density bonus on the condition that all density bonus units are affordable *for sale to middle-income* homebuyers. For rental projects that do not meet the requirements of state law, the general requirement under the City's program is that all density

bonus units must be rented to low-income households at affordable rents for at least 90 years. (See Appendix B)

Inclusionary Housing Ordinance: The City's Inclusionary Housing Ordinance requires, in projects where there are 10 or more ownership units (excluding any density bonus units), that at least 15% of the units be sold at prices affordable to middle-income buyers. The ordinance specifies that the developer shall be entitled to a density bonus for the required inclusionary units, subject to some limitations. The ordinance applies to condominium conversions, but does not apply to rental projects. Projects with 2 through 9 units are generally required to pay a pro-rated in-lieu fee for each unit. There is no requirement that projects of this size provide an inclusionary unit, and no entitlement to a density bonus. (See Appendix D)

Tenant Displacement Assistance Ordinance (TDAO): The TDAO is intended to assist tenants who are displaced under specific development processes (land use change or improvement of real property). Please refer to Appendix E for detailed information.

Minimum Unit Sizes for Affordable Units: To assure livability for the targeted household size, the City requires that affordable housing units have certain minimum floor areas. This minimum size is larger for ownership units than for rental units.

Conclusion: This Executive Summary is a brief overview of the City's affordable housing policies. For more information, please refer to the complete text.

## **PREFACE**

This manual sets forth the City's affordable housing policies and procedures as adopted by the Santa Barbara City Council. In furtherance of the City's goal of encouraging the development and preservation of housing that is affordable to a wide range of targeted households, The City's discretionary bodies and staff implement these policies and procedures. This manual includes detailed descriptions of the formulas for setting maximum rents and sale prices and for determining affordability requirements for rehabilitated projects and for providing inclusionary units or receiving density bonuses. The target readership includes the Planning Commission, Planning staff, and housing developers and providers. For more information about these policies, please contact Housing Programs staff.

## **I. INTRODUCTION**

Santa Barbara residents enjoy a beautiful environment bordered by mountains and seashore, clean air and temperate climate, and a charming ambiance. However, this jewel of a City exacts a high price from those who live here. Housing costs are among the highest in the nation.

Housing costs can be a problem that affects the average resident of this City. Because the situation has reached a proportion where moderate and middle-income residents are affected, there are immediate as well as long-term effects. Low-income elderly on fixed incomes, low-income single parent households on public assistance, and low-income persons such as the disabled with special housing needs often have no choice but to live in overcrowded and substandard situations on a budget that is so stretched that basic food and clothing necessities may be foregone. Because of the tight housing market, landlords can choose "preferable" tenants and, therefore, not rent to families with children or to those requiring modifications in the unit for handicapped accessibility. Further, the City faces a situation in which households of all income groups are leaving Santa Barbara. Young families in particular are leaving the area. Skilled workers leave for communities with reasonable housing costs and higher paying jobs. If housing costs continue to rise beyond the means of many residents, the character of Santa Barbara, which provides for a variety of social and economic groups, will be seriously threatened.

The City Council has made a commitment to address the City's housing problems to the extent feasible by implementing the policies and strategies of the Housing Element of the General Plan, which are the City's housing policy document and which sets forth the City's action program for housing. One of the central goals identified in the Housing Element is the availability of affordable housing for all social and economic segments of the community.

## II. THE CITY'S AFFORDABLE HOUSING ACTIVITIES

The City has implemented a comprehensive program to encourage the preservation or construction of affordable housing. Santa Barbara's housing program consists of several activities. Through most of these activities, the City provided financial and/or land use incentives to a developer in exchange for a recorded agreement that some or all of the housing units will remain affordable to a certain income group (for example, "low-income" or "moderate income") for a specified number of years.

As of April 2014, there are over 5,600 affordable (or assisted) housing units and transitional/group home beds in the City, in the following categories:

<ul style="list-style-type: none"> <li>Units with Recorded Affordability Agreements (or which are owned by non-Profit Sponsors):</li> </ul>	
Senior Rental	1,143
Rental – not senior-only	1,389
Ownership	458
Resident-owned Mobile-home Park Spaces	74
Secondary Dwelling Units	<u>11</u>
Subtotal of Affordable Units:	3,075
<ul style="list-style-type: none"> <li>Shelter Plus Care/ Section 8 Housing Choice Vouchers in use (2186 less 618 'Project-based' Section 8 units included in unit counts above)</li> </ul>	<u>1,568</u>
Subtotal with Affordability Agreements plus Vouchers:	4,643
<ul style="list-style-type: none"> <li>Single-family Owner-occupied Rehabilitation</li> <li>Group or Transitional Housing beds</li> </ul>	574 <u>436</u>
Total Number of Affordable and Assisted Units and Beds in the City:	5,653

Approximately 8.13% percent (3,075) of the 37,820 dwelling units in the City [1] are considered to be affordable for the long-term (i.e. are subject to recorded long-term affordability controls, or are owned and operated by a non-profit housing sponsor). Another 5.78% (2,186) are units where the tenants pay affordable rents under the Shelter Plus/Section 8 Housing Choice Voucher program [2] (and not included in the 8.13% counted above). When we add the units occupied by low-income homeowners who have received City loans and grants to repair their homes, plus

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1 2010 Census

2 Operated by the Housing Authority of the City of Santa Barbara (a separate entity that works closely with the City)

the number of beds in group homes and shelters, the total number of affordable and assisted housing units (5,653) comprises 15% of the City's housing.

The City's Affordable Housing Program provides assistance to affordable housing in several ways, including through providing loans and grants to developers of affordable housing, and through granting of density bonuses.

## **A. City Financing through Grants and Loans**

Since 1973, the City has provided grants and loans for affordable housing. This funding can be grouped into the following categories:

### **Housing Rehabilitation Loan Program (Single Family Rehabilitation)**

Through its Housing Rehabilitation Loan Program (HRLP) the City provided grants and low-interest loans to low-income owners for the rehabilitation of existing single-family housing units in need of repair. This effort assured the preservation of safe, attractive, and affordable housing. Since 1976, the HRLP loaned and granted \$15.9 million, and has rehabilitated 574 owner-occupied homes.

### **Housing Rehabilitation Loan Program (Multi-Family Rehabilitation)**

Historically, HRLP program funding was primarily used for single-family housing units, but due to a reduction of owners' participation, funding, and staff, the single-family program is in the process of being phased out. The program will be completely phased out beginning in Fiscal Year 2016. Currently, the City utilizes HRLP loan repayment funds solely for multi-family affordable rental unit rehabilitation, which ensures the preservation of safe, attractive, and affordable rental housing.

### **Housing Preservation (other than the HRLP)**

Besides the 574 single-family units rehabilitated through the City's HRLP, additional rental units have been preserved as affordable units through acquisition, rehabilitation, or a combination of the two. Please refer to Appendix A.

### **Production of New Affordable Housing**

Since 1976, over 2,600 new affordable housing units were built in the City. Using funds from its former Redevelopment Agency and other local, state and federal sources, the City has provided low-interest loans and grants to developers of new affordable housing units for low-income renters and moderate income first-time home buyers. The City has provided loans and grants totaling \$76.2 million to new affordable housing projects, including 'land-banking' sites for future new construction.

The following table shows the total number of affordable housing projects and units in the City by occupancy type. It also shows the total City financing for each occupancy type. Although most of the affordable units received City financing, some did not. Some affordable projects received a density bonus but no financing, and several projects developed by the Housing Authority were built using only direct federal subsidies or Housing Authority funds.

Appendix A is a complete list of all affordable and assisted housing units and beds in the City. It includes the amount of City funding per fiscal year.

**Table 1. City’s Affordable Housing Projects (By Occupancy Type)**

Occupancy Type	No. of Units	Amount of City Financing
Senior Rental	1,143	\$31,310,773
Family Rental	1,389	67,774,943
Ownership	458	8,421,332
Owner-occupied Mobile homes	74	225,000
Single Family Rehab	574	15,988,737
Group Housing (# of Beds)	436	7,880,354
Secondary Dwelling Units	11	0
Total	4,085	\$131,601,139

The largest source of City affordable housing financing was the City's Redevelopment Agency (“RDA”). As required under state redevelopment law, the RDA dedicated at least 20% of its “tax increment” income generated from its downtown redevelopment project area for affordable housing. Since the City’s Redevelopment Agency began operating in 1977, the RDA provided \$66.1 million in loans and grants of redevelopment funds to affordable housing projects in the City. In June 2011, the California Legislature adopted the Assembly Bill 1 X 26 (the “Dissolution Act”) resulting in the dissolution of all redevelopment agencies in California as of February 1, 2012. The Bill included provisions for the city, in which the agency was located, to assume all right, title and responsibility for the housing assets of the dissolved agency. . On January 10, 2012, the Santa Barbara City Council designated the City of Santa Barbara as the Successor Housing Entity to the Redevelopment Agency of the City of Santa Barbara and on November 20, 2012, the City adopted Resolution No. 12-083 and assumed all right, title and interest in all housing assets of the former Redevelopment Agency.

State Senate Bill 341 became effective in January 2014. This Bill applies primarily to the unencumbered Housing Asset Funds (HAF) and provides that these funds must be used as was previously required for monies in the Low and Moderate Income Housing Fund established under the Community Redevelopment Law. Assembly Bill 471 became effective in February 2014. This Bill implements new reporting requirements for housing successors.

The second largest source of funding for affordable housing has been federal Community Development Block Grant (CDBG) funds. Since becoming a CDBG “entitlement” jurisdiction, the City has committed \$25.3 million in CDBG funds for low-income housing. Of this amount,

\$16.0 million has been for building code corrections and other improvements single-family homes owned by low-income households.

Another major source of City affordable housing financing is the Home Investment Partnership (HOME) program, which is a federal block grant program established in 1990. The HOME program allocates funds to jurisdictions by a formula based on various indicators of housing need. The City has committed \$14.9 million in HOME funds for low-income rental projects and new owner occupied affordable units.

Developers receiving loans and grants through the City must assure that some or all of the units will be affordable for the long term.

## **B. Density Bonus Program**

Through the City's density bonus program, the City allows development of a greater number of units than would normally be allowed under the existing zoning. As a trade-off, some or all of the units on the site are subject to rent restrictions or resale controls, which provide for continued long-term affordability to low-income renters, and to buyers who are moderate income, middle income or upper-middle income. (Appendix B)

## **C. Secondary Dwelling Units**

The City permits a secondary dwelling unit in single-family zones under controlled conditions. For more information, please refer to Chapter 28.94 of the Municipal Code.

## **D. Condominium Conversions**

Santa Barbara Municipal Code Chapter 28.88 specifies the requirements for converting existing apartments to condominiums. This ordinance has provisions relating to the affordability both of the existing apartments and the condominiums resulting from the conversion.

The ordinance provides that if any of the units in the apartment project have been rented for at least 24 of the previous 48 months at rents affordable to persons earning 90 percent of the area median income or less, then the same number of condominiums resulting from the conversion shall be sold at an affordable sale price. This price is defined as one that is affordable to middle-income persons earning 120 - 160 percent of the area median income. The determination of what is affordable is made according to policies outlined in this handbook. Copies of Santa Barbara Municipal Code 28.88 and Resolution 91-137, which further defines the affordable requirements, are included in Appendix C.

## **E. Inclusionary Housing Ordinance**

The City has adopted an Inclusionary Housing Ordinance that requires, in projects where there are ten or more ownership units (excluding any density bonus units), that fifteen percent (15%) of the units be sold at prices affordable to middle-income buyers. This requirement applies to

newly built units and ownership units created through conversion of apartments to condominiums. The ordinance specifies that the developer shall be entitled to a density bonus for the required inclusionary units, subject to some limitations. For example, a project of 20 units must provide three (3) affordable units; if the land is zoned for a maximum of 20 units, the developer may be entitled to build 23 units in order to provide the required inclusionary units. In 2009, the ordinance was amended to apply to ownership projects of two (2) through nine (9) units as well as projects of 10 or more units. Projects of two (2) through nine (9) units are generally required to pay a pro-rated in-lieu fee for each unit. There is no requirement that projects of this size provide an inclusionary unit, and no entitlement to a density bonus. A copy of the ordinance is included as Appendix D.

#### **F. Housing Rehabilitation Loan Program (HRLP)**

Historically, HRLP program funding was primarily used for single-family housing units, but due to a reduction of owners' participation, entitlement funding, and staff, the single-family program is being gradually phased out. Currently, the City utilizes HRLP loan repayment funds solely for affordable multi-family rental unit rehabilitation, which ensures the preservation of safe, attractive, and affordable rental housing. Lead-based paint abatement is a component of the program and every unit selected for rehabilitation is tested, if not statutorily exempt. Elimination or encapsulation remedies are implemented if lead is detected.

Rehabilitation projects under the HRLP program are implemented in accordance with the provisions of this manual, and the City of Santa Barbara's CDBG Projects Construction Manual. For additional information about the City HRLP, please contact City housing staff.

### **III. THE CITY'S VIEW OF AFFORDABILITY**

#### **A. What is "Affordable"?**

The term "affordable" may have a wide range of meanings to the public, but in the City's usage, it has a specific meaning. The City, as well as most state and federal housing programs, defines affordable housing as follows:

1. Rental housing where the tenants do not pay more than thirty percent (30%) of their gross monthly income on rent and utilities, and
2. Ownership housing where the owners do not pay more than forty percent (40%) on house payments, homeowners' association dues, insurance and property taxes. The housing should remain affordable to subsequent residents or owners throughout the term of the affordability controls.

## B. Income Categories and Area Median Income (AMI)

The U.S. Department of Housing and Urban Development (HUD) determines the "Area Median Income" ("AMI") for areas throughout the nation, and updates the figure approximately yearly. The applicable local area is Santa Barbara County (HUD does not provide a median income specifically for the City of Santa Barbara). When used in this handbook, the term "median income" or "AMI" refers to the HUD Area Median Income for Santa Barbara County. The median income as of March 2015 was \$75,400 for a household of four. Please contact Housing Staff for the current AMI.

The City's affordability requirements refer to the following "income categories," which are usually based on various percentages of the AMI, as shown on the following table:

**Table 2. Income Categories**

Income Category	Percentage of Area Median Income
Very Low-income	50% or below
Low-income	50% - 80%
Moderate Income	80% - 120%
Middle Income	120% - 160%
Upper-Middle Income	160% - 200%

## C. Current Maximum Income Levels

HUD has changed the method of setting the maximum incomes for the very-low income and low-income categories in Santa Barbara County. HUD did this in order to adjust for the high housing costs of the area. In past years, the limit for the very low-income category was 50% of the area median income (AMI) for a given household size, and the limit for the low-income category was 80%.

Under the new method of calculation, HUD supplies the very-low-income limits based on the incomes needed to qualify for certain subsidized housing in the area. This very-low-income limit will be higher than it would be if Santa Barbara County were not a high housing cost area. This higher number is used as a basis for calculating other key numbers used in this handbook relating to the low and very-low-income categories. In effect, HUD has created a new area median income for high housing cost areas for certain purposes. For ease of reference in the following sections of this handbook, this new number will be referred to as the "High-Cost Area Median Income" or "HCAMI".

The High Cost Area Median Income is equal to double the HUD limit for a very-low-income household of four.

$$\text{HCAMI} = \$40,100 \times 2 = \$80,200$$

This HCAMI is approximately 6.3% higher than the AMI.

HUD calculates the low-income limits by taking 80% of the HCAMI. Likewise, we calculate the maximum rents for projects on a percentage of the HCAMI. The percentages for moderate, middle, and upper-middle income have not changed, and continue to be based on the AMI. The federal HOME program publishes maximum rents for HOME-funded units annually.

**Table 3. Income Categories in High Housing Cost Areas**

Income Category	Definition	Programs that Refer to this Income Category
Very low-income	In “high housing cost” areas such as Santa Barbara County, HUD provides this Very-Low-income limit.	State housing and density bonus law, HUD’s CDBG and HOME Program financing regulations
Low-income	In “high housing cost” areas such as Santa Barbara County, HUD provides this Low-income limit.	State density bonus law, State housing law for projects receiving City Successor-Housing Entity funds, HUD’s CDBG and HOME Program financing regulations, City density bonus policies for rental projects
Moderate Income	Households with incomes up to 120% of AMI (adjusted by household size). No adjustment for high housing cost areas	State density bonus law for ownership units, state housing law for projects that received City redevelopment or Housing Successor Entity funds
Middle Income	Households with incomes up to 160% of AMI (adjusted by household size). No adjustment for high housing cost areas	City density bonus policies for ownership projects. Middle income units do not qualify for any loan programs
Upper-middle Income	Households with incomes up to 200% of AMI (adjusted by household size). No adjustment for high housing cost areas	City density bonus policies for ownership projects. Upper-middle income units do not qualify for any loan programs

**D. Adjustment for Household Size**

The Area Median Income as published by HUD corresponds to the area median income *for a household of four*. As shown in the following table, the AMI varies by the number of persons in the household. This is based on the rationale that a larger household requires a higher income to maintain a minimum standard of living. HUD sets the median incomes for other household sizes by applying a multiplier to the median income of a household of four. For example, HUD sets the median income of a household of three at 90% of that of a household of four, and sets the median income of a household of five at 108% of that of a household of four.

**Table 4. Median Income Adjusted by Household Size (2015)**

Number of Persons:	1	2	3	4	5	6
Median Income:	\$52,780	\$60,320	\$67,860	\$75,400	\$81,432	\$87,464
% of 4 Person Income	70%	80%	90%	100%	108%	116%

Table 5 on the next page, shows the *maximum* income that households of various sizes may have in order to be included in a certain income category (such as “low-income” or “moderate income”). The City uses these income limits for setting the eligibility of renters and buyers under its affordable housing programs. For very-low income and low-income households, the income limits were provided by HUD, as discussed in section C above.

For the remaining income categories, the maximum incomes were calculated using Table 4 together with the percentage that is the upper end of the income range for each category. For example, the maximum income for a three-person household to be in the moderate-income category would be  $(\$67,860 \times 120\%) = \$81,432$ .

**Table 5. Maximum Incomes for Various Income Categories 2015**

Category	% AMI or HCAMI*	Number in Household					
		1	2	3	4	5	6
Median	100% of AMI	\$52,780	\$60,320	\$67,860	\$75,400	\$81,432	\$87,464
Extremely Low*	30% of HCAMI*	\$16,850*	\$19,250*	\$21,650*	\$24,250*	\$28,410*	\$32,570*
Very Low* Low HOME	50% of HCAMI*	\$28,100*	\$32,100	\$36,100*	\$40,100*	\$43,350*	\$46,550*
HOME* (&Tenant Based Rental Assistance)	60% of HCAMI*	\$33,684*	\$38,496*	\$43,308*	\$48,120	\$51,969*	\$55,819*
High HOME*	65% of HCAMI*	36,491*	\$41,704*	\$46,917*	\$52,130*	\$56,330*	\$60,531*
Low*	80% of HCAMI*	\$44,950*	\$51,350*	\$55,750*	\$64,150*	\$69,300*	\$74,450*
Moderate	120% of AMI	\$63,336	\$72,384	\$81,432	\$90,480	\$97,718	\$104,957
Middle	160% of AMI	\$84,448	\$96,512	\$108,576	\$120,640	\$130,291	\$139,942
Upper Middle	200% of AMI	\$105,560	\$120,640	\$135,720	\$150,800	\$162,864	\$174,928

\*HUD established

Income includes not only wages or salaries of all adult household members, but also earnings on investment assets such as stocks and bank accounts. It should be noted that the City specifies that buyers of affordable units may not have any type of ownership interest in any other residential real property at the time of application or during the period of ownership.

**E. Income Targeting**

According to Table 5, a four-person household would be a low-income household if its annual income from all sources were no more than \$64,150.

The City considers rent to be affordable if the household pays no more than 30% of their income for rent and utilities. However, it would be impractical for the City to set individual

maximum rents based on the *actual* income of each household. Instead, the affordable rents are based upon a “target income percentage.”

This percentage will vary according to the income category that the housing is meant to serve (low-income, moderate income, etc.) and the requirements of the financing program. This is discussed in more detail in the sections on “Affordability Requirements” below.

The City does not establish minimum incomes for each income category. For example, if an inclusionary housing unit is targeted to be affordable to middle income households, it is possible that a moderate-income household could qualify to purchase the unit if their down payment is sufficient and within the limits set by the City. For projects not subject to State law, the City requires that the buyer pay no less than twenty percent (20%) and no more than forty percent (40%) of their household income for monthly housing expenses.

## **F. Adjustments for Number of Bedrooms (Unit Size Adjustment)**

As might be expected, the City sets the maximum rents and sale prices at a higher level for units with a greater number of bedrooms. This reflects the fact that larger units will accommodate larger households, with correspondingly higher maximum allowable household incomes.

It would be impractical to set different maximum rents or sale prices based on the actual number of persons in a given household. Instead, the City makes assumptions about the average number of persons that will be occupying units with various numbers of bedrooms. For example, the City assumes that the average number of persons in a two-bedroom unit will be three persons. As noted in the previous section, HUD sets the median income for a household of three at 90% of the median income of a household of four. Therefore, the City multiplies the AMI by a “unit size adjustment” of 90%. This adjusts the “target” income for a two-bedroom unit.

The City uses a unit size adjustment of 75% for a one-bedroom unit, which corresponds to the income midway between a one-person household and a two-person household. As shown in the following table, the other unit size adjustments have been set to arrive at reasonable rent differentials for other unit sizes. Although these unit size adjustments do not all correspond to actual household sizes, they reflect the assumption that larger units will be occupied by larger household sizes.

The state and federal government housing programs also set adjustments for various numbers of bedrooms, based on various assumed household sizes. As shown in the following tables, their assumptions about the number of persons who will occupy units differ slightly from the City’s and from each other. The one case for which the assumptions are identical among all of the programs is for two-bedroom units; all programs assume that two-bedroom units will be occupied by three-person households.

**Table 6. Unit Size Adjustment**

<b>Table 6 A</b>		
City Unit Size Adjustments for Middle and Upper-Middle Income Ownership Units and Density Bonus Rental Units		
# Bedrooms	Unit Size Adjustment	Assumed # in Household
SRO	0.5	NA
Studio	0.6	NA
1 Bedroom	0.75	1.5 Persons
2 Bedroom	0.9	3 Persons
3 Bedroom	1	4 Persons
4 Bedroom	1.08	5 Persons

<b>Table 6 B</b>		
State (Redevelopment) Unit Size Adjustments for Low and Very-low-income Rental Units and Moderate Income Ownership Units		
# Bedrooms	Unit Size Adjustment	Assumed # in Household
Studio	0.7	1 Person
1 Bedroom	0.8	2 Persons
2 Bedroom	0.9	3 Persons
3 Bedroom	1	4 Persons
4 Bedroom	1.08	5 Persons

Table 6 C		
Federal HOME Program (HUD)		
Unit Size Adjustments		
# Bedrooms	Unit Size Adjustment	Assumed # in Household
Studio	0.7	1 Persons
1 Bedroom	0.75	1.5 Persons
2 Bedroom	0.9	3 Persons
3 Bedroom	1.04	4.5 Persons
4 Bedroom	1.16	6 Persons

#### IV. AFFORDABILITY REQUIREMENTS FOR RENTAL UNITS

##### A. Calculation of Affordable Rents

The calculation of the rent allowed by the City for an affordable rental unit depends on the last two factors discussed above: the “target income percentage” and the “unit size adjustment.”

Target income percentages and unit size adjustments for rental units are often dictated by the requirements of specific subsidy programs. For example, state law provides that, if the City’s former Redevelopment Agency or Successor Housing Entity funds are used to subsidize low-income rental units, those rents must be no more than 30% of the income of a household at 60% of HCAMI. State law also specifies that the rent for a 2-bedroom unit should be calculated based on the income of a 3-person household. Thus, the maximum rent for a two-bedroom unit receiving below-market rate financing from the City’s former Redevelopment Agency or Successor Housing Entity would be calculated as follows:

<u>High Cost</u> Area Median Income:	\$80,200 (as of March 2015)
Target income percentage:	x 60%
Unit size adjustment for a	
2 bdrm unit (3 person household):	x 90%
Percentage of income for rent:	x 30%

$$\begin{aligned} \text{Divided by 12 months:} & \quad / \quad 12 \\ \text{Maximum monthly rent:} & \quad = \quad \$1082 \end{aligned}$$

Thus, the affordable rent for a low-income household in a two-bedroom unit would be the fixed amount of \$1082. This monthly rent would be affordable to most 3-person low-income households, with those households earning between 60% and 80% of HCAMI paying less than 30% of their income for rent, and those earning between 50% and 60% paying somewhat more than 30%.

It should be noted that state law permits higher rents for households with incomes between 60% and 80% of HCAMI; rents for those households may be set at 30% of the *actual household income*. The City may approve these higher rents in exceptional circumstances, but the City's standard requirement for low-income units receiving former Redevelopment Agency or Successor Housing Entity funds is that the rents be affordable at a target income of 60% of HCAMI.

The City uses several subsidy programs and incentives, and therefore uses several different target income percentages. The following table summarizes the target income percentages most commonly used by the City for affordable rental projects.

Note: In the case of the Federal Home funds (“High-HOME”), the maximum income for the residents is 60% of HCAMI, but the target rent is set under federal HOME regulations at 65% of HCAMI. The result of this HUD regulation is that low-income renters of HOME-assisted units will pay more than 30% of their incomes for rent.

**Table 7. Target Income Percentages Used For Rental Projects**

Target Income	Target Income for 2-Bedroom Unit (3 persons)  % Target x	Maximum Income	Maximum Income for 2-Bedroom Unit (3 Persons)  Published by HUD	Example of Maximum Rent for 2-Bedroom Unit	Typical Applicability of this Target Income
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	HCAMI x 0.9				
35% of HCAMI	\$25,263	50% of HCAMI (Very Low Income)	\$36,100	\$701	Low-income Housing Tax Credits
50% of HCAMI	\$34,090	50% of HCAMI (Very Low Income)	\$36,100	\$947	Federal HOME funds (20% of units Low-HOME) Also, State density bonus law sets this 50% target for very-low-income rental units.
60% of HCAMI	\$43,308	80% of HCAMI (Low Income)	\$57,744	\$1,202	State housing law for projects receiving City Successor Housing Entity funds Also, State density bonus law sets this 60% target for low-income rental units. Also applies to reduced parking
50% of HCAMI	\$36,090	60% of HCAMI (Low Income)	\$43,308	\$992	Federal HOME funds (80% of units High-HOME)
70% of HCAMI	\$50,526	80% of HCAMI (Low Income)	\$57,744	\$1,402	Density bonus rental units under the City's density bonus program
80% of AMI	\$57,744	120% of AMI (Moderate Income)	\$81,432	\$1,515	State housing law for projects receiving City Successor Housing Entity funds is to be used on units targeted to 80% of AMI, and counts such units as moderate income. The City used RDA funds primarily to subsidize <i>low-income</i> rentals, but has made exceptions for some moderate income rental units

**B. Utility Adjustments**

The City’s requirements for maximum rents assume that the landlord pays all utilities. If the tenant is required to pay some or all of the utilities, the maximum rents are reduced in accordance with a schedule prepared by the Housing Authority and approved by HUD. The utility schedule varies not only by number of bedrooms in the unit but also by the various utility combinations (i.e., all electric versus all electric except space heating, etc.) A chart listing the current utility adjustments for various combinations of utility payments is available from Housing Programs staff.

The following table shows the maximum rents for former Redevelopment Agency or Housing Entity funded projects, adjusted for utility allowances.

**Table 8. Maximum Low-income Rents, Adjusted for Utilities:**  
Target Income = 60% of AMI

Unit Size	If Owner Pays All Utilities	If Tenant Pays Gas And Elec.	If Tenant Pays All Utilities
Studio	\$679	\$650	\$624
1 Bedroom	\$848	\$810	\$773
2 Bedroom	\$1,018	\$972	\$922
3 Bedroom	\$1131	\$1070	\$994
4 Bedroom	\$1221	\$1150	\$1068

**C. Section 8 Housing Choice Voucher Program**

In some cases the City has permitted owners of rent-restricted units to receive substantially higher rents than those listed above, provided the owner rents to holders of “Section 8 vouchers.” Through this program, administered by the Housing Authority of the City of Santa Barbara, the tenant pays 30% of their income for rent and utilities. Federal funds are paid to the landlord to make up the difference between this tenant share and the “Fair Market Rent” (FMR). HUD periodically establishes FMR’s for the County of Santa Barbara based on a survey of rents. North-County rents are much lower than rents on the South Coast. Thus, the FMR’s calculated by HUD for Santa Barbara County are usually far below actual market rents in the City. In response to this disparity, at the request of the City Housing Authority, HUD has approved an “exception rent” for the City that allows FMR’s to be increased substantially. With

this increase, the FMR's more closely approximate market rents in the City. The Housing Authority inspects each apartment participating in the Section 8 program to verify that the rent charged does not exceed its market value.

By way of example, the latest FMR, as of March 2015 (FFY 2014), for a two-bedroom unit is \$1,460. This is still less than the median advertised rent for a 2-bedroom apartment in the City, which was \$1,950 in April 2014.

Currently many private landlords are participating in this program and accepting tenants with Section 8 vouchers. However, the number of participating landlords has varied significantly over time. An important factor affecting landlord participation is how the FMR's compare to the rents that the landlord could receive on the open market. HUD has not always allowed exception rents, and there is no guarantee that they will continue to do so. Another factor affecting landlord participation is the demand for rental units. In a tight rental market, landlords have many more qualified applicants than units, and they have no financial incentive to accept low-income tenants with vouchers.

In times of low landlord participation in the Section 8 voucher program, many low-income households who have qualified for vouchers cannot find a landlord to accept them, and this important federal housing subsidy goes under-utilized in Santa Barbara. At such times, it is consistent with the City's affordable housing goals for the City to encourage owner participation by providing subsidies to developers who agree to accept Section 8 vouchers over the long term. In times of high voluntary participation by landlords, it is not necessary for the City to encourage participation. In such times, the public benefit of units restricted to a target income (such as 60% of AMI) will be significantly greater than the public benefit of a unit restricted to Section 8 vouchers. The City must consider this variable public benefit of Section 8 subsidies in determining whether to further subsidize projects that rely on the Section 8 program to achieve affordability.

In addition, the City must consider the impact of a possible future reduction of the number of available Section 8 vouchers. While the Section 8 program is a keystone of the current federal housing programs, it is funded annually by the federal government, and there is no guarantee that the subsidies will continue for the full 60-year term of the City's affordability requirements, or even for 5 or 10 years. In the event that the developer of a rent-restricted project cannot find a tenant with a Section 8 voucher, the City's policy is generally that the unit must be rented at rents affordable to 60% of AMI. In the case of a two-bedroom unit, this would reduce the rent from the FMR of \$1,460 to \$1017 (including utilities). If a significant percentage of the units in a project were to be subject to such reductions, the project could be in jeopardy of default on its loans, or the City's affordability requirements, or both.

In order to limit the number of units for which a Section 8 subsidy is used by the developer to meet the City's affordability requirements, and to help assure the long-term affordability of such units, the City will consider allowing Section 8 FMR's as qualifying rents on a case-by-case basis, with preference given to projects that meet all of the following requirements:

- The project is developed and 100% owned by an affordable housing developer with a substantial record of accomplishment of affordable housing development and operation in Santa Barbara.
- No more Section 8 units are proposed in the project than are needed to make the project financially feasible.
- All of the Section 8 units have received a long-term “project-based” Section 8 allocation through the City or County Housing Authority.
- The developer must demonstrate that, in the event that the rents on the Section 8 units revert to the specified percentage of AMI, the project will be able to cover any resulting operating shortfall through one or more of the following means:
  - The project or owner has set aside adequate reserves to cover such operating shortfall for a reasonable period of time
  - The project has borrowed funds from the City which it is repaying on a “residual receipt” basis (i.e. repaying the loan solely with remaining cash-flow after all expenses), and the shortfall can be covered by suspending the repayments to the City
  - Other means that are determined by the Community Development Director to reasonably assure that the project will be able to cover its expenses and maintain the required rents in the event that eligible Section 8 voucher holders are no longer available as tenants.

#### **D. Tenant Based Rental Assistance**

The Tenant-Based Rental Assistance (TBRA) is a federally funded rental subsidy program to help individual households acquire permanent housing through temporary rental subsidies with or without rental security deposits and/or utility deposits. The City of Santa Barbara has chosen to set aside Home Investment Partnership Program (HOME) funds in this manner to assist homeless persons acquire permanent housing. Similar to the Section 8 housing choice voucher program, the TBRA program follows the tenant and is not tied to any specific housing project. The City’s program requirements meet or exceed HUD standards for TBRA programs. Please see Appendix G for program requirements.

#### **E. Units Receiving Zoning Modifications**

Owners often wish to make improvements to their residential properties that are not in strict compliance with the City’s zoning ordinance. Many properties were legally developed decades ago when the zoning requirements were less stringent. For example, there are many lots that were legally developed with more units than current zoning would allow. Owners of these “legal non-conforming” properties may not add square footage or intensify the use unless they

receive a zoning modification. The City's Staff Hearing Officer, and in some cases the Planning Commission, must determine on a case-by-case basis whether, and under what conditions, such zoning modification should be approved.

On lots where the number of units is legal non-conforming, an owner wishing to add a room onto an existing unit may request a "lot area modification." Such modifications are akin to a density bonus, and are usually only granted by the City in exchange for recorded affordability conditions on one or more of the units. However, the City's standard low-income rental requirement (90-year term targeted to 60% of AMI) is usually a disproportionate imposition on the applicant compared to the benefit conferred by the modification. The City's Community Development Director has the authority to reduce or waive the affordability requirements on a case-by-case basis for zoning modifications on existing units. For example, in the case of an applicant wishing to add a bathroom to a legal non-conforming duplex that has slightly under the required lot area, a Section 8 rental requirement may be approved, as well as an affordability term substantially shorter than 90 years. If the modification is for legalizing an illegal dwelling unit that is the subject of an enforcement action, the affordability requirements will be much more stringent.

## **F. Documents and Reporting Requirements**

Every owner of rent-restricted units is required to file reports with the City annually and upon each change in occupancy. These reports will contain information and copies of documents that the City requires to ensure compliance with the affordability conditions. Affordability requirements will be incorporated in the conditions of approval for the project. Language setting forth these requirements will be included in an affordability control covenant recorded on the real property.

## **V. AFFORDABILITY REQUIREMENTS FOR OWNERSHIP UNITS**

The initial maximum sale price for affordable sale units is determined according to a formula. Although the definitions and narrative of the formula are lengthy, the basic concept is simple. The unit must be affordable to the new buyer; therefore, the price must be such that after a ten percent (10%) down payment, the total monthly payments for the loan, taxes, insurance, and homeowner association fees will not exceed thirty-five percent (35%) of a hypothetical "target" occupant purchaser's income. A housing cost-to-income ratio of 30% is used for low and very-low-income units that were funded with Redevelopment Agency funds.

### **A. Mortgage Interest Rate**

The sale price calculation is very sensitive to changes in mortgage interest. The higher the interest rate, the lower the mortgage a given monthly loan payment will support. If the initial sale price is calculated at a time that interest rates are unusually low, subsequent buyers will have difficulty affording the unit if interest rates have increased substantially in the interim. To

further the goal of long-term affordability, in order to smooth out interest-rate fluctuations, the City will use the following procedure for setting the interest rate used for the calculation of initial sale prices of affordable units:

At least once per year, concurrently with the annual publication of the Area Median Income by HUD, the City will set the interest rate to be used in its sale price calculations using the average rate charged by local institutional lenders on a zero point 30-year fixed rate mortgage.

## **B. Private Mortgage Insurance**

The above calculation for the mortgage interest rate assumes a 20% down payment. However, most buyers of affordable units cannot afford a 20% down payment. In recognition of this, the City assumes a 10% down payment in its affordable price calculations. However, if a borrower is putting less than 20% as a down payment, conventional mortgage lenders may require the borrower to either obtain private mortgage insurance (PMI) or obtain a second deed of trust loan (at a higher interest rate) for the amount of financing above 80% of value. Either of these options increases the costs to the borrower. In the past, these extra costs have not been included in the City's affordable price calculations. Staff estimates that these added costs would be equivalent to .25% increase to interest rate. This amount is included in the calculation of price.

## **C. Homeowner Association Fees**

The sale price calculation is also sensitive to changes in homeowner association (HOA) fees. The higher the HOA fees, the lower amount of the buyers' income that is available for mortgage payments. City staff is aware of many buyers of affordable units whose HOA fees have increased substantially after they purchased their unit. This has the effect of making their unit less affordable to them and to subsequent buyers. To assure that the HOA fee used in the City's initial sale price calculations is adequate, Housing Programs staff surveys several established homeowners' associations and arrive at an average. As of May 2013, per the survey results, the estimated average HOA expense is \$416 per month.

A developer/owner of new affordable ownership units is encouraged to include the proposed method of calculating the amount of Homeowner's Association Dues applied to the designated affordable housing units. This calculation should include consideration for long-term affordability to unit owners. Either the Developers' proposed actual amount of HOA dues or the HOA annual average whichever amount is higher shall be used when calculating initial sales prices of the affordable units included in the Developer's project.

## **D. Price Calculations**

Please refer to Appendix F for a sample calculation of the maximum sale prices for middle-income units, targeted to 120% of the AMI. This calculation incorporates the mortgage interest rate of 4.50%, and the monthly HOA expense of \$416.

Selected target incomes and prices for the various income ranges used for ownership units are shown in the following two tables.

**Table 9A. Target Income Percentages Used For Ownership Projects**

Target Income %	Maximum Income %	Down Payment Assumed in Price Calculation	Example of Max. Price (2 bdrm)	Type of Subsidy Typical for this Target Income
70% (Low)	80% (Low)	5%	\$138,600	Low-incomes are seldom targeted for affordable sale housing because of the very high subsidies needed.
100% (Moderate)	120% (Moderate)	5%	\$279,500	Former Redevelopment Agency/ Successor Housing Entity
120% (middle)	160% (middle)	10%	\$341,400	No subsidy sources are available for above-moderate incomes – but density bonuses are allowed for middle-income units
160% (upper-middle)	200% (upper-middle)	10%	\$491,200	

**Table 9B. Maximum Sale Prices For Affordable Ownership Units**

	Target Income	Studio	1 BD	2 BD	3 BD
Moderate Income	100%	\$163,800	\$221,700	\$279,500	\$314,600
Middle Income	120%	\$203,400	\$272,400	\$341,400	\$387,400
Upper Middle Income	160%	\$295,400	\$396,900	\$491,000	\$553,000

## **VI. DENSITY BONUS**

The density bonus program is implemented as part of the City's development review process and is subject to State legislation. Please refer to Appendix B.

The City has adopted a density bonus ordinance (Appendix B-II) that provides more options to the City and developer. Proposed projects that include bonus units are reviewed on a case-by-case basis upon submission of project financial information, including a development budget and proforma.

## **VII. INCLUSIONARY HOUSING ORDINANCE**

The City's Inclusionary Housing Ordinance requires, in projects where there are 10 or more ownership units (excluding any density bonus units), that at least 15% of the units be sold at prices affordable to middle-income buyers. The ordinance specifies that the developer shall be entitled to a density bonus for the required inclusionary units, subject to some limitations. The ordinance applies to condominium conversions, but does not apply to rental projects. Projects of two (2) through nine (9) units are generally required to pay a pro-rated in-lieu fee for each unit. There is no requirement that projects of this size provide an inclusionary unit, and no entitlement to a density bonus.

Among the stated purposes of the ordinance are to implement the policy of the City's Housing Element which encourages development of housing for first time home buyers, including moderate and middle income households, protection of the economic diversity of the City's housing stock, and reduction of commuting and related air quality impacts. Please refer to Appendix D.

## **VIII. DEVELOPMENT REVIEW OF AFFORDABLE PROJECTS**

### **A. Minimum Unit Sizes for Affordable Units**

The maximum rents and sale prices for affordable units are adjusted according to the number of bedrooms; implicit in this adjustment is the assumption that larger units will house larger households. To assure that affordable units are large enough for the number of people for which they are meant, these policies set minimum sizes.

Exceptions to the minimum sizes in the following table may be made by the City's Community Development Director if he or she determines that

(1) The smaller sizes of the units are appropriate and necessary for the feasibility of the development in light of site constraints and targeted residency; or

(2) The average size of the market rate units in the project is smaller than the minimum unit size; or

(3) The smaller sizes of the units are compensated by non-standard design features that make the smaller units equivalent in function and comfort to a unit without these design features but which meets the minimum size requirement. Non-standard design features might include larger private outdoor living space, higher ceilings, more generous fenestration, attractive and spacious common area for the residents, or a combination of these or other features.

The minimum unit sizes in net square feet of floor area are as follows:

**Table 10. Minimum Sizes for Affordable Units**

	Low-Income Rental Units	Moderate Income Ownership Units*
Studio:	400 sq. ft.	450 sq. ft.
1 Bedroom:	540 sq. ft.	600 sq. ft.
2 Bedroom:	765 sq. ft.	850 sq. ft.
3 Bedroom:	990 sq. ft.	1,100 sq. ft.
4 Bedroom:	1,150 sq. ft.	1,300 sq. ft.

\*All affordable owner units should be comparable in size to market rate units in the same housing project.

Absent a waiver from the Community Development Director, two bedroom affordable units shall have at least one and one-half bathrooms, and three and four bedroom affordable units shall have at least two bathrooms. However, the required number of bathrooms shall not be greater than the number of bathrooms in the market-rate units.

## **B. Application and Permitting Process for Affordable Projects**

Projects with affordable dwelling units go through the same development review process as other residential developments, but are subject to a few additional steps. The developer will have contact with the City's Housing Programs staff, which implement the City's affordable housing programs and assure compliance with the requirements of those programs.

1. Housing Programs staff will prepare a draft of the implementing document, such as a recorded covenant; the developer will be advised obtain written approval of the resale control structure from all lenders. Prior to issuance of building permits, the developer

must execute and record the affordability control covenant. This covenant is referred to as the “Interim Covenant” or “Developer’s Covenant”.

2. Prior to the issuance of a Certificate of Occupancy and prior to the initiation of marketing of the affordable units, the developer must submit a marketing plan acceptable to Housing Programs staff. Such plan must describe the proposed advertising methods and staff training the developer plans in order to comply with federal, State and local fair housing laws. The plan must also propose a process for the application procedure, selection of eligible occupant purchasers and identify preferences, if any, to be given. Typically, for affordable projects without City or other public financing, a preference is given to applicants who live or work in the South Coast area of Santa Barbara County (from Gaviota to the Ventura County line). Lottery applicants are preliminarily screened for meeting the applicable City requirements. In order to provide a preference to applicants who live or work in the South Coast, two lotteries will be conducted to determine a sequential ranking of applicants. All of the Applicants that live or work in the South Coast area will be drawn in the first lottery. The applicant first drawn has the first opportunity to be fully qualified to purchase and shall get first selection of a unit. All of the Applicants that do not work or live in the South Coast area will be drawn in the second lottery and will be numbered after the last name drawn from the first lottery. The process continues until there is a fully qualified occupant purchaser for each available affordable unit.
3. Housing Programs staff must approve the eligibility of the initial renters or occupant purchasers, and the initial rent levels or sales prices and financing. Housing Programs staff will inform the prospective occupant purchasers of the resale requirements affecting the unit they are purchasing.
4. As a part of escrow proceedings on an affordable unit, a new covenant wherein the occupant purchaser agrees to comply with the requirements of the affordable housing program is recorded. Occupant purchasers of affordable units are not allowed to move in until after close of escrow, except in exceptional circumstances and upon written pre-approval of the Community Development Director.

## **IX. CONTINUING AFFORDABILITY ASSURANCE**

Regardless of funding (sources or types), program, or ordinance-specific requirements, the City imposes affordability requirements on rental and ownership units for the long term, in most cases for ninety - (90) years.<sup>3</sup> To assure the continued affordability for this entire time, the City

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<sup>3</sup> In 2007, Council approved revised affordability controls on City-funded Housing Authority Projects. Program-specific requirements are imposed for the minimum period allowable. For example, if the federal CDBG or HOME program requires a particular federally funded project to be affordable for 15 years, then the City would

requires that a document be recorded which restricts the maximum rental or resale prices of the controlled units. Different forms of documents are used for rental projects and ownership projects and an “interim covenant” or “developer covenant” is recorded prior to construction of new units.

### **A. Affordability Assurance for Rental Projects**

The City requires a covenant be recorded against a rental project to assure continued affordability of controlled rental units. It implements the affordability controls and reporting requirements specified in the standard conditions. It provides that in the event of any default under the covenant, the City has the right to receive all rents due or collected from any unit rented in violation of the terms of the covenant. The City also has the right to enforce the covenant through legal action.

### **B. Affordability Assurance for Ownership Projects**

The City requires that an affordability covenant record against each restricted ownership unit to assure continued affordability. The current covenant for ownership units is the “Affordability Covenant and Option to Purchase” (“ACOP”). This project specific ownership covenant implements the affordability controls and reporting requirements specified in the Planning Commission's conditions, the “Interim” covenant and in these Affordable Housing Policies and Procedures. The developer (seller), the new owner (occupant purchaser), and the City sign the covenant. Of course, it is important for prospective developers, occupant purchasers, and sellers to read and understand the current version of the covenant they will be required to sign. Please contact Housing Staff for the current version of the ACOP. In the event of inconsistencies between program policy summarized below and the project specific ACOP terms and conditions, the project specific ACOP terms and conditions will control.

The following is a summary of some of the requirements of the ACOP:

1. At the time of an occupant purchaser’s application to participate in the process of purchasing an affordable property, the occupant purchaser’s annual gross household income (from all sources) must not exceed the maximum for the specified income category (such as moderate income, middle income, etc.). Income from all adults who will occupy the property shall be included in the household income. The ACOP details the factors used and documentation required for the determination of income. All information and documentation provided to the City is subject to third-party verification. Qualification documentation is valid for a 90-day

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impose only 15 years of applicable federal rent restrictions on the project. The affordability covenant would still be for a 90-year term, but (in this example) the remaining 75 years of controls would simply require HASB to administer the tenant selection and rental rates in accordance with their own “non-HUD” program policies for low income rentals.

period. If an applicant has not purchased a home within this period, updated financial and other documentation is required.

2. Community redevelopment law requires that moderate-income purchasers' minimum housing expenses (including property taxes and HOA fees) be at 28% of the occupant purchasers' income. In addition, City policy requires that the maximum value of an occupant purchaser's assets, excluding retirement accounts subject to IRS rules, cannot exceed three (3) times the purchase price of a City affordable property.
3. The occupant purchasers' down payment must not be less than 5% or exceed 40% of the purchase price of the affordable property. The occupant purchasers' housing expenses, including mortgage loan payment(s), taxes, insurance and HOA fees, shall not exceed 40% of the occupant purchaser's gross household income. The occupant purchasers' total debt to income ratio shall not exceed 50%. In the case of an adjustable rate mortgage, the mortgage loan payment is calculated using the fully indexed rate or the start rate, whichever is greater. The Community Development Director, on a case-by-case basis, will consider a waiver of these requirements for good cause. For example, the Director will consider waiving the down payment limits where the occupant purchaser has cash for a larger down payment or an all cash purchase (perhaps from an inheritance or divorce settlement). In such cases, the occupant purchaser is still subject to all other qualification requirements including verification that they have sufficient monthly income to support the 40% housing cost to income ratio under a theoretical 60% LTV 30-year fully amortized mortgage. As another example, the Director will consider approving a slightly higher income to housing cost ratio in the event an occupant purchaser requires a co-signer to obtain a loan.
4. A credit ("FICO") score within the bottom quartile of credit scores nationwide shall initially disqualify an occupant purchaser from owning an affordable unit. Upon disqualifying an occupant purchaser for this reason, City staff shall refer the disqualification to the Community Development Director, or designee, for review. The Community Development Director, or designee, will consider waiving the credit score requirement on a case-by-case basis for good cause (such as mitigating circumstances for the low credit score).
5. Occupant purchasers may receive all or a portion of the down payment as a gift provided the gift does not exceed 20% of the purchase price and the donor provides a gift letter acceptable to the occupant purchaser's lender and the City.
6. Any proposed sale or other transfer of any interest in the property requires pre-approval by the City and must comply with the requirements set forth in the affordable covenant in effect at the time of the sale, including the maximum sale price, approval of the occupant purchaser (Transferee) by the City, terms of sale, financing, and all relevant documents. The owner grants to the City an option, or right of first refusal, to purchase the property any time an owner wishes to sell.

7. The terms of all financing secured by the property require pre-approval by the City, whether at the time of sale or at any other time and such approval shall be a condition precedent to recording any deed of trust or other security instrument against the property. The City will generally approve a refinancing of the first mortgage loan if no additional cash is taken out other than the loan costs, and the terms of the new loan are more favorable. If the owner wishes to take out cash, the City will consider the request on a case-by-case basis. If the City approves a cash-out refinance to enable the owner to pay off installment debt, the City requires that the debt payments are documented through the refinance escrow. If the City has secondary financing on the property, approval of a refinance is subject to the City's security interest and the owner's ability to repay remaining strong. Please refer to the discussion of subordination of City financing in Section C below.
8. Occupant purchasers of units with three or more bedrooms must be a household, as defined by the City, of at least three persons. The Community Development Director or the Director's designee may approve exceptions to this household size requirement in cases where the occupant purchaser demonstrates a need for a larger unit, or where necessary to prevent hardship.
9. At all times during the term of the affordability covenant, an owner must occupy the property as his/her principal place of residence. The City retains the right to purchase affordable units when such units are in default or foreclosure. In addition, an owner assigns to the City the right to any rents collected in violation of the covenant.
10. The term of the covenant shall be at least ninety- (90) years from the effective date of the covenant. If an owner occupies the unit for the full term, the controls expire and the owner may sell the unit to any buyer for any price. However, years of ownership are not transferable. If the owner sells the unit during the term of the covenant, the new owner will be required to sign and record a new covenant, which begins a new ninety-year period of price and occupancy restrictions. This requirement will continue for each new owner of the unit.
11. An occupant purchaser may not have any type of ownership interest in other "residential real property" as defined by the City at the time of application to purchase or at any time during ownership for the term of the affordability covenant. The City includes the following to be "residential real property" for the purposes of this policy: residential real estate, long-term leaseholds, residentially zoned land whether improved or unimproved, manufactured housing, and mobile homes. The Community Development Director, or designee, will consider waiving this requirement for good cause. For example, the Director, or designee, will consider waiving the requirement when the ownership interest in another property is a small fractional interest, if the property has minimal value compared to the value of the affordable unit, or in the case of an existing City affordable owner (in good standing) who has outgrown their unit due to birth or adoption. Years of ownership are not transferable. In the event an existing owner purchases another unit, they will be required to execute the affordable covenant in effect at the time of the purchase.

12. Owner(s) are required to submit an annual report to certify full compliance with the terms of the covenant.

### **C. Subordination of City Financing**

When the City provides low interest financing or grants to assist affordable housing projects and the occupant purchasers of individual units, the City's financing is secured by a deed of trust recorded subordinate to approved financing from other institutions. Often the owners wish to refinance the senior institutional financing to obtain a lower interest rate while keeping the City's loan in place. In such cases, the new lender requires the City to subordinate its deed of trust to the new approved financing, so the new financing retains priority in the event of default.

Generally, the City will approve subordination requests when:

- the borrower is refinancing solely for the purpose of obtaining a lower interest rate, and
- the borrower is taking no cash out of the transaction, and
- the new institutional loan is fully amortized with no balloon payment, and
- The subordination does not place the City loan at greater risk.

Generally, the City will not approve subordination requests when:

- the City financing is deferred or only partially amortized, and the borrower proposes to take cash out of the transaction, or
- the new institutional financing may result in negative amortization (unless the City is satisfied that there is adequate owner equity (at least 20 to 25%) and excellent credit history), or
- the subordination places the City loan at significantly greater risk, or
- The borrower is not in full compliance with the City's affordability requirements.

For subordination requests that do not fall neatly into either of the above categories, the City will review the circumstances, and may approve or deny the subordination, or approve it subject to conditions. For example, where the subordination places the City at a higher (but still acceptable) risk of loss, the City may require an extended period of affordability. As another example, in cases where the borrower is taking out a substantial amount of cash the City may require partial repayment of the City's loan from the cash to be taken out.

City Council has delegated authority to review subordinations on a case-by-case basis, for both affordable rental properties and owner occupied affordable units, and either approve, deny, or approve subject to conditions, provided:

1. either the new senior loan amount is no more than the original amount of loan being replaced, or the total loans to property value does not exceed 80%, and
2. the subordination does not place the City loan at significantly greater risk, and,
3. the borrower is in full compliance with the City's affordability requirements

Such authority is delegated as follows:

1. For single-family or 1-4 unit owner-occupied properties, to the Community Development Director, or designee.
2. For multifamily rental properties, to the Loan Committee (comprised of the Finance Director, Assistant City Administrator, and the Community Development Director)<sup>4</sup>.

## **XI. RESALE PRICE CALCULATION**

Upon resale, affordable units must remain affordable to households within the approved income level. Affordability is assured upon the sale of any affordable unit through the covenant, which sets forth the formula for calculating the maximum allowable price upon resale.

### **A. Standard Resale Price Formula**

To set the price upon resale, Housing Programs staff starts with the price paid by the current owner and increases that price by the percentage increase in Area Median Income (AMI) during the period in which the Owner owned the Property.

### **B. Mid-Year Adjustment**

The AMI is established annually. To allow for some projected change in the sales price between publication dates, the following shall be included in the calculation of price:

One-half of the average annual percentage change in the index over the previous two years divided by twelve and multiplied by the number of months between the last publication of the index and the date of sale of the unit.

For example, if an affordable unit was sold in November, and the AMI was last published the preceding February, and the AMI increases for the previous two years were three percent and five percent, the mid-year adjustment would be calculated as follows:

$$\frac{1}{2} \times ((3\% + 5\%)/2) \times \frac{1}{12} \times 9 \text{ months} = 1.5\%$$

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<sup>4</sup> In April 2007, City Council granted authority to the Loan Committee to approve loans and grants to non-profit housing providers up to a limit of \$60,000 per unit and \$360,000 per project.

If the seller had bought the affordable unit for \$200,000, the mid-year adjustment would amount to an additional \$3,000 to be added to the maximum sale price.

Note that this adjustment allows only one-half of the average recent change. This is to prevent the adjustment from over-estimating the rate of change in the index. In past years, the growth of the index has sometimes suddenly slowed down, and using one-half of the average is a conservative approach to anticipate such slowdowns.

If a mid-year adjustment is added to the sale price of a unit, on the next resale of that unit, the price increase will be reduced by the amount of the mid-year adjustment that had previously been added, so that the price is not increased by both the real and projected increase during any period.

For example, in the above scenario a mid-year adjustment of \$3,000 was added to the sale price in November. This reflected an estimate of the change in the AMI from February until November. Let's assume that the occupant purchaser paid \$220,000 for the unit in November, and then decided to sell the following March, right after a new AMI was published. The new AMI was 5% higher than that of the prior year. It makes sense to use this actual 5% increase in calculating the resale price. However, the amount of the mid-year adjustment that was given to the previous seller must be subtracted before the actual 5% increase is added. This is so the price is not increased by both the estimated increase in the AMI (the mid-year adjustment given to the previous seller) and the actual increase.

Thus, the resale price would be calculated as follows:

$$(\$220,000 - \$3,000) \times 105\% = \$227,850$$

It should be noted that the AMI has also decreased at times. The same formula will be applied and the resulting change could reduce the maximum sales price.

For owners in good standing and not in violation of the Covenant, the City's policy is that an affordable owners' calculated maximum resale price will not be less than their purchase price. However, the maximum calculated sale price is not a guarantee that the owner will be able to sell for that price due to market conditions or due to specific project requirements. If the Property sells for less than the maximum sale price, such lower price will become the basis for the calculation of the maximum sale price upon the next sale of the Property.

### **C. Purchase upon Default**

To assure compliance, the covenant provides that, in the event of default, the City shall have the option to purchase the property at a 'default' purchase price that shall not exceed the lower of the following:

1. The Maximum Sales Price calculated per Section XI above as of the date of default; or

2. The appraised value of the property as determined by a state licensed appraiser approved by the Owner and City, or
3. The amount necessary to pay the balance due on any City-approved financing

The default purchase price, as determined per the above, shall be further reduced by ten percent (10%) to cover the City's resale costs plus the cost of damage or maintenance repairs as reasonably determined by the City. The City may also enforce the covenant through the courts.

#### **D. Owner's Improvements**

To help assure continued affordability to subsequent occupant purchasers, no price increase or other reimbursement will be allowed for property improvements made by the owner. The owner is of course free to make improvements for the owner's benefit and enjoyment, but the owner will not be compensated for such improvements upon sale of the property.

The Community Development Director or designee will consider, on a case-by-case basis, exceptions to the policy against price increases for property improvements. Please see the ACOP for specific requirements.

#### **E. Other Requirements and Conditions**

1. No price increase whatsoever is allowed during such time, if any, that Owner was in violation of any requirement of their recorded Covenant.
2. Upon the resale of an affordable owner's unit, the occupant purchaser (Transferee) or their designee, and Housing Programs staff or staff's designee shall be afforded reasonable opportunity to inspect the property for damage or deferred maintenance. If there is property damage or if there is substantial deferred maintenance, Seller shall correct to City's satisfaction. The Housing Programs staff may lower the maximum sale price by the amount needed either to repair the damage or to carry out the needed maintenance.
3. The owner/seller may not require the occupant purchaser to pay any commissions or other costs of sale typically paid by sellers of residential real property. The seller cannot require the occupant purchaser to pay the listing agent; likewise, the occupant purchaser cannot require the seller to pay the selling (occupant purchaser's) agent. Absent a 'cooperating' provision in the listing agreement, an occupant purchaser of a City affordable unit may contract with a real estate agent for representation and pay the negotiated fee for this service.
4. The price paid to Owner by an occupant purchaser for Owner's personal property must be disclosed to the City in writing during escrow, and the cost shall not exceed the current fair market value of such property
5. Under no circumstances will an affordable unit's maximum sales price be increased by the amount of monthly HOA dues/assessments or the conversion of an increase of HOA dues to a

Special Assessment. Resale price increases requested due to a Special HOA assessment imposed on a City affordable housing project will be considered on a project-by-project basis, subject to prior written notice to the City by the HOA Board and prior-to-assessment approval by the Community Development Director or designee.

## **XII. CONCLUSION**

This summary of the policies and procedures of the City's affordable housing program is intended to demonstrate the strength of the City's commitment to encouraging and preserving housing that is affordable to residents of the City of Santa Barbara. Updates, as warranted, will reflect changes in indexes used to calculate income, rents and sales prices, new federal and state regulations, action by City Council or administrative needs. The Community Development Director, or his designee, has the authority to approve such administrative revisions subject to approval as to form by the City Attorney.

The calculations contained herein are based upon 2015 indexes that change at least annually. To obtain current information or if you have questions about the topics covered in this manual, contact Housing Programs staff at 805-564-5461.

**City of Santa Barbara  
Affordable Housing Inventory**

Long-Term Affordability  
(Covenant or Non-Profit Owner)

By Occupancy Type

Address	Project Name	DEVELOPER	TYPE	#Afford Units	# Very Low & Low	# MOD Units	# MID Units	# Upper Mid Units	Fiscal Year	New, Rehab, Acquis, Other	City Funding
<b>Occupancy: Rental (not Sr. Only)</b>											
1104 Carpinteria St	Borgatello DB	M Borgatello	For profit	2		2			1993-94	New	
1114-1120 E Mason St	Hoit Gardens	HASB	HASB	10	10				1981-82	Acquis	\$50,000.00
1114-1120 E Mason St	Hoit Gardens	HASB	HASB	-	-				2001-02	Rehab	\$196,000.00
114 La Paz	N/A	Roberts	For profit	2	2				1989-90	New	
115-125 W Anapamu	Sanctuary Psych	Sanctuary Psych	Non profit						2013-14	Rehab	\$50,000.00
115-125 W Anapamu St	Hollister House Apts	Sanctuary Psych	Non profit	8	8				2008-09	Rehab	\$250,000.00
115-125 W Anapamu St	Sanctuary Psych	Sanctuary Psych	Non profit	27	27				1995-96	Rehab	\$1,100,000.00
1203-1215 Castillo St	Wilson Cottages	HASB	HASB	24	24				1983-84	New	\$25,000.00
1215 Cacique St	N/A	Steve Wright	For profit	5	4	1			1984-85	New	\$0.00
1215-19 Quinientos St	Los Ninos	Plaza de los Ninos	For profit	14	3	11			1984-85	New	\$150,000.00
1217,1219,1221 De la Vina St	N/A	Hansen Armstrong	For profit	16	16				1982-83	Rehab	\$62,500.00
125 S Voluntario St	N/A	HASB	HASB	3	3				1989-90	Acquis	\$20,000.00
125 S Voluntario St	N/A		Non profit	-	-				1989-90		\$26,252.00
1306 Garden St	N/A	Lippincott	For profit	4		4			1989-90	New	
13-21 S Soledad St	Pearl Gardens	HASB	HASB	15	15				1973-74	New	
1409 Castillo St	Las Casitas	CHC	Non profit	-	-				1993-94	Rehab	\$225,300.00
1409 Castillo St	Las Casitas	CHC	Non profit	-	-				1993-94		\$95,150.00
1409 Castillo St	Las Casitas	CHC	Non profit	3		3			2001-02	Rehab	\$56,000.00
1426 Euclid Ave	N/A	Gifford/Davenport	For profit	1	1				1985-86	New	
15 E Haley St	Faulding Hotel	Pueblo Nuevo Assc	Non profit	81	41	40			1986-87	Rehab	\$1,218,500.00
15 E Haley St	Faulding Hotel		Non profit						1993-94		\$150,000.00
15 E Haley St	Faulding Hotel		Non profit						2001-02		\$10,000.00
15 E Haley St	Faulding Hotel		Non profit						2001-02		\$1,250.00
15 E Haley St	Faulding Hotel	CHC	Non profit						2004-05	Rehab	\$895,000.00
15 E Haley St	Faulding Hotel	CHC	Non profit						2005-06	Rehab	\$230,000.00
15 E Haley St	Faulding Hotel	CHC	Non profit						2009-10	Rehab	\$25,000.00
1724 -1726 Chino St	N/A		For profit	2	2				1987-88		\$90,450.00

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Affordable Housing Inventory**

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1831 De la Vina St	N/A	HASB	HASB	4	4				1982-83	Acq-Rhb	
1910 San Pascual St	N/A	HASB	HASB	12	12				1997-98	New	\$370,000.00
1910-1912 Robbins St	N/A	Arivera	For profit	2		2			1989-90	Acq-Rhb	
1913 San Pascual St	N/A	HASB	HASB	10	10				1982-83	Acq-Rhb	
1934-1938 Elise Way	N/A	HASB	HASB	16	16				1975-76	Acquis	
21 E Anapamu St	Casa las Granadas	PSSHC	Non profit	12	12				2001-02	New	\$480,000.00
21 E Anapamu St	Casa las Granadas	PSSHC	Non profit	-	-				2006-07	New	\$1,581,000.00
21 E Anapamu St	Casa las Granadea	PSSHC	Non profit	-	-				2001-02		\$60,000.00
210 W De la Guerra St	N/A		For profit						1983-84		\$33,500.00
210 W Victoria St	Victoria Street Apts	PSSHC	Non profit	6	6				1994-95	New	\$0.00
210 W Victoria St	Victoria Street Apts	PSSHC	Non profit						1994-95		\$85,392.00
210 W Victoria St	Victoria Street Apts	PSSHC	Non profit	11	11				1996-97	Acq-Rhb	\$378,464.00
210 W Victoria St	Victoria Street Apts	PSSHC	Non profit	-	-				1996-97		\$295,000.00
210 W Victoria St	Victoria Street Apts	PSSHC	Non profit	-	-				2001-02		\$21,000.00
210 W Victoria St	Victoria Street Apts	PSSHC	Non profit	-	-				2001-02		\$90,000.00
210 W Victoria St	Victoria Street Apts	PSSHC	Non profit	-	-				2008-09	Rehab	\$3,500.00
211-221 Sycamore	Sycamore Gardens	HASB	HASB	20	20				1988-89	New	
217-227 S Salinas St	N/A	HASB	HASB						1988-89		\$25,000.00
217-227 S Salinas St	N/A	HASB	HASB	10	10				1988-89	Acq-Rhb	\$50,000.00
219-231 Meigs Rd	N/A	HASB	HASB	18	18				1973-74	New	
22 E Victoria St	Victoria Hotel	PSHHC	Non profit	-	-				1999-00		\$700,000.00
22 E Victoria St	Victoria Hotel	PSHHC	Non profit	28	28				1999-00	Acq-Rhb	\$430,000.00
22 E Victoria St	Victoria Hotel	PSHHC	Non profit	-	-				2000-01	Rehab	\$290,000.00
22 E Victoria St	Victoria Hotel	PSSHC	Non profit	-	-				2006-07	Rehab	\$95,000.00
221-223 W Victoria St	N/A	HASB	HASB	12	12				1989-90	Acquis	\$268,748.00
222 Meigs Rd	N/A	R Kallman	For profit	2		2			1990-91	New	
224 W Ortega St	N/A	HASB	HASB	-	-				1985-86	New	\$60,000.00
224 W Ortega St	N/A	HASB	HASB	-	-				1996-97	Rehab	\$180,000.00
224 W Ortega St	N/A	HASB	HASB	-	-				2009-10	Rehab	\$13,000.00
224 W Ortega St	N/A	HASB	HASB	6	6	0	0	0	2012-13	Rehab	\$30,000.00
227 W Anapamu St	N/A	Mulder	For profit	7	7				1984-85	Rehab	\$30,000.00

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227-C E De la Guerra St	De la Guerra Court	Barry Berkus	For profit	1			1		1986-87	New	
232 E Canon Perdido St	N/A	Am Landmark	For profit	1			1		1990-91	New	
233 W Ortega St	N/A	HASB	HASB	6	6				2010-11	New	\$300,000.00
2941 State St	N/A	HASB	HASB	6	6				2010-11	Acq-Rhb	\$450,000.00
2941 State St	N/A	HASB	HASB	-	-				2010-11	Acq-Rhb	\$270,000.00
2nd Stage Apts.	2nd Stage Apts	DVS	Non profit						1993-94	Acq-Rhb	\$341,546.00
2nd Stage Apts.	2nd Stage Apts	DVS	Non profit	-					2003-04	Rehab	\$250,000.00
2nd Stage Apts.	2nd Stage Apts	DVS	Non profit	-					2005-06	Rehab	\$10,000.00
309-319 S Voluntario St	Paseo Voluntario	HASB	HASB	-	-				2000-01	New	\$640,000.00
309-319 S Voluntario St	Paseo Voluntario	HASB	HASB	-	-				2001-02		\$180,000.00
309-319 S Voluntario St	Paseo Voluntario	HASB	HASB	-	-				2001-02		\$200,000.00
309-319 S Voluntario St	Paseo Voluntario	HASB	HASB	20	20				2002-03	New	\$980,000.00
314 W Canon Perdido St	N/A	Yamada	For profit	14	14				1981-82	Rehab	\$73,500.00
315 W Carrillo Rd	El Carrillo	HASB	HASB	62	62				2003-04	New	\$300,000.00
315 W Carrillo St	El Carrillo Landbanking	HASB	HASB	-	-				2002-03	Other	\$1,775,000.00
316 Rancheria St	N/A		For profit						1994-95		\$78,000.00
320 S Salinas St	Casa Marianna	Transition House	Non profit	13	13				1997-98	New	\$675,500.00
320 S Salinas St	Casa Marianna	Transition House	Non profit	6	6				2001-02	New	\$480,000.00
320 S Salinas St	Casa Marianna	Transition House	Non profit						2005-06	Rehab	\$160,000.00
322 Ladera St	Milagro de Ladera	PSSHC	Non profit	51	51				1997-98	Acq-Rhb	\$1,002,643.00
322 Ladera St	Milagro de Ladera		Non profit	-	-				1997-98		\$900,000.00
322 Ladera St	Milagro de Ladera		Non profit	-	-				1997-98		\$15,402.00
322 Ladera St	Milagro de Ladera		Non profit						1998-99		\$75,000.00
322 Ladera St	Milagro de Ladera	PSSHC	Non profit	-	-				2009-10	Rehab	\$135,000.00
323-327 S Voluntario St	Paseo Voluntario	HASB	HASB	7	7				1973-74	Acquis	
335 W Carrillo /922 Castillo St	Casa de las Fuentes	HASB	HASB						1994-95	Other	\$379,000.00

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335 W Carrillo /922 Castillo St	Casa de las Fuentes	HASB	HASB						1996-97		\$136,500.00
335 W Carrillo St	Casa de las Fuentes	HASB	HASB	-	-				1996-97	New	\$390,000.00
335 W Carrillo St	Casa de las Fuentes	HASB	HASB		42	42			2000-01	New	\$1,284,700.00
335 W Carrillo St	Casa de las Fuentes	HASB	HASB	-	-				2000-01		
335 W Carrillo St	Casa de las Fuentes	HASB	HASB	-	-				2001-02		\$300,000.00
3931 Via Diego	La Colina Apartments	HASB	HASB		24	24			1984-85	New	\$27,706.00
4006,4008 & 4021 Via Lucero St	El Patio Family	Wagner	For profit		65	65			2012-13	Other	\$2,896,429.00
401 1/2 Old Coast Hwy	N/A				3	3			1982-83	New	
416 E Cota St	Artisan Landbank	HASB	HASB	-	-				2005-06	Other	\$2,000,000.00
416-424 E Cota St	Artisan Court	HASB	HASB		56	56			2009-10	New	\$284,583.00
416-424 E Cota St	Artisan Court	HASB	HASB	-	-				2009-10		\$915,417.00
416-424 E Cota St	Artisan Court		Non profit	-	-				2009-10		\$1,284,700.00
417 1/2 N Soledad St	N/A		For profit						1990-91		\$45,500.00
417, 417 1/2 N Soledad St	N/A		For profit						1990-91		\$2,400.00
419 State St	Firenze	Firenze	For profit		2		2		1990-91	New	
420 E De la Guerra St	Presidio Park Apartments	Goldrich Kest	For profit		50	50			1979-80	New	
421 N Alisos St	N/A	Lomeli	For profit		1	1			2004-05	New	
421-425 E Cota	Mom's Place	Transition House	Non profit						2007-08	Other	\$120,000.00
421-425 E Cota	Mom's Place	Transition House	Non profit	-					2009-10	Rehab	\$100,000.00
421-425 E Cota	Mom's Place	Transition House	Non profit		8	8			2009-10	New	\$680,000.00
421-425 E Cota	Mom's Place	Transition House	Non profit						2011-12	New	\$320,000.00
421-425 E Cota	Transition House	Transition House	Non profit		8	8			1999-00	Acq-Rhb	\$320,000.00
422 Old Coast Hwy	Old Coast Townhouse	HASB	HASB		5	5			1982-83	New	
4234 Pozzo Circle	St. Vincent's Family	Mercy	Non profit	-	-	-	-	-	2002-03	Other	\$0.00
4234 Pozzo Circle	St. Vincent's Family	Mercy	Non profit	-	-	-	-	-	2002-03	New	\$0.00
4234 Pozzo Circle	St. Vincent's Family	Mercy	Non profit		75	75	-	-	2004-05	New	\$8,611,950.00
424 Rancheria St	Rancheria Village	Bialosky/Peikert	For profit		14	14			1994-95	New	\$560,000.00

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425-431 E Ortega St	N/A	HASB	HASB	3	3				1975-76	Acquis	\$49,000.00
425-431 E Ortega St	N/A	HASB	HASB						1976-77	New	
432 W Valerio St	N/A	Bates&Tucker	For profit	10	2	8			1984-85	New	\$90,000.00
47 Broadmoor Pl	Broadmoor	CHC	Non profit	15	15				1993-94	Acq-Rhb	\$598,500.00
509-511 Fig Ave	Fig Apartments	Athompson	For profit	15	15				1981-82	Rehab	\$42,000.00
509-511 Fig Ave	Fig Apartments		For profit	-	-				1981-82		\$250,000.00
510-520 N Salsipuedes St	Jardin de las Rosas	PSHHC	Non profit						2012-13	New	\$900,000.00
510-520 N Salsipuedes St	Salsipuedes Land	PSHHC	Non profit						2011-12	Other	\$2,000,000.00
511-515 W Victoria St	N/A	HASB	HASB	-	-				1985-86	New	\$150,000.00
511-515 W Victoria St	N/A	HASB	HASB	-	-				1985-86		\$25,000.00
511-515 W Victoria St	N/A	HASB	HASB	11	11				2013-14	Rehab	\$96,000.00
512-518 Bath St	Bradley Studios	HASB	HASB	-	-				2008-09	New	\$4,800,000.00
512-518 Bath St	Bradley Studios	HASB	HASB	54	54				2009-10	New	\$3,600,000.00
512-518 Bath St	Bradley Studios	HASB	HASB	-	-				2012-13	Other	\$0.00
512-522 W Montecito St	Monteria Village	HASB	HASB	28	28				1973-74	New	
514-516 Chapala St	N/A		For profit						1982-83		\$20,000.00
514-516 Chapala St	N/A		For profit						1982-83		\$54,000.00
514-520 W Sola St	West Cola	CHC	Non profit	-	-				2001-02	Rehab	\$60,000.00
514-520 W Sola St	West Sola	CHC	Non profit	30	30				1997-98	Acquis	\$248,882.00
514-520 W Sola St	West Sola	CHC	Non profit	-	-				1997-98		\$751,948.00
518 E Canon Perdido St	Mental Health Assc	Canon Perdido Assc	For profit	8	8				1996-97	New	\$189,000.00
518 E Canon Perdido St	Mental Health Assc	Canon Perdido Assc	For profit	-	-				1996-97		\$107,000.00
518 E Canon Perdido St	Mental Health Assc	Canon Perdido Assc	For profit	-	-				1996-97		\$215,000.00
519-521 N Alisos St	N/A	HASB	HASB	4	4				1975-76	Acquis	
520 E Olive/De la Guerra St	AKA 730 Olive St	J Butler	For profit	1		1			1985-86	New	
521 W Victoria St	ShelterSvcsWomen	SSW	Non profit						1993-94		\$249,300.00
521 W Victoria St	ShelterSvcsWomen	SSW	Non profit	15	15				1993-94		\$430,000.00
521 W Victoria St	ShelterSvcsWomen	SSW	Non profit						1995-96		\$45,000.00
521 W Victoria St	ShelterSvcsWomen	SSW	Non profit						1996-97		\$47,246.00
521 W Victoria St	ShelterSvcsWomen	SSW	Non profit						2003-04		\$250,000.00

**City of Santa Barbara  
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Long-Term Affordability  
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By Occupancy Type

Address	Project Name	DEVELOPER	TYPE	#Afford Units	# Very Low & Low	# MOD Units	# MID Units	# Upper Mid Units	Fiscal Year	New, Rehab, Acquis, Other	City Funding
521 W Victoria St	ShelterSvcsWomen	SSW	Non profit						2005-06		\$10,000.00
602 Eucalyptus Ave	N/A	HASB	HASB	4	4				1982-83	Acq-Rhb	
606 W Micheltoarena St	N/A	HASB	HASB	3	3				1972-73	New	
610-616 W Carrillo St	Casa Carrillo	HASB	HASB	7	7				1983-84	New	
617 Garden St	Mental Health Assoc	SB MHA	Non profit	-	-				2009-10	Rehab	\$360,000.00
617 Garden St	Mental Health Assoc	SB MHA	Non profit	51	51				2009-10	New	\$6,300,000.00
620-652 Castillo St	La Casa Castillo	HASB	HASB	17	17				1984-85	New	\$98,528.00
620-652 Castillo St	N/A	HASB	Non profit	-	-				1984-85		\$75,000.00
625-629 Coronel Pl	Coronel Place	CHC	Non profit	-	-				1982-83		\$196,000.00
625-629 Coronel Pl	Coronel Place	CHC	Non profit	-	-				1984-85		\$585,000.00
625-629 Coronel Pl	Coronel Place	CHC	Non profit	20	11	9			1984-85	Rehab	
625-629 Coronel Pl	Coronel Place	CHC	Non profit						2001-02	Rehab	\$99,000.00
625-629 Coronel Pl	Coronel Place	CHC	Non profit	-	-				2009-10	Rehab	\$32,000.00
630 Bath St	N/A	HASB	HASB	4	4				1973-74	New	
630 Bath St	N/A	HASB	HASB	2	2				2010-11	New	\$300,000.00
630 W Arrellaga St	N/A	HASB	HASB	-	-				1994-95	Acquis	\$57,600.00
630 W Arrellaga St	N/A	HASB	Non profit	4	4				1994-95		\$102,400.00
633 De la Vina St	N/A	HASB	HASB	8	8				2007-08	Acq-Rhb	\$741,080.00
633 De la Vina St	N/A	HASB	HASB	-	-				2008-09	Rehab	\$250,000.00
633 De la Vina St	N/A	HASB	HASB	-	-				2009-10	Rehab	\$110,000.00
705 Olive St	N/A	HASB	Non profit	-	-				1983-84		\$25,000.00
705 Olive St	N/A	HASB	HASB	3	3				2000-01	New	\$150,000.00
705 Olive St	N/A	HASB	Non profit	-	-				2000-01		\$60,000.00
7065-67 Marymount Way	N/A	M Towbes	For profit	2		2			1992-93	New	
716 N Salsipuedes St	N/A	HASB	HASB	4	4				1993-94	Acquis	\$72,000.00
739 E Victoria St	N/A	Campbell	For profit	4	4				1988-89	Rehab	\$160,000.00
801 835 Olive St	Olive Street	HASB	HASB						1979-80	Acquis	\$110,000.00
801 835 Olive St	Olive Street	HASB	HASB	18	18				1990-91	Acquis	\$400,000.00
801 835 Olive St	Olive Street	HASB	HASB						2013-14	Rehab	\$75,000.00
809-811 Olive St	N/A	HASB	HASB	4	4				1975-76	Acquis	
811-815 Salsipuedes St	N/A	Hawkes	For profit	13	3	10			1986-87	New	\$180,000.00
818 N Salsipuedes St	N/A	Moerler	For profit	6	6				2001-02	Acquis	
818-826 Laguna St	Presidio Gardens	HASB	HASB	46	46				1982-83	New	
82 N La Cumbre Rd	N/A	HASB	HASB	11	11				1991-92	New	\$260,000.00

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821 Bath St	Bath Street Terrace	CHC	Non profit	-					1989-90		\$91,850.00
821 Bath St	Bath Street Terrace	CHC	Non profit	12	12				1989-90	Rehab	\$378,150.00
821 Bath St	Bath Street Terrace	CHC	Non profit	-	-				2001-02		\$35,000.00
821 E Figueroa St	N/A	HASB	Non profit	-	-				2000-01		\$90,000.00
821 E Figueroa St	N/A	HASB	HASB	6	6				2000-01	Acquis	\$160,000.00
821 E Figueroa St	N/A	HASB	HASB	-	-				2013-14	Rehab	\$37,000.00
902 Olive St	Olive Townhouses	HASB	HASB	6	6				1981-82	New	
910 E Haley St	N/A	Sherwin	For profit	1	1				1986-87	New	
933 San Pascual St	CHC San Pascual	CHC	Non profit	-	-				1994-95		\$72,033.00
933 San Pascual St	CHC San Pascual	CHC	Non profit	6	6				1994-95	Acq-Rhb	\$175,025.00
933 San Pascual St	CHC San Pascual	CHC	Non profit	-	-				1994-95		\$27,919.00
933 San Pascual St	CHC San Pascual	CHC	Non profit	-	-				2007-08	Rehab	\$165,000.00
933 San Pascual St	CHC San Pascual	CHC	Non profit	-	-				2007-08	Rehab	\$20,000.00
<b>Occupancy: Rental (not Sr. Only)</b>				<b>1389</b>	<b>1290</b>	<b>99</b>					<b>\$67,774,943.00</b>
<b>Occupancy: Rental (Senior Only)</b>											
1012, 1016, 1024 E De la Guerra St	Casitas De la Guerra	HASB	HASB						1988-89		\$69,000.00
1012, 1016, 1024 E De la Guerra St	Casitas De la Guerra	HASB	HASB						1989-90		\$81,000.00
1012, 1016, 1024 E De la Guerra St	Casitas De la Guerra	HASB	HASB						1991-92		\$50,000.00
1012, 1016, 1024 E De la Guerra St	Casitas De la Guerra	HASB	HASB						1991-92		\$120,000.00
1012, 1016, 1024 E De la Guerra St	Casitas De la Guerra	HASB	HASB						1992-93		\$47,000.00
1012, 1016, 1024 E De la Guerra St	Casitas De la Guerra	HASB	HASB	15	15				1996-97	New	\$591,000.00

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By Occupancy Type

Address	Project Name	DEVELOPER	TYPE	#Afford Units	# Very Low & Low	# MOD Units	# MID Units	# Upper Mid Units	Fiscal Year	New, Rehab, Acquis, Other	City Funding
1018-1028 Castillo St	Castillo Homes	SBCHC	Non profit						1986-87		\$80,000.00
1018-1028 Castillo St	Castillo Homes	SBCHC	Non profit						1986-87		\$597,000.00
1018-1028 Castillo St	Castillo Homes	SBCHC	Non profit	32	32				1986-87	New	\$228,500.00
1027 E Ortega St	N/A	HASB	HASB	6	6				1987-88	Acquis	\$100,000.00
105 W Sola St	Edgerly Apartments	Battistone	Non profit	113	113				1974-75	Acq-Rhb	
1116 De la Vina St	Garden Court	HASB	HASB	98	98				1997-98	New	\$2,750,000.00
1325 Chapala St	Edgerly New	Battistone	Non profit	19	19				1981-82	New	
1511 Bath St	N/A	Smagala	For profit	10	2	8			1984-85	New	\$120,000.00
175 S La Cumbre Ln	Vista La Cumbre	HASB	HASB	36	36				1982-83	New	
1920 San Pascual St	N/A	Hawkes	For profit	14	5	9			1985-86	New	\$280,000.00
203-201 Hitchcock St	Rancho Franciscan	Schuck	For profit	111		111			1987-88	New	
209 W Cota St	N/A	J Smagala	For profit	6	2	4			1984-85	New	\$90,000.00
2109 De la Vina St	Palm Tree Apts	Battistone	Non profit	40	40				1974-75	Acquis	
22 E Victoria St	Victoria Hotel	PSHHC	Non profit						2008-09	Rehab	\$50,000.00
222 W Micheltorena St	N/A	J Smagala	For profit	12	5	7			1986-87	New	
227 W De la Guerra St	Cottage Garden Apts	HASB	HASB	17	17				1991-92	New	\$404,000.00
227 W De la Guerra St	Cottage Garden Apts	HASB	HASB						2009-10	Rehab	\$45,000.00
227 W De la Guerra St	Cottage Garden Apts	HASB	HASB	-	-				2012-13	Rehab	\$23,000.00
2525 De la Vina St	N/A	HASB	HASB	6	6				1990-91	Acquis	\$192,000.00
2721 Miradero Dr	Arroyo Miradero	HASB	HASB	10	10				1983-84	New	\$107,582.00
4006,4008 & 4021 Via Lucero St	El Patio Senior	Wagner	For profit	48	48				2012-13	Other	\$1,931,864.00
401-404 Transfer Ave	Castillo Court	HASB	HASB	8	8				1982-83	New	\$251,896.00
418 Santa Fe Pl	SHIFCO	HASB	HASB						1976-77	New	\$5,885,000.00
418 Santa Fe Pl	SHIFCO	HASB	HASB						2005-06		\$400,000.00
418 Santa Fe Pl	SHIFCO	HASB	HASB						2008-09		\$200,000.00
418 Santa Fe Pl	SHIFCO	HASB	HASB	107	107				2010-11	Rehab	\$580,000.00
4202 Calle Real	St. Vincent's Senior	Mercy	Non profit						2004-05	New	\$6,793,443.00
4202 Calle Real	St. Vincent's Senior	Mercy	Non profit	95	95				2005-06	New	\$2,000,000.00
521 N La Cumbre Rd	Villa La Cumbre		For profit						1986-87		\$301,838.00

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By Occupancy Type

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521 N La Cumbre Rd	Villa La Cumbre	HASB	HASB	60	60				1999-00	Acquis	\$886,700.00
521 N La Cumbre Rd	Villa La Cumbre	HASB	HASB						2009-10	Rehab	\$90,000.00
521 N La Cumbre Rd	Villa La Cumbre	HASB	HASB						2011-12	Acq-Rhb	\$100,000.00
521 N La Cumbre Rd	Villa La Cumbre	HASB	HASB	-	-				2013-14		\$0.00
616 W Mission St	N/A	HASB	HASB	6	6				1994-95	Acq-Rhb	\$40,000.00
616 W Mission St	N/A	HASB	HASB						1994-95	Acq-Rhb	\$130,000.00
649 Pilgrim Terrace Dr	Pilgrim Terrace	SBCHC	Non profit	84	84				1982-83	New	\$500,000.00
649 Pilgrim Terrace Dr	Pilgrim Terrace	Pilgrim Terrace Coop	Non profit						2001-02	Rehab	\$763,000.00
721 Laguna St	Presidio Springs	HASB	HASB	122	122				1975-76	New	\$2,000,000.00
803 Laguna St	Laguna Cottages	Laguna	Non profit						1994-95		\$251,000.00
803 Laguna St	Laguna Cottages	Laguna	Non profit						1997-98		\$310,000.00
803 Laguna St	Laguna Cottages	Laguna	Non profit						1998-99		\$3,000.00
803 Laguna St	Laguna Cottages	Laguna	Non profit						2000-01		\$38,000.00
803 Laguna St	Laguna Cottages	Laguna	Non profit						2000-01		\$10,350.00
803 Laguna St	Laguna Cottages	Laguna	Non profit	44	44				2000-01	Rehab	\$860,000.00
816 Vine Ave	N/A	HASB	HASB	6	6	0			2012-13	Rehab	\$26,000.00
817 Olive St		HASB	HASB						1986-87		\$102,400.00
817 Olive St	N/A	HASB	HASB	7	7				1985-86	New	\$24,200.00
818 Garden St	Laguna Cottages	Laguna	Non profit	11	11				2001-02	New	\$240,000.00
818 Garden St	Laguna Cottages	Laguna	Non profit						2001-02		\$567,000.00
<b>Occupancy: Rental (Senior Only)</b>				<b>1143</b>	<b>1004</b>	<b>139</b>					<b>\$31,310,773.00</b>
<b>Occupancy: Owner-occupied Mobilehome</b>											

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Long-Term Affordability  
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By Occupancy Type

Address	Project Name	DEVELOPER	TYPE	#Afford Units	# Very Low & Low	# MOD Units	# MID Units	# Upper Mid Units	Fiscal Year	New, Rehab, Acquis, Other	City Funding
1200 Punta Gorda St	SB Green	CHC	Non profit	51	51					Acq-Rhb	\$25,000.00
1212 Punta Gorda St	Holiday	CHC	Non profit	23	23					Acq-Rhb	\$200,000.00
<b>Occupancy: Owner-occupied Mobilehome</b>				<b>74</b>	<b>74</b>						<b>\$225,000.00</b>
<b>Occupancy: Ownership</b>											
121 W De la Guerra St	121 W. De La Guerra	121 DLG LLP	For profit	3			3		2005-06	New	
1125 San Andres St	Alegria	Misc	For profit	2			2		1999-20	New	
34 W Victoria St	Alma del Pueblo	Victoria Street Partners	For profit						2010-11	New	
3558-3578 Modoc Rd	Arroyo Verde	Ozolins/Kirkhart	For profit	13		13			1985-86	New	
601 E Micheltorena St	Bella Riviera	Cottage Hospital	Non profit	81			19	62	2005-06	New	
1030 Quinientos St	Campo Feliz	Homes for People	Non profit	18		18			1986-87	New	\$410,000.00
1310 San Andres St	Canto Arroyo	Homes for People	Non profit	5		5			1987-88	New	\$197,250.00
414 W De la Guerra St	Casa Chula	Homes for People	Non profit	5		5			1986-87	New	\$175,000.00
414 W De la Guerra St	Casa Chula	Homes for People	Non profit						1987-88		\$150,000.00
521 W Montecito St	Casa Montecito	Casa Montecito Ent	For profit	3	3				2008-09	New	\$150,000.00
350 Chapala St	Chapala Lofts	B3 Architects	For profit	3		3			2001-02	New	\$45,000.00
401 Chapala St	Chapala One/Seville	Levy Investments	For profit						2003-04	New	
354,356,358 Oliver Rd	Cliff Drive	Misc	For profit	3			1	2	2003-04	New	

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301-333 N Calle Cesar Chavez St	East Beach Collection	City Ventures	For profit						2011-12	New	
535-583 E Montecito St	East Beach Collection	City Ventures	For profit	36				36	2011-12	New	
211 W Gutierrez St	El Zoco	Homes for People	Non profit	16		16			1990-91	New	\$850,000.00
3708-3773 Gregory Way	Franciscan Villas	J Schuck	For profit	46		45	1		1987-88	New	
2438-2520 Modoc Rd	Greenwell Acres	Lee Group	For profit	5			3	2	2002-03	New	
3965 Via Lucero	Habitat #1 Via Lucero	Habitat for Humanity	Non profit	3	3				2003-04	New	\$240,000.00
618 San Pascual St	Habitat #2 San Pascual	Habitat for Humanity	Non profit	4	4				2006-07	New	\$660,000.00
822-824 E Canon Perdido St	Habitat #3 Canon Perdido	Habitat for Humanity	Non profit						2010-11	New	\$515,000.00
822-824 E Canon Perdido St	Habitat #3 Canon Perdido	Habitat for Humanity	Non profit						2010-11	New	\$925,000.00
3902-3930 Via Diego	La Colina Village	CHC	Non profit	50		50			1981-82	New	\$675,000.00
3800 La Cumbre Hills Ln	La Cumbre Hills	Towbes Group	For profit	22			22		1996-97	New	
1019 Quinientos St	La Ventura	Homes for People	Non profit	10		10			1985-86	New	\$196,000.00
800-1100 Westmont Rd	Las Barrancas	Westmont College	Non profit	41		41			1995-96	New	
313-319 W Los Olivos	Los Olivos Village	Bialosky/Peikert	For profit	9		9			1993-94	New	\$560,000.00
22 N Voluntario St	Los Suenos	Homes for People	Non profit	6		6			1984-85	New	\$90,000.00
2001 Elise Way	Maravillas	Homes for People	Non profit	6		6			1984-85	New	\$115,000.00
1422-1448 Santa Fe Ln	Mira Las Olas	Vista Oceano La Mesa	For profit	7			7		2004-05	New	
2014-16 Modoc Rd	Oak Creek	Homes for People	Non profit	6		6			1991-92	Acquis	\$200,000.00
915 Bath St	Old Vic	Homes for People	Non profit	3		3			1986-87	Acq-Rhb	\$190,000.00

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329 W Ortega St	Ortega Homes	Homes for People	Non profit	3		3			1985-86	New	\$120,000.00
721 Chapala St	Paseo Chapala	BDC Paseo Chapala	For profit	8		5	3		2003-04	New	
1838 San Andres St	Pinecone		Non profit	10		10			1988-89	New	\$455,000.00
33 Ocean View Ave	Pueblo Andaluz	Homes for People	Non profit	10		10			1990-91	New	\$414,000.00
1920 Robbins St	Robbins Court		Non profit	6		6			1989-90	New	\$350,000.00
827 W Anapamu St	Seven Oaks	Homes for People	Non profit	5		5			1992-93	Acq-Rhb	\$240,000.00
720 Castillo St	The Commons	Homes for People	Non profit	3		3			1982-83	New	\$304,082.00
825 W Victoria St	Unit One	Homes for People	Non profit	2		2			1981-82	Acq-Rhb	\$70,000.00
4004 Via Lucero St	Via Lucero 4004	Via Lucero LLC	For profit	2			2		2003-04	New	\$0.00
820 W Victoria	Victoria Town Homes		For profit	1		1			1983-84	New	\$0.00
417 W Anapamu St	Villa Anapamu	Venable	For profit	2	1	1			1984-85	New	\$125,000.00
240 W Alamar St		City Ventures	For profit						2012-13	New	
<b>Occupancy: Ownership</b>				<b>458</b>	<b>11</b>	<b>282</b>	<b>63</b>	<b>102</b>			<b>\$8,421,332.00</b>
<b>Occupancy: Group/Transitional</b>											
1020 Placido Ave	CADA Detox	HASB	HASB	12	12				2010-11	Acq-Rhb	\$865,000.00
106 Juana Maria St	Casa Juana Maria	SB MHA	Non profit	6	6				2003-04	Acquis	\$425,000.00
106 Juana Maria St	Casa Juana Maria	SB MHA	Non profit	-					2003-04	Rehab	\$183,000.00
106 Juana Maria St	Casa Juana Maria	SB MHA	Non profit	-					2006-07	Rehab	\$160,000.00
106 Juana Maria St	Casa Juana Maria	SB MHA	Non profit	-					2013-14	Rehab	\$46,400.00
107 E Micheltorena St	Phoenix House	Phoenix of SB	Non profit	-					1985-86	Rehab	\$10,000.00
107 E Micheltorena St	Phoenix House	Phoenix of SB	Non profit	11	11				1993-94	Rehab	\$252,700.00

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125 W Carrillo St	Hotel de Riviera	CHC	Non profit	31	31				1988-89	Rehab	\$468,500.00
125 W Carrillo St	Hotel de Riviera	CHC	Non profit						2003-04	Rehab	\$210,000.00
125 W Carrillo St	Hotel de Riviera	CHC	Non profit						2009-10	Rehab	\$60,000.00
18-20 E Sola St	Heath House	CCCongregate Care	Non profit	7	7				1990-91	Rehab	\$38,550.00
1920 Chino St	Work Training Prog	Work Training	Non profit						1985-86	Rehab	\$20,000.00
1920 Chino St	Work Training Prog	Work Training	Non profit	16	16				1999-00	Rehab	\$115,000.00
1931 Red Rose Way	Work Training Prog	Work Training	Non profit	12	12				1983-84	Rehab	\$25,000.00
2612 Modoc Rd	Sarah House	CCCongregate Care	Non profit	-	-				1993-94	Rehab	\$720,000.00
2612 Modoc Rd	Sarah House	CCCongregate Care	Non profit	-	-				1993-94	New	\$25,000.00
2612 Modoc Rd	Sarah House	CCCongregate Care	Non profit	-	-				2007-08	Rehab	\$140,000.00
2612 Modoc Rd	Sarah House	CCCongregate Care	Non profit	11	11				2009-10	Rehab	\$1,000.00
2612 Modoc Rd	Sarah House	CCCongregate Care	Non profit	-	-				2009-10	Rehab	\$39,000.00
2904 State St	Transitional	HASB	HASB	8	8				2010-11	Acquis	\$1,150,000.00
301 W Figueroa St	Klein Bottle	Klein Bottle	Non profit	-	-				1985-86	Rehab	\$17,584.00
301 W Figueroa St	KBSAY	Klein Bottle	Non profit	6	6				1992-93	Rehab	\$43,850.00
3030 De la Vina St	Fire House-Transitional	HASB	HASB	16	16				1989-90	Rehab	\$186,624.00
3030 De la Vina St	Fire House-Transitional	HASB	HASB	-	-				2005-06	Rehab	\$185,000.00
3030 De la Vina St	Fire House-Transitional	HASB	HASB	-	-				2007-08	Rehab	\$15,000.00
434 E Ortega St	Transition House	Transition House	Non profit	-	-				1992-93	Rehab	\$245,000.00
434 E Ortega St	Transition House	Transition House	Non profit	70	70				1992-93	Acq-Rhb	\$305,000.00
434 E Ortega St	Transition House	Transition House	Non profit	-	-				1993-94	Rehab	\$155,000.00
434 E Ortega St	Transition House	Transition House	Non profit	-	-				1999-00	Other	\$39,546.00
434 E Ortega St	Transition House	Transition House	Non profit	-	-				2013-14	Other	\$0.00

**City of Santa Barbara  
Affordable Housing Inventory**

Long-Term Affordability  
(Covenant or Non-Profit Owner)

By Occupancy Type

Address	Project Name	DEVELOPER	TYPE	#Afford Units	# Very Low & Low	# MOD Units	# MID Units	# Upper Mid Units	Fiscal Year	New, Rehab, Acquis, Other	City Funding
524 N Alisos St	Dennis Guest Home	E Dennis	For profit						1990-91	Rehab	\$3,600.00
524 N Alisos St	Dennis Guest Home	E Dennis	For profit						1990-91	Rehab	\$10,000.00
816 Cacique St	Casa Esperanza	Coalition to Provide Shelter	Non profit						1999-00	Acq-Rhb	\$200,000.00
816 Cacique St	Casa Esperanza	Coalition to Provide Shelter	Non profit						1999-00	Acq-Rhb	\$300,000.00
816 Cacique St	Casa Esperanza	Coalition to Provide Shelter	Non profit	230	230				1999-00	Acq-Rhb	\$1,220,000.00
<b>Occupancy: Group/Transitional</b>				<b>436</b>	<b>436</b>						<b>\$7,880,354.00</b>
<b>Occupancy: Secondary Dwelling</b>											
10 E Calle Crispis St	Secondary Dwelling	Clara Bellone	Owner occ	1	1				2006-07	New	
1126 Del Mar St	Secondary Dwelling	Atkins	Owner occ	1	1				2009-10	New	
1610 Cliff Dr	Secondary Dwelling	Berenstein	Owner occ	1	1				1997-98	New	
2 Skyline Cir	Secondary Dwelling	Laszuk	Owner occ	1	1				2007-08	New	
2044 Chino St	Secondary Dwelling	Lugo	Owner occ	1	1				1997-98	New	
2122 Cliff Dr	Secondary Dwelling	Lashkari	Owner occ	1	1				2010-11	New	
2511 Chapala St	Secondary Dwelling	Fossett	Owner occ	1	1				2001-02	New	
2717 Samarkand St	Secondary Dwelling	Olivas	Owner occ	1		1			2006-07	New	
3617 Tierra Bella	Secondary Dwelling	Glaprad	Owner occ	1	1				2003-04	New	
429 Stanley Dr	Secondary Dwelling	De Vore	Owner occ	1	1				1995-96	New	
909 Veronica Springs	Secondary Dwelling	Brennan	Owner occ	1	1				1986-87	New	
<b>Occupancy: Secondary Dwelling</b>				<b>11</b>	<b>10</b>	<b>1</b>					

**City of Santa Barbara  
Affordable Housing Inventory**

Long-Term Affordability  
(Covenant or Non-Profit Owner)

By Occupancy Type

Address	Project Name	DEVELOPER	TYPE	#Afford Units	# Very Low & Low	# MOD Units	# MID Units	# Upper Mid Units	Fiscal Year	New, Rehab, Acquis, Other	City Funding
<b>Occupancy: Ownership / Housing Rehab Loan Program (HRLP)</b>											
FY77 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	7	7				1976-77	Rehab	\$35,000.00
FY78 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	42	42				1977-78	Rehab	\$500,000.00
FY79 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	32	32				1978-79	Rehab	\$638,825.00
FY80 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	36	36				1979-80	Rehab	\$642,658.00
FY81 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	32	32				1980-81	Rehab	\$478,850.00
FY82 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	41	41				1981-82	Rehab	\$798,940.00
FY83 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	37	37				1982-83	Rehab	\$737,400.00
FY84 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	36	36				1983-84	Rehab	\$719,550.00
FY85 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	19	19				1984-85	Rehab	\$443,243.00
FY86 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	29	29				1985-86	Rehab	\$776,727.00
FY87 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	21	21				1986-87	Rehab	\$576,584.00
FY88 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	11	11				1987-88	Rehab	\$300,199.00
FY89 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	19	19				1988-89	Rehab	\$546,900.00
FY90 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	18	18				1989-90	Rehab	\$784,605.00
FY91 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	14	14				1990-91	Rehab	\$631,191.00
FY92 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	12	12				1991-92	Rehab	\$620,250.00

**City of Santa Barbara  
Affordable Housing Inventory**

Long-Term Affordability  
(Covenant or Non-Profit Owner)

By Occupancy Type

Address	Project Name	DEVELOPER	TYPE	#Afford Units	# Very Low & Low	# MOD Units	# MID Units	# Upper Mid Units	Fiscal Year	New, Rehab, Acquis, Other	City Funding
FY93 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	12	12				1992-93	Rehab	\$538,740.00
FY94 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	10	10				1993-94	Rehab	\$397,853.00
FY95 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	23	23				1994-95	Rehab	\$579,450.00
FY96 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	14	14				1995-96	Rehab	\$341,747.00
FY97 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	12	12				1996-97	Rehab	\$295,180.00
FY98 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	11	11				1997-98	Rehab	\$400,500.00
FY99 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	14	14				1998-99	Rehab	\$333,150.00
FY00 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	12	12				1999-00	Rehab	\$536,000.00
FY01 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	7	7				2000-01	Rehab	\$270,790.00
FY02 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	7	7				2001-02	Rehab	\$502,385.00
FY03 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	10	10				2002-03	Rehab	\$734,520.00
FY04 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	7	7				2003-04	Rehab	\$695,000.00
FY05 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	3	3				2004-05	Rehab	\$165,000.00
FY06 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	7	7				2005-06	Rehab	\$402,500.00
FY07 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	5	5				2006-07	Rehab	\$164,000.00
FY08 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	7	7				2007-08	Rehab	\$258,000.00
FY09 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	5	5				2008-09	Rehab	\$123,000.00
FY10 HRLP	OwnOcc& small rentals	HRLP Owner	Owner occ	2	2				2009-10	Rehab	\$20,000.00

**City of Santa Barbara  
Affordable Housing Inventory**

Long-Term Affordability  
(Covenant or Non-Profit Owner)

By Occupancy Type

Address	Project Name	DEVELOPER	TYPE	#Afford Units	# Very Low & Low	# MOD Units	# MID Units	# Upper Mid Units	Fiscal Year	New, Rehab, Acquis, Other	City Funding
<b>Occupancy: Ownership / Housing Rehab Loan Program (HRLP)</b>				574	574						\$15,988,737.00
<b>Section 8 Vouchers + Shelter Plus</b>											
Section 8 Vouchers + Shelter Plus		HASB	HASB	2186	2186				2013-14		
Project Based Section 8 - Counted Above				(618)	(618)						
<b>Section 8 Vouchers + Shelter Plus</b>				1568	1568						
<b>GRAND TOTALS FOR ALL AFFORDABLE UNITS</b>				5653	4967	521	63	102			\$131,601,139.00

**City of Santa Barbara**  
**Affordable Housing Policies & Procedures**

**APPENDIX B - DENSITY BONUS**

**I. DENSITY BONUS UNITS UNDER STATE LAW**

State density bonus law requires that, for housing developments of five or more units, communities must provide a density bonus (and other benefits) if a developer proposes to provide a specified percentage of the units as affordable.

Changes to California state density bonus law became effective on January 1, 2005. The revised law requires cities and counties to provide *all* of the following incentives to applicants who include specified affordable housing in their projects:

- *density bonuses* of between 5 and 35 percent, depending on the amount and type of affordable housing provided (in other words, the city must approve projects with more units than allowed by zoning); and
- *reduced parking standards* that apply to the entire project, not just the affordable units (for example, uncovered parking and tandem parking must be approved); and
- *mandatory "concessions or incentives"* – the applicant may select between 1 and 3 exceptions from the normal development standards of the city (depending on the amount and type of affordable housing provided); and
- *additional "waivers and modifications"* of development standards if the applicant shows that they are needed to make the housing economically feasible.

The complete text of the law (Government Code sections 65915-65918) is available on-line at [www.leginfo.ca.gov/calaw.html](http://www.leginfo.ca.gov/calaw.html)

**A. Affordable Housing Requirements**

Under state density bonus law, housing developments that create at least 5 dwelling units (or 5 unimproved lots) are eligible for a density bonus if a specified percentage of units are provided at affordable rents or sale prices to very low income, low income, or moderate income households.

**B. Density Bonuses Available**

The 2005 law requires a greater density bonus for very-low and low income housing and a lesser density bonus for moderate-income ownership housing than did the previous law.

- Housing developments are eligible for a **20% density bonus** if:
  - **5%** of units are affordable to **very-low** income households; or
  - **10%** of units are affordable to **low** income households.

- Housing developments qualify for a **5% density bonus** if :
  - **10%** of the units are ownership units affordable to **moderate** income households.

In addition, projects that provide more than the minimum percentage of affordable units are entitled to a greater percentage of density bonus (up to a maximum density bonus of 35%). The following table is a summary of the requirements for each income category:

**Table 1. Density Bonus under State Law**

Income Category	Minimum % of Units that must be Affordable	Density Bonus Required by State Law	Additional Density Bonus for each 1% increase in Affordable Units
Very-Low	5%	20%	2.5%
Low	10%	20%	1.5%
Moderate	10%	5%	1%

The result is that applicants who provide very-low and low income affordable units are generally entitled to a greater number of density bonus units than the number of affordable units they provide. For example, on a site zoned for 10 units, the applicant who provides 1 unit for very-low income households (10% of the base density) is entitled to 4 density bonus units.

**C. Reduced Parking Standards**

If a project qualifies for a density bonus because it provides affordable housing, the city must grant the applicant’s request to reduce the required parking for the entire project—including the market-rate units—to no more than the following:

- zero to one bedroom – one on-site parking space
- two to three bedrooms – two on-site parking spaces
- four or more bedrooms – two and one-half on-site parking spaces.

These numbers *include guest parking and handicapped parking*. The spaces *may be in tandem or uncovered*. They cannot be on-street. If the project provides the required affordable housing, the parking standards may be requested even if no density bonus is requested.

**D. Other Modifications to Development Standards**

In addition to the reduced parking standards, the state law gives applicants the right to request modifications in local development standards such as zoning, subdivision controls, and design

review requirements. The law mandates the approval of such incentives and concessions in specified circumstances.

#### **E. Santa Barbara's State Density Bonus Implementing Ordinance**

The state density bonus law requires that all cities adopt an ordinance specifying how they will comply with the legislation. Santa Barbara's density bonus ordinance has not yet been updated to reflect the 2005 changes. However, the City has complied with the new state requirements in the few applications received since the law was revised.

Upon revision of the City's Density Bonus Ordinance, Housing Staff will recommend that the City's implementing ordinance contain a requirement that in determining the required number of affordable units, any fractional number of required units be rounded up to the next whole number of units. Also, staff will recommend that the affordable units be required to provide at least the same average number of bedrooms as do the density bonus units.

### **Appendix B II. THE CITY'S DENSITY BONUS PROGRAM**

To encourage a broader range of affordable housing types and targeting than specified in state law, the City has developed its own density bonus program.

The state law does not address several issues that the City has faced. What affordability requirements would be appropriate if the developer requests a density bonus greater than 35%? What about projects of four or fewer units, where state density bonus law does not apply? The City's program is meant to compliment and expand upon state density bonus law. The procedural elements of the City's density bonus program are outlined in §28.87.400 of the Municipal Code (attached below). This ordinance specifies the procedures to be followed by developers who request a density bonus, both for projects that meet the criteria set forth in state density bonus law and for projects that do not. The latter projects are to be reviewed by the City "for consistency with the criteria of the City's density bonus program, described in the City of Santa Barbara Affordable Housing Policies and Procedures Manual." The referenced description of the City's density bonus program follows in the sections that follow.

Under the City's program, for projects in which the units developed within the base density are to be ownership units, the density bonus units under the City's program must generally be ownership units as well. The Community Development Director may approve exceptions to this requirement for projects in which each of the density bonus units is either rented for at least 90 years according to the City's requirements for density bonus rental units (explained below), or sold according to the specified requirements.

#### **A. City Density Bonus Requirements for Ownership Units Within the First 25% Density Bonus**

Density bonus is sometimes expressed as a percentage. For example, if the zoning and size of a property would allow the development of 20 units but the developer is requesting approval to build 24 units, those extra 4 units would be considered to be a 20% density bonus, because the 4 density

bonus units requested would be 20% of the 20 units otherwise allowed under the zoning (the “base density”). Likewise, a project zoned for 9 units that is approved for 12 would receive a 33% density bonus.

For units within the first 25% density bonus, all density bonus units must be sold at prices affordable to middle income households (or upper-middle income if the development is single family houses each on its own lot) at prices which, *on average*, are targeted to the following incomes:

- (a) for condominiums, 120% of Area Median Income (AMI)
- (b) for duplexes, 130% of AMI. Note: for especially large and desirable condominiums that approximate the livability and features that buyers might expect from duplex units, the Community Development Director may approve a target income of 130% of AMI.
- (c) for single family homes on separate lots, 160% of AMI

The prices for condos and duplexes are targeted to be affordable to middle-income first time homebuyers (that is, with incomes between 120% and 160% of AMI). Buyers with incomes below 120% of AMI are also eligible to buy these units, provided they can qualify under Affordable Housing policy requirements and obtain a mortgage loan. Buyers with incomes above 160% of AMI, adjusted for their household size, would not be eligible. The prices for single-family homes on separate lots are targeted to be affordable to upper-middle income households (160% to 200% of AMI). Buyers with incomes below 160% might be eligible, but those above 200% would not.

There is no requirement regarding the number of bedrooms in the density bonus units, unless the density bonus units are being counted to satisfy the City’s inclusionary housing requirements.

The target incomes listed above are for ownership projects without City subsidies, and are higher than those allowed by any of the subsidy sources available through the City. Projects receiving City subsidies will be required to target the density bonus units to moderate income or below.

**B. City Density Bonus Requirements for Ownership Units Above the First 25% Density Bonus**

In order to provide incentive to developers to provide additional affordable units under the City’s program, higher income targeting and pricing will be allowed for those density bonus units that are receiving greater than a 25% density bonus in the project. For example, on a site zoned for 16 units where 6 density bonus units are approved (for a total of 22 units), the first 4 density bonus units would be considered within the first 25% density bonus. The last 2 density bonus would be above the first 25% density bonus. Such units may be sold to upper-middle income (rather than middle income) homebuyers at prices which, on average, are targeted to the following incomes:

- (a) for condominiums, 160% of AMI Note: affordable condominium units at this price point are expected to be larger and more desirable than those within the first 25% that are targeted to 120%.
- (b) for duplexes, 170% of AMI
- (c) for single family homes, 180% of AMI

**C. City Density Bonus for Rental Projects**

Rental projects requesting density bonus that do not meet the requirements of state law must meet the following requirements:

For units within the first 25% density bonus – the density bonus units must be rented for at least ninety (90) years to low income households at rents targeted, on average, to 70% of AMI or below.

For units above the first 25% density bonus – the density bonus units must be rented for at least ninety (90) years to low income households at rents targeted, on average, to 80% of AMI or below.

Note: these target rents are higher than those allowed by most subsidy sources available from the City. Projects receiving City subsidies will generally be required to target the affordable units to 60% of AMI or below.

**§28.87.400 of the City of Santa Barbara Municipal Code  
Density Bonus and Development Incentives**

A. INTENT. The intent of this section is to provide incentives for the development of housing affordable to very-low income, low income, senior and other qualifying households. State law mandates the provision of density bonuses to senior, very-low, and low income households under certain circumstances. The City of Santa Barbara has created a separate density bonus program for certain other households. Both the State mandated and City created density bonus programs use terms defined in this section.

B. DEFINITIONS. The following words and phrases have the meaning indicated unless the context or usage clearly requires a different meaning:

1. Density. The number of residential units allowed on a parcel based on the lot area requirements specified in the zone and General Plan.

2. Density Bonus. A density increase over the otherwise maximum allowable residential density under the applicable Zoning Ordinance and Land Use Element of the General Plan as of the date of application by the developer to the City.

C. PROJECTS WHICH MEET THE CRITERIA SET FORTH IN STATE DENSITY BONUS LAW.

1. Qualifying housing developments as defined in Government Code Section 65915. When a developer of housing agrees or proposes to construct at least:

- a. 20% of the total units of a housing development for low income households; or
- b. 10% of the total units of a housing development for very low income households; or
- c. 50 percent of the total dwelling units of a housing development for senior citizens;

The applicant must submit the project for review by the Community Development Director or his/her designee to determine whether the project meets the criteria set forth in State density bonus law. If the Director determines that the project meets the criteria of State law, the project may be granted a density bonus and at least one other incentive as required by State law, and processed as required by State law unless otherwise requested by the applicant. The incentives and processing provisions required by State law are described in Government Code Section 65915.

2. Procedure for review of projects submitted under State density bonus law. A project which meets all the requirements of State law shall be processed according to the usual discretionary review procedure, subject to the following exceptions:

a. **LOT AREA MODIFICATION.** Notwithstanding any other section in this Code, when a proposed project complies with all of the requirements of State density bonus law, and the density bonus requested is no more than the density bonus mandated by State law, the Community Development Director or his/her designee shall deem the project's density consistent with the Zoning Ordinance, and exempt from the requirement for a lot area modification as set forth in Section 28.92.110.

b. **NOTICE OF DESIGN REVIEW BOARD HEARING.** When the Community Development Director determines that a proposed project meets all the requirements of State law and the requirements of the residential zoning category in which the project is proposed, and does not cause any unavoidable, significant, environmental impacts, and requires design review as its only City discretionary approval, the appropriate Design Review Board (Historic Landmarks Commission or Architectural Board of Review) will review the project. Notice of the meeting at which the project is considered by the Design Review Board will be provided in accordance with the requirements for noticing of public hearings in Municipal Code Section 28.92.060.

**D. PROJECTS WHICH DO NOT MEET THE CRITERIA SET FORTH IN STATE DENSITY BONUS LAW.**

1. Qualifying housing developments. When a developer proposes a development which does not meet the criteria listed above and requests a density bonus, the Community Development Director or his/her designee will review the project for consistency with the criteria of the City's density bonus program, described in the City of Santa Barbara Affordable Housing Policies and Procedures Manual. If the proposed project is determined to be consistent with the

criteria of the City's density bonus program, it will be approved or disapproved under the provisions of that program.

2. Procedures for approval of projects which are consistent with the City density bonus program. A project which does not meet all the requirements of State law, but does meet the standards of the City density bonus program will be processed according to the discretionary review procedures in effect and applicable to the project. (Ord. 5380, 2005; Ord. 4912, 1995.)

**Affordable Housing Policies and Procedures  
Appendix C**

**Chapter 28.88**

**CONVERSION OF DWELLING UNITS TO CONDOMINIUMS,  
HOTELS OR SIMILAR USES**

**Sections:**

<b>28.88.010</b>	<b>Purpose.</b>	<b>28.88.060</b>	<b>Additional Submittals for Conversions to Condominiums or Hotel Units.</b>
<b>28.88.020</b>	<b>Community Apartments and Stock Cooperatives.</b>		
<b>28.88.025</b>	<b>Date of Conversion.</b>	<b>28.88.070</b>	<b>Acceptance of Reports.</b>
<b>28.88.028</b>	<b>Permit Required; Exceptions.</b>	<b>28.88.080</b>	<b>Copy to Buyers.</b>
<b>28.88.029</b>	<b>Issuance of Permits.</b>	<b>28.88.090</b>	<b>Hearing.</b>
<b>28.88.030</b>	<b>Requirements and Procedures.</b>	<b>28.88.100</b>	<b>Tenant Protection Provisions.</b>
<b>28.88.040</b>	<b>Physical Standards for Condominium Conversions.</b>	<b>28.88.110</b>	<b>Effect of Proposed Conversion on the City's Low- and Moderate-Income Housing Supply.</b>
<b>28.88.045</b>	<b>Conversions of Dwelling Units to Hotels or Similar Uses.</b>	<b>28.88.120</b>	<b>Findings.</b>
<b>28.88.050</b>	<b>Application Requirements for Condominium and Time Share Conversions.</b>	<b>28.88.130</b>	<b>Maximum Number of Conversions.</b>
<b>28.88.055</b>	<b>Application Requirements for Conversions to Hotels or Similar Uses.</b>		

### **28.88.010 Purpose.**

A. To establish criteria for the conversion of existing multiple family rental housing to condominiums, community apartments, cooperative apartments, hotels or similar uses.

B. To reduce the impact of such conversions on residents in rental housing who may be required to relocate due to the conversion of apartments to condominiums, community apartments, and stock cooperatives, hotels or similar uses by providing procedures for notification and adequate time and assistance for such relocation.

C. To insure that the purchasers of converted housing have been properly informed as to the physical condition of the structure which is offered for purchase.

D. To insure that converted housing achieves high quality appearance and safety, and is consistent with the goals of the City's General Plan and conforms or is legally nonconforming with the density requirements of the General Plan's Land Use Element.

E. To attempt to balance the opportunity for housing ownership of all types, for all levels of income and in a variety of locations with the need to maintain a supply of rental housing which is adequate to meet the housing needs of the community.

F. To attempt to maintain a supply of rental housing for low and moderate income persons and families. (Ord. 4716, 1991; Ord.4606, 1989; Ord. 4199, 1983; Ord. 4014 §1, 1979; Ord. 4000 §2, 1979.)

### **28.88.020 Community Apartments and Stock Cooperatives.**

Conversion to community apartments and stock cooperatives shall be subject to the same restrictions, conditions, and requirements as condominiums. All references to a "condominium" in this Chapter shall be deemed to include community apartment, and stock cooperative, except where specifically noted. (Ord. 4606, 1989; Ord. 4199, 1983; Ord. 4000 §2, 1979.)

### **28.88.025 Date of Conversion.**

As used in this Chapter, the "date of conversion" for condominium conversions shall mean the date the final or parcel map for the project is filed with the County Recorder following its approval by the Staff Hearing Officer or Planning Commission or, if an appeal is filed, by the City Council. For hotels or similar uses, the "date of conversion" is the date of issuance of the conversion permit by the Chief Building Official after the Staff Hearing Officer or Planning Commission, or the City Council on appeal, approves the conversion. (Ord. 5380, 2005; Ord. 4606, 1989; Ord. 4199, 1983; Ord. 4048, 1980; Ord. 4000 §2, 1979.)

### **28.88.028 Permit Required; Exceptions.**

A. **PERMIT REQUIRED.** No person, firm, corporation, partnership or other entity shall convert existing dwelling units to a condominium, hotel or similar use without first having said conversion approved by the Planning Commission or the City Council on appeal, and having been issued a conversion permit by the Chief Building Official. For conversions of dwelling units to condominium units, the body that shall serve as the Advisory Agency for the required subdivision, as specified in Section 27.03.010 of this Code, shall review the application for the conversion pursuant to this Chapter 28.88.

#### **B. EXCEPTIONS TO REQUIREMENTS FOR CONVERSION PERMITS.**

The following shall be exempt from the provisions of this Chapter:

1. A project creating a condominium, hotel or similar use and using no more than one (1) existing dwelling unit as part of said project shall not be considered a conversion. To qualify for this exception, the number of dwelling units on the project site shall not have been previously reduced by use of this exception clause. For the purposes of this exclusion, the number of existing dwelling unit(s) shall be determined on the date of application for the permit. If the project calls for destruction of the structure housing the dwelling unit(s), those units shall not be counted as existing unit(s).

2. A stock cooperative or community apartment which has received final approval from the California Department of Real Estate or has otherwise been legally created prior to the adoption date of the ordinance establishing this Chapter.

No exception under this Subsection shall affect the applicability of the Zoning Ordinance, the California Building Code as adopted and amended by the City, or other applicable ordinances or regulations. (Ord. 5451, Section 5, 2008; Ord. 5380, 2005; Ord. 4716, 1991; Ord.4606, 1989; Ord. 4199, 1983; Ord. 4000 §2, 1979.)

#### **28.88.029 Issuance of Permits.**

The Chief of Building and Zoning shall issue a conversion permit when he determines that:

A. The applicant has complied with all the applicable City or State regulations in effect at the time the conversion application was deemed to be complete, and

B. The applicant has complied with the conditions of approval.

Once issued, the conversion permit can be revoked only because of the failure of the applicant or his successors in interest to comply with the conditions of approval.

An approval shall expire if the tentative subdivision map expires. For hotels or similar uses, an approval shall expire in the same period of time as projects requiring a tentative map unless a conversion permit has been issued by the Chief of Building and Zoning. (Ord. 4606, 1989; Ord. 4199, 1983; Ord. 4048, 1980; Ord. 4000 §2, 1979.)

#### **28.88.030 Requirements and Procedures.**

No existing building containing a dwelling unit shall be approved for conversion to a condominium or hotel unless it meets the standards set forth in the following requirements:

A. All residential buildings shall, on the date of conversion, be in compliance with the minimum standards of the Uniform Housing Code as adopted by the City of Santa Barbara and those of the State of California.

B. All buildings shall, on the date of conversion, be in compliance with the exit and occupancy requirements and the height and area requirements for the type of construction and occupancy involved as outlined in the California Building Code as adopted and amended by the City.

C. All buildings sought to be converted are, on the date of conversion, in all respects in compliance with the Zoning Ordinance and the goals and policies of the General Plan, or legally nonconforming therewith. Notwithstanding the provisions of Santa Barbara Municipal Code Section 28.87.030, any legally nonconforming building or buildings for which a condominium conversion application is approved may be remodeled or otherwise physically changed provided the changes do not increase or intensify the element of the building that is nonconforming.

D. All condominium projects differentiated from hotels or similar uses, shall be subject to all applicable provisions of the Subdivision Map Act and Title 27 of this Code.

E. Once a building permit has been issued, a building may not be converted unless the certificate of occupancy for the building was issued more than five (5) years prior to the date the owner files with the City an application for the approval of a tentative condominium map or conversion to a hotel or similar use, unless the building satisfies the City's requirements for new condominium construction. (Ord. 5451, Section 5, 2008; Ord. 4606, 1989; Ord. 4199, 1983; Ord. 4000 §2, 1979.)

#### **28.88.040 Physical Standards for Condominium Conversions.**

To achieve the purpose of this article, the Staff Hearing Officer or Planning Commission, prior to the date of conversion, shall require that all condominium conversions conform to the Santa Barbara Municipal Code in effect at the time of approval except as otherwise provided in this Chapter. The Staff Hearing Officer or Planning Commission, prior to the date of conversion, shall require conformance with the standards of this section in approving an application for conversion.

A. **UNIT SIZE.** The enclosed living or habitable area of each unit shall be not less than 600 square feet.

B. **FIRE PREVENTION.**

1. **Smoke Detectors.** Each living unit shall be provided with approved detectors of products of combustion other than heat conforming to standards of the California Building Code as adopted and amended by the City, mounted on the ceiling or wall at a point centrally located in the corridor or area giving access to rooms used for sleeping purposes.

2. **Maintenance of Fire Protection Systems.** All on-site fire hydrants, fire alarm systems, portable

fire extinguishers, and other fire protective appliances shall be retained in an operable condition at all times, maintained by the Homeowner's Association and delineated in the Covenants, Conditions and Restrictions.

**C. SOUND TRANSMISSION.**

Wall and floor-ceiling assemblies shall conform to Title 25, California Code of Regulations, Section 1092, or its successor, or permanent mechanical equipment, including domestic appliances, which is determined by the Chief Building Official to be a potential source of vibration or noise, shall be shock mounted, isolated from the floor and ceiling, or otherwise installed in a manner approved by the Chief Building Official to lessen the transmission of vibration and noise. Floor covering may only be replaced by another floor covering that provides the same or greater insulation. The requirements of this paragraph shall not apply to a unit in a building with no other unit(s).

**D. UTILITY METERING.**

1. The consumption of gas and electricity within each unit shall be separately metered so that the unit owner can be separately billed for each utility. Each unit shall have its own electrical panel, or access thereto, for all electrical circuits which serve the unit. A gas shut-off valve shall be provided for each unit and for each gas appliance.

2. Each dwelling unit shall be served by a separate City water meter. An additional separate City meter shall be provided to serve the landscaped areas in projects that include five or more dwelling units.

3. All plumbing fixtures shall conform to the standards for water saving devices as contained in the Uniform Plumbing Code as adopted and amended by the City of Santa Barbara in Chapter 22.04 of this Code.

4. An exception to any requirement of this subsection may be granted by the Staff Hearing Officer or Planning Commission if the following requirements are met:

a. A licensed engineer has determined that compliance with the requirement cannot practically be accomplished and the applicant has included alternative measures to accomplish conservation equivalent to that which would be expected through compliance with the requirement;

b. The Public Works Director has reviewed the proposed exception and the proposed alternative measures and has concurred that equivalent conservation is likely to be accomplished as a result thereof. Measures proposed as alternatives to the water conservation requirements of this subsection may include, but are not limited to, installation of privately owned sub-meters on each dwelling unit, conversion of existing landscaped areas to conform with current standards for water conserving landscaping, and installation of additional separate City meters to serve groups of dwelling units.

**E. PRIVATE STORAGE SPACE.** Each unit shall have at least 200 cubic feet of enclosed weatherproofed and lockable private storage space, in addition to guest, linen, pantry, and clothes closets customarily provided. Such space shall be for the sole use of the unit owner. Such space shall be accessible from the garage or parking area for the units it serves.

**F. LAUNDRY FACILITIES.** A laundry area shall be provided in each unit; or if common laundry areas are provided, such facilities shall consist of not less than one automatic washer and dryer for each five units or fraction thereof.

**G. CONDITION OF EQUIPMENT AND APPLIANCES.** The applicant shall provide written certification to the buyer of each unit on the initial sale after conversion that any dishwashers, garbage disposals, stoves, refrigerators, hot water tanks, and air-conditioners that are provided are in working condition as of the close of escrow. At such time as the Homeowner's Association takes over management of the development, the applicant shall provide written certification to the Association that any pool and pool equipment and any appliances and mechanical equipment to be owned in common by the Association is in working condition.

**H. PUBLIC EASEMENTS.** The applicant shall make provisions for the dedication of land or easements for street widening, public access or other public purpose in connection with the project where necessary and in accordance with established planned improvements.

**I. REFURBISHING AND RESTORATION.** All main buildings, structures, fences, patio enclosures, carports, accessory buildings, sidewalks, driveways, landscaped areas, irrigation systems, and additional elements as required by the Staff Hearing Officer or Planning Commission shall be refurbished and restored as necessary to achieve high quality appearance and safety.

**J. PARKING STANDARDS.** The off-street parking requirements for a conversion project shall be one and one-half (1½) parking spaces per unit for one bedroom or efficiency units and two (2) parking spaces per unit for units containing two or more bedrooms.

**K. PHYSICAL ELEMENTS.** Any physical element identified in the Physical Elements Report as

having a useful life of less than two (2) years shall be replaced.

L. **OUTDOOR LIVING SPACE.** Outdoor living space for a conversion project shall be provided as required in MC §28.21.081.

M. **HANDICAPPED ACCESSIBILITY AND ADAPTABILITY.** All conversions involving five or more units shall meet the accessibility and adaptability requirements of the State Housing and Community Development Commission.

N. **EXCEPTIONS.** The Staff Hearing Officer or Planning Commission may grant an exception to the physical standards set forth in Subsections A, E, F, J, L, and M of this Section if it makes any of the following findings:

1. The economic impact of meeting the standard is not justified by the benefits of doing so.
2. The project includes design features or amenities which offset the project's failure to meet the standard.
3. The project includes provisions for low-, or moderate-income sales restrictions on the converted units beyond what is otherwise required in this Chapter that offset the project's failure to meet the standard.
4. The project's proximity to public open space could partially offset the project's lack of on-site open space. (Ord. 5380, 2005; Ord. 4716, 1991; Ord. 4606, 1989; Ord. 4000 §2, 1979.)

#### **28.88.045 Conversions of Dwelling Units to Hotels or Similar Uses.**

Conversion of existing dwelling units to hotels or similar uses in the R-4 Zone and zones in which R-4 uses are allowed shall be subject to all applicable Sections of this Chapter and of Chapter 28.21 of this Code. In addition, the following standards shall apply:

A. **LIGHTING.** All outdoor lighting shall be hooded or shielded so that no direct beams fall on adjacent property. When outdoor lighting is provided, indirect soft lighting and low garden lighting shall be used whenever possible, and shall be required as necessary to assure compatibility with adjacent and surrounding properties.

B. **PARKING.** Off-street parking shall be provided as required in Chapter 28.90 or Subsection 28.88.045.C.5 of this Chapter if applicable, subject to Subsection 28.88.120.I.4 of this Chapter.

C. **TIME SHARE PROJECTS.** If a proposed time share project retains kitchens in the individual units, they shall be subject to all physical standards under Section 28.88.040 of this Code. The conversion of a dwelling unit to a time share project, wherein the converted unit consists of a suite of no more than two (2) rooms and provides no individual kitchens or cooking facilities is exempt from the following Subsections of Section 28.88.040:

1. 28.88.040A. Unit Size;
2. 28.88.040D.1. Utility metering, if a water shut-off valve is provided for each unit or for each plumbing fixture in that unit;
3. 28.88.040E. Private Storage Space;
4. 28.88.040F. Laundry Facilities; and
5. 28.88.040J. Parking Standards, provided that there shall be provided one-and-one quarter (1¼) spaces for each unit. This requirement may be modified if the applicant can demonstrate that additional parking is not needed.

D. **USE OF AMENITIES - TIME SHARE PROJECTS.**

A provision shall be included in the "Declaration of Time Share Plan" or similar instrument restricting the use of the project or its amenities by individual owners/users of a unit to the period of the time share interval(s) or right-to-use. (Ord. 4716, 1991; Ord. 4606, 1989; Ord. 4199, 1983)

#### **28.88.050 Application Requirements for Condominium and Time Share Conversions.**

In addition to such other application requirements as the Staff Hearing Officer or Planning Commission may deem necessary and those requirements as set forth in Section 28.88.030 above, no application for a conversion to condominiums or time share projects shall be accepted for any purpose unless the application includes the following:

- A. A development plan of the project including:
1. The location, height, gross floor area, and proposed uses for each existing structure to remain and for each proposed new structure;

2. The location, use, and type of surfacing for all open storage areas;
  3. The location and type of surfacing for all driveways, pedestrian ways, vehicle parking areas, and curb cuts;
  4. The location, height, and type of materials for walls or fences;
  5. The location of all landscaped areas, the type of landscaping, and a statement specifying the method by which the landscaped areas shall be maintained;
  6. The location and description of all recreational facilities and a statement specifying the method of the maintenance thereof;
  7. The location and size of the parking facilities to be used in conjunction with each unit;
  8. The location, type and size of all drainage pipes and structures depicted or described to the nearest public drain or watercourse;
  9. The location and type of the nearest fire hydrants;
  10. The location, type and size of all on-site and adjacent street overhead utility lines;
  11. A lighting plan of the project;
  12. Existing and proposed exterior elevations;
  13. The location of any provisions for any unique natural or vegetative features.
- B. A physical elements report which shall include but not be limited to:
1. A report detailing the condition and estimating the remaining useful life of each element of the project proposed for conversion: roofs, foundations, exterior paint, paved surfaces, mechanical systems, electrical systems, plumbing systems, including sewage systems, swimming pools, sprinkler systems for landscaping, utility delivery systems, central or community heating and air-conditioning systems, fire protection systems including automatic sprinkler systems, alarm systems, or standpipe systems, and structural elements. Such report shall be prepared by an appropriately licensed contractor or architect or by a registered civil or structural engineer other than the owner. For any element whose useful life is less than five (5) years, a replacement cost estimate shall be provided.
  2. A structural pest control report. Such report shall be prepared by a licensed structural pest control operator pursuant to Section 8516 of the Business and Professions Code.
  3. A building history report including the following:
    - a. The date of construction of all elements of the project;
    - b. A statement of the major uses of said project since construction;
    - c. The date and description of each major repair or renovation of any structure or structural element since the date of construction. For the purposes of this subsection a "major repair" shall mean any repair for which an expenditure of more that \$1,000 was made;
    - d. Statement regarding current ownership of all improvements and underlying land;
    - e. Failure to provide information required by subsections a. through d., inclusive, shall be accompanied by an affidavit, given under penalty of perjury, setting forth reasonable efforts undertaken to discover such information and reasons why such information cannot be obtained. (Ord. 5380, 2005; Ord. 4606, 1989; Ord. 4199, 1983; Ord. 4000 §2, 1979.)

**28.88.055 Application Requirements for Conversions to Hotels or Similar Uses.**

In addition to such other application requirements as the Planning Commission may deem necessary and those requirements as set forth in Section 28.88.030 of this Code, no application for conversion of a building containing a dwelling unit to a hotel or similar use shall be accepted for any purpose unless the application includes a development plan of the project containing:

- A. The location, height, gross floor area, and proposed uses for each existing structure to remain and for each proposed new structure;
- B. The location and type of surfacing for all driveways, pedestrian ways, vehicle parking areas, and curb cuts;
- C. The location, use, and type of surfacing for all open storage areas;
- D. The location, height, and type of materials for walls or fences;
- E. The location of all landscaped areas, the type of landscaping, and any proposed changes thereto;
- F. The location and description of all recreational and other hotel-related facilities, and any proposed changes thereto;
- G. The location and size of the parking facilities to be used in conjunction with each guest room and

other related uses on-site;

- H. A drainage plan for the site;
- I. A lighting plan of the project;
- J. Existing and proposed exterior elevations; and
- K. The location of and provisions for any unique natural or vegetative site features. (Ord. 4606, 1989; Ord. 4199, 1983.)

#### **28.88.060 Additional Submittals for Conversions to Condominiums or Hotel Units.**

A. A statement of any unique provisions of the proposed Covenants, Conditions and Restrictions which would be applied on behalf of any and all owners of condominium units within the project. With regard to stock cooperatives, this submission shall consist of a summary of proposed management, occupancy and maintenance policies on forms approved by the City Attorney.

B. Specific information concerning the characteristics of any conversion project, including but not limited to the following:

1. Square footage and number of rooms in each existing and proposed unit or guest room;
2. Rental rate history for each type of unit for previous five (5) years;
3. Monthly vacancy rate for each month during preceding two (2) years;
4. Makeup of existing tenant households, including family size, length of residence, age of tenants, and whether receiving federal or state rent subsidies;
5. Names and addresses of all tenants; and
6. Applications for conversion to time share projects shall include the length of every time share interval and maintenance period.

When the developer can demonstrate that such information is not available, this requirement may be modified by the Community Development Department.

C. The developer shall submit evidence that notification of intent to convert was sent to each tenant in accordance with Section 28.88.100.

D. Any other information which, in the opinion of the Community Development Department, will assist in determining whether the proposed project will be consistent with the purposes of this article. (Ord. 4606, 1989; Ord. 4199, 1983; Ord. 4000 §2, 1979.)

#### **28.88.070 Acceptance of Reports.**

The final form of the Physical Elements Report and other documents shall be as approved by the Chief Building Official. The reports in their acceptable form shall remain on file with the Community Development Department for review by any interested persons. The report shall be referenced in the subdivision report to the Staff Hearing Officer or Planning Commission. (Ord. 5380, 2005; Ord. 4606, 1989; Ord. 4000 §2, 1979.)

#### **28.88.080 Copy to Buyers.**

The seller shall provide each purchaser of a condominium or time share unit with a copy of all reports (in their final, acceptable form), along with the Department of Real Estate Final Subdivision Public Report, when required, except the information required by Subsections B. and C. of Section 28.88.060, prior to the purchaser completing an escrow agreement or other contract to purchase a unit in the project, and the developer shall give the purchaser sufficient time to review the reports. Copies of the reports shall be made available at all times at the sales office and shall be posted at various locations, as approved by the City, at the project site. (Ord. 4716, 1991; Ord. 4606, 1989; Ord. 4199, 1983; Ord. 4000, 1979.)

#### **28.88.090 Hearing.**

A. **TENANT NOTICE.** Prior to action on the application, the Staff Hearing Officer or Planning Commission shall hold a hearing. Notice of the hearing shall be mailed at least ten (10) days prior to the hearing date to tenants of the proposed conversion and posted on the property. The public hearing notice shall include, in addition to the notice of the time and place of the public hearing, notification of the tenant's rights to appear and be heard.

**B. STAFF REPORT.** Any report or recommendation from the staff on a proposed tentative map for a residential condominium conversion submitted to the Staff Hearing Officer or Planning Commission or City Council on appeal shall be in writing and a copy shall be sent to the subdivider at least six (6) calendar days prior to any hearing or action on the map by the Staff Hearing Officer or Planning Commission and City Council. The subdivider shall be responsible for providing a copy of any such report to each tenant of the subject property at least three (3) days prior to any hearing or action on such map by the Staff Hearing Officer, Planning Commission or City Council. (Ord. 5380, 2005; Ord. 4606, 1989; Ord. 4199,1983; Ord. 4000, 1979.)

#### **28.88.100 Tenant Protection Provisions.**

**A. NOTICE OF INTENT.** A notice of intent to convert shall be provided to each tenant a minimum of sixty (60) days prior to the filing of the application for Tentative Map approval. Notice shall be provided either by (i) personal delivery, or (ii) mailing the notice, postage prepaid, by certified letter with return receipt requested. Evidence of compliance with this Section shall be submitted with the application for conversion. The form of the notice shall be as approved by the Community Development Department and shall contain at a minimum the following:

1. Name and address of current owner;
2. Name and address of the proposed subdivider;
3. Approximate date on which the tentative map/conversion permit application is proposed to be filed;
4. Tenant's right to purchase condominium, if applicable;
5. Tenant's right of notification to vacate;
6. Tenant's right of termination of lease;
7. Statement of limitations on rent increase;
8. An explanation of all provisions made by the subdivider for special cases;
9. An explanation of all provisions made by the subdivider for moving expenses of displaced tenants;
10. Tenant's right to receipt of notice for each hearing and right to appear and be heard at any such hearing; and
11. Other information as may be deemed necessary by the Community Development Department.

#### **B. TENANT'S RIGHT TO PURCHASE.**

1. As provided in Government Code Section 66427.1 (d) any present tenant or tenants of any unit shall be given an exclusive right to contract for the purchase of the unit occupied or equivalent unit at a price no greater than the price offered to the general public or terms more favorable to the tenant, whichever is less. The exclusive right to contract shall extend for at least ninety (90) days from the date of issuance of the Subdivision Public Report or commencement of sales, whichever date is later, unless the tenant gives prior written notice of his or her intention not to exercise the right.

2. In addition, the present tenant or tenants shall have the right of first refusal to purchase the unit occupied or equivalent unit at the same price as that offered by a buyer and accepted by the applicant, whenever such accepted price is lower than the price required to be offered to the tenant under Paragraph B.1 of this Subsection. The tenant must exercise the tenant's right of first refusal within forty-five (45) days of receipt of notice from the applicant.

3. If the tenant exercises his right to purchase under this Subsection, then the applicant is not required to provide moving expenses as outlined in Subsection G of this Section, except to the extent required by State law.

4. The manner in which any exclusive right to contract or right of first refusal shall be exercised shall be in accordance with regulations established by resolution of the City Council. This Subsection does not apply to conversions to hotels or similar uses.

**C. VACATION OF UNITS.** Each non-purchasing tenant, not in default under the obligations of the rental agreement or lease under which the unit is occupied, shall have not less than one hundred eighty (180) days from the date of approval of the conversion by the Staff Hearing Officer or Planning Commission or, if an appeal is filed, by the City Council, to find substitute housing and to relocate. Applicant shall give written notice of the approval containing an explanation of any and all conditions of approval which affect the tenants to each tenant within fifteen (15) days of the approval. Such notice shall be prepared in accordance with procedures established by resolution of the City Council setting forth the manner and contents of such notice.

D. **TENANT'S RIGHT OF TERMINATION OF LEASE.** Any present tenant or tenants of any unit shall be given the right to terminate their lease or rental agreement without penalty, following the receipt of the notification from the owner of the intent to convert.

E. **SPECIAL CASES.** For purposes of this Section, a "special case" tenant is one who is over age 62, handicapped, low income, a single parent with custody of minor children, or otherwise likely to experience difficulty finding suitable replacement housing. The subdivider shall afford special consideration to each "special case" tenant which special consideration, at a minimum, shall include the following:

1. Each "special case" tenant shall be allowed an additional period of time, not exceeding six (6) months beyond the period specified in Subsection C of this Section, in which to relocate.

2. A tenant with school age children shall not be required to vacate the unit prior to the end of the school year in which the one hundred eighty (180) day period specified in Subsection C begins to run.

F. **INCREASE IN RENTS.** From the date of approval of the application to convert until the date of conversion, no tenant's rent shall be increased more frequently than once annually nor at a rate greater than the rate of increase in the Consumer Price Index (all items, Los Angeles - Long Beach), on an annualized basis, for the same period. This limitation shall not apply if rent increases are provided for in leases or contracts in existence prior to the filing date of the application to convert.

G. **MOVING EXPENSES.** The subdivider shall provide moving expenses of one and one-half (1½) times the monthly rent or \$2000, whichever is greater, to any tenant who relocates from the building to be converted after approval of the condominium conversion by the City, except when the tenant has given notice of intent to move prior to receipt of notification from the subdivider of the intent to convert.

H. **NOTICE TO NEW TENANTS.** After the issuance of the Notification of Intent to Convert, any prospective tenants shall be notified in writing of the intent to convert prior to leasing or renting any unit and shall not be subject to the provisions of subsections B.2, F and G. The form of the notice shall be as approved by the Community Development Department, subject to Government Code Section 66452.8(b) and 66452.8(c). Failure by a subdivider to give such notice shall not be grounds to deny the proposed conversion. Further, the subdivider shall pay to each prospective tenant who becomes a tenant and who was entitled to such notice, and who did not receive such notice, an amount equal to the sum of: (1) actual moving expenses incurred when moving from the subject property, but not to exceed \$1000, and (2) the first month's rent on the tenant's new rental unit, if any, immediately after moving from the subject property, but not to exceed \$1000.

I. **NOTICE OF FINAL MAP.** Each of the tenants of the proposed condominium conversion shall be given written notification within ten (10) days of approval of a final map for the proposed conversion and proof of such notification shall be submitted to the Public Works Department.

J. **NOTICE OF DEPARTMENT OF REAL ESTATE REPORT.** Each of the tenants of the proposed condominium conversion shall be given written notification that an application for a public report will be, or has been submitted to the Department of Real Estate, and that such report will be available upon request. (Ord. 5380, 2005; Ord. 4716, 1991; Ord. 4606, 1989; Ord. 4199, 1983; Ord. 4086, 1980; Ord. 4000 §2, 1979.)

### **28.88.110 Effect of Proposed Conversion on the City's Low- and Moderate-Income Housing Supply.**

A. If any of the units in the project have been "affordable rental units" for at least twenty-four of the previous forty-eight months preceding the conversion application, the application for condominium conversion may be approved only if a condition is imposed requiring that the same number and type of units in the project after conversion will be subject to a recorded affordability covenant placing maximum sales price limits on each such unit in accordance with the City's affordability criteria. For purposes of this Chapter, "affordable rental unit" shall be defined by resolution of the City Council. All units subject to this affordability restriction shall be owner-occupied, except as otherwise set forth by Council resolution. Any such units that are retained by the original owner and not sold shall be subject to affordable rental restrictions as defined by resolution of the City Council.

B. If the Staff Hearing Officer or Planning Commission determines that vacancies in the project have been increased for the purpose of preparing the project for conversion, the conversion shall be disapproved. In evaluation of the current vacancy level under this subsection, the increase in rental rates for each unit over the preceding five (5) years and the average monthly vacancy rate for the project over the preceding two (2) years shall be considered. (Ord. 5380, 2005; Ord. 4716, 1991; Ord. 4606, 1989; Ord. 4199, 1983; Ord. 4000 §2, 1979.)

### **28.88.120 Findings.**

The Staff Hearing Officer or Planning Commission shall not approve an application for condominium conversion unless the Staff Hearing Officer or Planning Commission finds that:

A. All provisions of this Chapter are met and the project will not be detrimental to the health, safety, and general welfare of the community.

B. The proposed conversion is consistent with the General Plan of the City of Santa Barbara or legally nonconforming with the density requirement of its Land Use Element.

C. The proposed conversion will conform to the Santa Barbara Municipal Code in effect at the time the application was deemed to be complete, except as otherwise provided in this Chapter.

D. The overall design (including project amenities) and physical condition of the conversion will result in a project which is aesthetically attractive, safe and of quality construction.

E. If required by Subsection 28.88.110 A above, the proposed conversion has mitigated impacts to the City's low and moderate income housing supply through an agreement to record affordability control covenants on the specified number of units.

F. The applicant has not engaged in coercive retaliatory action regarding the tenants after the submittal of the first application for City review through the date of approval. In making this finding, consideration shall be given to:

1. Rent increases at a rate greater than the rate of increase in the Consumer Price Index (all items, Los Angeles - Long Beach) unless provided for in leases or contracts in existence prior to the submittal of the first application for City review, or

2. Any other action by applicant which is taken against tenants to coerce them to refrain from opposing the project. An agreement with tenants which provides for benefits to the tenants after the approval shall not be considered a coercive or retaliatory action.

G. The owner has made a reasonable effort to assist those tenants wishing to purchase their units for purposes of minimizing the direct effect on the rental housing market created by relocating such tenants.

H. The requirements of Section 28.88.130 have been met.

I. The following additional findings shall be made by the Staff Hearing Officer or Planning Commission in order to approve conversions to hotels or similar uses:

1. The use will not be materially detrimental to the public peace, health, safety, comfort and general welfare and will not materially decrease property values in the neighborhood involved;

2. The total area of the site and the setbacks and location of all facilities in relation to property and street lines are adequate in view of the characteristics of the site.

3. The conversion will not have a significant adverse impact on the surrounding properties.

4. Adequate access and off-street parking, including parking for guests and employees, are provided so that there is no adverse impact on the character of the public streets in the neighborhood. (Ord. 5380, 2005; Ord. 4716, 1991; Ord. 4606, 1989; Ord. 4199, 1983; Ord. 4014, 1979; Ord. 4000, 1979.)

### **28.88.130 Maximum Number of Conversions.**

#### **A. MAXIMUM NUMBER OF CONVERSIONS.**

1. Annual Quota. The maximum number of conversions to condominiums to be approved during any calendar year shall not exceed the greater of:

a. fifty (50) units; or

b. the number of unassisted new dwelling units in two family and multiple family rental projects issued certificates of occupancy during the previous calendar year minus the number of dwelling units in two family and multiple family rental units to be demolished pursuant to permits issued in that same year.

2. In the event that the annual conversion quota determined pursuant to paragraph 1 of this Subsection A exceeds the aggregate number of units approved for conversion to condominiums during any year any excess shall be available in the following twelve (12) month period for conversions to hotels or similar uses only, after which time any remaining excess shall not be included in the annual conversion quota permitted for any following year.

3. A condominium project consisting of more dwelling units than the maximum number which can be approved in the applicable calendar year, may be approved for a phased conversion. The approval of a phased conversion shall specify the number of units which may be converted in each year (which number may

not exceed the annual conversion quota for that year), and shall specify that the units approved for conversion in a given year shall have priority for conversion over units in other projects approved for conversion in that year.

**B. PROCESSING OF APPLICATIONS.** Applications shall be processed in accordance with procedures established by resolution of the City Council setting forth the manner and method of prioritizing applications for conversions.

**C. EXCEPTIONS.**

1. This section shall not be applicable to:
  - a. A project consisting of four (4) or less units.
  - b. A project as to which the tenants of more than fifty percent (50%) of the rental units have made a commitment to purchase their units.
  - c. A project involving conversions for a non or limited equity cooperative or condominium for low-to-moderate income residents.
  - d. A project involving the conversion of dwelling units which, at the time the application for condominium conversion was filed, were legally rented as hotel units.
  - e. A project involving conversions in which not less than 75% of the dwelling units are subject to the City's standard affordability controls. (Ord. 4716, 1991; Ord. 4606, 1989; Ord. 4199, 1983; Ord. 4014 §1, 1979; Ord. 4000 §2, 1979.)

## **Affordable Housing Policies and Procedures**

### **APPENDIX D - INCLUSIONARY HOUSING ORDINANCE Effective March 6, 2015**

The following paragraphs summarize the main requirements of the Inclusionary Housing Ordinance, but the reader is encouraged to refer to the complete text of the Ordinance for more complete information. The Ordinance is located at Chapter 28.43 of the City's Municipal Code and is attached at the end of this document.

#### **A. Projects of Ten or More Ownership Units or Lots**

For all residential subdivision developments of 10 or more units, the developer must either designate at least 15% of the total units as inclusionary units for owner-occupancy by middle-income households, or must pay an in-lieu fee. As an incentive to provide the units on-site, the developer is entitled to a density bonus for the number of inclusionary units to be provided on-site. The City also may (but is not required to) provide zoning modifications (such as reduced setback requirements, for example) to facilitate the increased density. Other Ordinance requirements:

- In determining the number of inclusionary units required, any decimal fraction of less than 0.5 shall be rounded down, and any decimal fraction of 0.5 or more shall be rounded up.
- The Ordinance also applies to “dry lot” subdivisions that would create lots for the eventual development of 10 or more units, and requires the payment of an in-lieu fee.
- Prices of the inclusionary units are generally required to be affordable to middle income households, using a target income of 120% of Area Median Income (AMI). Currently the maximum sale prices for inclusionary units are:
  - 1 bedroom, \$272,400
  - 2 bedroom, \$341,400
  - 3 bedroom, \$387,400
- For inclusionary units built as duplexes, or especially large and luxurious condominiums that approximate the livability and features that buyers might expect from duplex units, the Community Development Director may approve a target income of 130% of AMI. For example, a 2 bedroom unit at this price point could be sold for a maximum of \$385,100.
- Inclusionary units built as detached single-family homes, each on its own separate lot, shall be sold at prices affordable to upper-middle income households, using a target income of 160% of AMI. For example, a 2 bedroom unit at this price point could be sold for a maximum of \$491,200.

- Inclusionary units must be disbursed evenly throughout the development and must be comparable in construction quality and exterior design to the market-rate units, but may be smaller in size and have different interior finishes and features.
- The average number of bedrooms in the inclusionary units must at least equal that of the market-rate units. The minimum unit sizes and number of baths are also specified.
- All inclusionary units must be completed and occupied concurrently with or prior to the market-rate units. In phased projects, inclusionary units must be included proportionally in each phase.
- Affordability control documents must be approved by the City and recorded prior to the issuance of the grading permit or building permit, whichever comes first.
- For every residential development to which the Ordinance applies, an Inclusionary Housing Plan must be submitted as part of the application. The Ordinance specifies the required elements which must be included in such Plan.
- Projects that voluntarily provide at least 30% of their units at prices affordable to upper- middle income households are exempt from the Ordinance. Unlike inclusionary units required under this ordinance, however, there is no entitlement to a density bonus for these upper-middle income units. As an example of maximum sale prices, the current maximum sale price for a 2 bedroom upper-middle income unit is \$491,200.

#### **In-Lieu Fee and Alternate Methods of Compliance for Projects of 10 or More Units**

The requirements of the Ordinance may also be satisfied by paying an in-lieu fee. Currently the formula for calculating the in-lieu fee results in a fee of \$409,400 per required inclusionary unit. The in-lieu fee is calculated as follows: The median sale price of 2-bedroom condominiums in the City during the most recent 4 quarters (\$644,000) less 15% to arrive at the “estimated production cost of a 2-bedroom unit” (\$547,400) less the affordable sale price of a 2-bedroom low-income unit under the City’s policies (\$138,000), which equals \$409,400. The in-lieu fee represents the difference between the cost of building a new unit and the price that a low-income affordable unit could be sold for.

The in-lieu fee is re-calculated annually when HUD publishes new Area Median Income figures. The current in-lieu fee amount will be in effect until HUD publishes the 2016 AMI figures. The in-lieu fee for a project is the fee that is in effect as of the date of final Planning Commission approval of the project. The in-lieu fee must be paid prior to the issuance of building permits (except for projects of 1 through 4 units, where payment of the fee may be delayed until just prior to issuance of the Certificate of Occupancy).

To encourage projects with smaller-than-average units, the in-lieu fee is reduced between for projects in which the average size of market-rate units is smaller than 1,700 square feet, per the following table:

Average Unit Size of Market-Rate Units in Net Square Feet	Percentage Reduction in In-Lieu Fee	Reduced In-Lieu Fee
1,400 to 1,699	15%	\$347,990
1,100 to 1,399	20%	\$327,520
800 to 1,099	25%	\$307,050
Below 800	30%	\$286,580

The Planning Commission may accept alternate methods of compliance that are proposed by the applicant, including off-site construction of the inclusionary units, dedication of land for affordable housing purposes, or a combination of approaches. For example, the requirements may be met through a combination of providing inclusionary units on-site and paying an in-lieu fee. A 10-unit project would have an inclusionary requirement of 1.5 units. This could be met by building 2 affordable inclusionary units on-site, or by paying an in-lieu fee for 1.5 units. Unless the average size of the market rate units is below 1,700 square feet, the in-lieu fee for 1.5 units would be  $(1.5 \times \$409,400 =) \$614,100$ . Or, the requirements could be met by building one affordable inclusionary unit and paying one-half of the in-lieu fee for one unit (\$204,700).

**B. Projects of Two through Nine Ownership Units or Lots**

All residential subdivision projects of 2 through 9 units or lots (including condominium conversion projects) must pay an inclusionary housing fee. Unlike the inclusionary requirements for projects of 10 or more units, there is no requirement that these smaller projects provide an affordable unit, and there is no entitlement to a density bonus if an affordable unit is included by choice as an alternative to paying the inclusionary housing fee.

The pro-rated inclusionary housing fee for smaller projects is currently \$20,470 per unit or lot. This is equal to 5% of the \$409,400 in-lieu fee. This fee amount will be in effect until HUD publishes the Area Median Income numbers for 2016. For projects involving the construction of 5 or more units, the fee must be paid prior to the issuance of building

permits. To reduce the financial impact on projects of 4 units or less, the due date for payment of the in-lieu fee is postponed until just prior to issuance of the Certificate of Occupancy.

To encourage projects with smaller-than-average units, the pro-rated inclusionary housing fee is reduced for projects in which the average size of market-rate units are smaller than 1,700 square feet, per the following table:

Average Unit Size of Market-Rate Units in Net Square Feet	Percentage Reduction in In-Lieu Fee	Reduced In-Lieu Fee	Pro-Rated Inclusionary Fee
1,400 to 1,699	15%	\$347,990	\$17,400
1,100 to 1,399	20%	\$327,520	\$16,380
800 to 1,099	25%	\$307,050	\$15,350
Below 800	30%	\$286,580	\$14,330

**Partial Exemption:** For projects that involve the construction of up to 4 new units, 1 unit is exempt from the inclusionary fee requirement. Projects that will provide up to 4 new units and include one existing unit that will remain on site are eligible for this partial exemption. Projects that include conversion of 2 or more units to condominiums, or that involve creating new lots without concurrent approval of new units, or that include the construction of 5 or more new units, are not eligible for this exemption.

### C. Examples and Tables

**Condo Conversion:** Application to convert an 8-unit apartment building into 8 condominium units: An inclusionary fee of \$163,760 (8 x \$20,470) must be paid prior to the issuance of a building permit. However, if the average size of the condo units is under 1,700 square feet, the fee will be reduced. For example, for an average unit size of 1,000 square feet the fee would be \$122,800 (8 x \$15,350).

**“Dry-Lot Subdivision”:** Application to subdivide a parcel into 9 residential lots for sale to future owner-builders: An inclusionary housing fee of \$184,230 (9 x \$20,470) must be paid prior to recordation of the Final Subdivision Map. For a subdivision of 10 lots, a 15% inclusionary requirement will apply so the in-lieu fee would be \$614,100 (15% x 10 x \$409,400).

**Condo Conversion plus New Construction:** Application to convert a duplex apartment into 2 residential condominiums and to build 2 additional units on the lot: An inclusionary housing fee of \$81,880 (4 x \$20,470) must be paid. The fee for the 2 condominium conversion units must be paid prior to the recordation of the final subdivision map. Because the project is no more than 4 units, payment of the fee for the remaining 2 units may be delayed until just prior to the issuance of the Certificate of Occupancy. This project is not subject to the partial (1-unit) exemption described above because this involves a condominium conversion. Projects where the market rate units average under 1,700 square feet may get a reduction in the in-lieu fee.

**Projects of up to 4 New Units:** Application to demolish a duplex apartment building and build 4 new condominium units on the lot: This is subject to the partial exemption described above because it involves the construction of no more than 4 new units. An inclusionary housing fee of \$61,410 (3 x \$20,470) must be paid, but payment may be deferred to just prior to the Certificate of Occupancy because the project is 4 or fewer units. Projects where all units average under 1,700 square feet may get a reduction in this fee.

**Subdivision with 2 Existing Houses:** Application to do a lot split of a large lot with 2 existing houses to create 4 lots, with the 2 existing houses to be each on their own lots and 2 new houses to be built each on their own lots: This is subject to the partial exemption described above because this is not a condominium conversion and involves the addition of no more than 4 new units. An inclusionary housing fee of \$61,410 (3 x \$20,470) must be paid prior to the Certificate of Occupancy, but payment may be deferred to just prior to the Certificate of Occupancy because the project is 4 or fewer units. Projects where all units average under 1,700 square feet may get a reduction in this fee.

**TABLES:** The following 3 tables provide additional information and examples for projects of 2 through 9 units, depending on factors such as the number of existing units on the site and whether any units are being converted to condominiums.

- Use Table 1 if there are no existing units on the site, or if all existing units will be demolished prior to the construction of the new project
- Use Table 2 if there is one (and only one) existing unit that will remain on the site
- Use Table 3 if there are 2 or more existing units to remain on the site that will be converted to condominiums

<p style="text-align: center;">Inclusionary Table 1</p> <p style="text-align: center;"><b>If There Are No Existing Units on the Site,</b></p> <p style="text-align: center;"><b>or If All Units will be Removed</b></p> <p style="text-align: center;"><b>(the Project is all new construction)</b></p>		
Number of New Units to be Built	Number of Units For Which a 5% In-Lieu Fee Requirement Applies	Total Pro-Rated In-Lieu Fee Required*
1	The Inclusionary Ordinance does not apply to 1-unit projects because there is no subdivision, condo map or new lot creation	NA
2	1 - (1 unit is exempt**)	\$20,470
3	2 - (1 unit is exempt**)	\$40,940
4	3 - (1 unit is exempt**)	\$61,410
5	5	\$102,350
6	6	\$122,820
7	7	\$143,290
8	8	\$163,760
9	9	\$184,230
10 or More	15% Inclusionary Requirement Applies	NA
<p>*Pro-rated in-lieu fee = 5% of the full in-lieu fee (\$409,400 x 5% = \$20,470). However, the in-lieu fee will be reduced if the average size of the market-rate units is below 1,700 sq. ft.</p>		
<p>**In projects that propose to build up to 4 new units, one unit is exempt from payment of the pro-rated in-lieu fee; however, this exemption does not apply to projects that involve the conversion of existing units to condominiums. (see SBMC 28.43.030.A.2).</p>		

<p style="text-align: center;">Inclusionary Table 2</p> <p style="text-align: center;"><b>If There is One (and only one) Existing Unit to be Retained on the Site</b></p>		
Number of New Units to be Built	Number of Units For Which a 5% In-Lieu Fee Requirement Applies	Total Pro- Rated In- Lieu Fee Required*
1	1 – (1 unit is exempt**)	\$20,470
2	2 - (1 unit is exempt **)	\$40,940
3	3 - (1 unit is exempt**)	\$61,410
4	4 - (1 unit is exempt**)	\$81,880
5	6	\$122,820
6	7	\$143,290
7	8	\$163,760
8	9	\$184,230
9 or more	15% Inclusionary Requirement Applies	NA
<p>*Pro-rated in-lieu fee = 5% of the full in-lieu fee (\$409,400 x 5% = \$20,470). However, the in-lieu fee will be reduced if the average size of the market-rate units is below 1,700 sq. ft.</p>		
<p>**In projects that propose to build up to 4 new units, one unit is exempt from payment of the pro-rated in-lieu fee (see SBMC 28.43.030.A.2)</p>		

Inclusionary Table 3

**If the Project Involves a Condominium Conversion**

(Whether or Not New Units are Also Being Constructed)

If there are 2 or more existing units on the site that will be converted to condominiums,

Add the number of existing units to the number of new units (if any).

**Examples:**

What is the Number of Existing Units?	What is the Number of New Units to be Built?	Number of Units For Which a 5% In-Lieu Fee Requirement Applies	Total Pro-Rated In-Lieu Fee Required*
2	1**	3	\$61,410
2	2**	4	\$81,880
3	4**	7	\$143,290
4	5	9	\$184,230
5	5	10 (so 15% inclusionary requirement applies)	NA

\*Pro-rated in-lieu fee = 5% of the full in-lieu fee (\$409,400 x 5% = \$20,470). However, the in-lieu fee will be reduced if the average size of the market-rate units is below 1,700 sq. ft.

\*\*There is no 1-unit exemption when a condominium conversion is part of the project

**Chapter 28.43 CITY OF SANTA BARBARA INCLUSIONARY HOUSING ORDINANCE**

**Sections:**

**28.43.010 Purposes and Intent.**

**28.43.020 Definitions.**

**28.43.030 Inclusionary Requirements.**

**28.43.040 Exemptions.**

**28.43.050 Incentives for On-Site Housing.**

**28.43.060 Affordable Housing Standards.**

**28.43.070 In-Lieu Fees.**

**28.43.080 Alternative Methods of Compliance.**

**28.43.090 Inclusionary Housing Plan Processing.**

**28.43.100 Eligibility for Inclusionary Units.**

**28.43.110 Owner-Occupied Units; Sales Price; Long-Term Restriction.**

**28.43.120 Adjustments and Waivers.**

**28.43.130 Affordable Housing Inclusionary Fund.**

**28.43.010 Purposes and Intent.**

A. The purposes and intent of this Chapter, which shall be known as the “City of Santa Barbara Inclusionary Housing Ordinance,” are the following:

1. To encourage the development and availability of housing affordable to a broad range of Households with varying income levels within the City;

2. To promote the City’s goal to add affordable housing units to the City’s housing stock;

3. To increase the availability of housing opportunities for Middle Income and Upper-Middle Income households within the City limits in order to protect the economic diversity of the City’s housing stock, reduce traffic, commuting and related air quality impacts, and reduce the demands placed on transportation infrastructure in the region; and

4. To implement policies of the Housing Element of the General Plan which include: a. adopting an inclusionary housing program to meet the housing needs of those not currently served by City Housing and Redevelopment Agency programs; and b. encouraging the development of housing for first time home buyers, including moderate and Middle Income households. (Ord. 5310, 2004.)

**28.43.020 Definitions.**

As used in this Chapter, the following terms shall have the meaning and usage indicated below:

A. **AFFORDABLE HOUSING POLICIES AND PROCEDURES.** The City’s Affordable Housing Policies and Procedures as adopted by the City Council of the City of Santa Barbara and amended from time to time.

**B. AFFORDABLE HOUSING INCLUSIONARY FUND.** That special fund of the City established by the City as provided in Section 28.43.130.

**C. AREA MEDIAN INCOME.** The median household income as provided in Section 50093(c) of the California Government Code, as it is currently enacted or hereinafter amended.

**D. APPLICANT.** Any person, firm, partnership, association, joint venture, corporation, or any entity or combination of entities, which seeks City approvals for all or part of a Residential Development.

**E. HOUSEHOLD.** One person living alone or two or more persons sharing residency whose income is considered for housing payments.

**F. INCLUSIONARY HOUSING PLAN.** A plan for a residential development submitted by an Applicant as provided by Section 28.43.090(b).

**G. INCLUSIONARY UNIT.** An Ownership Unit that must be offered to eligible purchasers (in accordance with eligibility requirements set by the City) at a City-approved affordable sale price according to the requirements herein.

**H. MARKET-RATE UNIT.** An Ownership Unit in a Residential Development that is not an Inclusionary Unit.

**I. MIDDLE INCOME HOUSEHOLD.** A Household whose income is between one hundred twenty percent (120%) and one hundred sixty percent (160%) of the Area Median Income, adjusted for household size.

**J. OFF-SITE INCLUSIONARY UNIT.** An Inclusionary Unit that will be built separately or at a different location than the main development.

**K. ON-SITE INCLUSIONARY UNIT.** An Inclusionary Unit that will be built as part of the main development.

**L. OWNERSHIP UNIT.** A dwelling unit that may be sold separately under the requirements of the State Subdivision Map Act. For purposes of this Chapter, a dwelling unit may be designated as an Ownership Unit whether or not it is rented by the owner thereof. The following shall be considered to be a single Ownership Unit: 1. a dwelling unit together with an attached Secondary Dwelling Unit approved under Chapter 28.94, or 2. a dwelling unit together with an additional dwelling unit on the same lot approved under Chapter 28.93 of the City's Municipal Code. APPENDIX E 502-2 rev. 6/30/09

**M. RESIDENTIAL DEVELOPMENT.** The proposed development of any single family, duplex or condominium Dwelling Units in residential or mixed use developments requiring a tentative subdivision map under the City's Subdivision Ordinance. Residential Development shall include the conversion of rental housing to condominiums or similar uses as described in Chapter 28.88 of this Municipal Code.

**N. RESIDENTIAL LOT SUBDIVISION.** The subdivision of land into individual parcels where the application to the City for the subdivision approval does not include a concurrent request for City design approval of the residential dwelling units or homes to be constructed upon on such lots.

**O. TARGET INCOME.** A number, expressed as a percentage of Area Median Income, used in calculating the maximum sale price of an affordable housing unit. It is the household income to which the unit is targeted to be affordable.

**P. UNIT SIZE.** All of the usable floor area within the perimeter walls of a dwelling unit, exclusive of open porches, decks, balconies, garages, basements, cellars that extend no more than

two (2) feet above finished grade, and attics that do not exceed a floor-to-ceiling height of five (5) feet.

**Q. UPPER-MIDDLE INCOME HOUSEHOLD.** A Household whose income is between one hundred sixty percent (160%) and two hundred percent (200%) of the Area Median Income, adjusted for household size. (Ord. 5380, 2005; Ord. 5310, 2004.)

### **28.43.030 Inclusionary Requirements.**

#### **A. GENERAL REQUIREMENTS.**

**1. Developments of Ten (10) or More Units.** For all Residential Developments of ten (10) or more dwelling units, at least fifteen percent (15%) of the total units must be constructed and offered for sale as Inclusionary Units restricted for owner-occupancy by Middle Income Households or, in the case of Residential Lot Subdivisions for the construction of single family homes, by Upper-Middle Income Households as specified herein.

**2. Developments of Less Than Ten (10) Units But More Than One Unit – Payment of an In-Lieu Fee.** For all Residential Developments of less than ten units and more than one unit, the Applicant shall, at the Applicant's election, either provide at least one unit as an owner-occupied Middle Income restricted Unit, or pay to the City an in-lieu fee equal to five percent (5%) of the in-lieu fee specified by Section 28.43.070B herein, multiplied by the total number of dwelling units of the Residential Development; provided, however, that for those Residential Developments which are not a condominium conversion project (as defined by SBMC Chapter 28.88) and which propose to construct two (2) to four (4) dwelling units, the required in-lieu fee shall equal five percent (5%) of the in-lieu fee specified by Section 28.43.070B herein multiplied by the number of units in the Residential Development which exceed one dwelling unit.

#### **B. RESIDENTIAL LOT SUBDIVISIONS.**

**1. Subdivisions of Ten or More Parcels.** For all Residential Lot Subdivisions where the lots to be approved would permit the eventual development of ten (10) or more Dwelling Units, the Applicant shall pay an in-lieu fee corresponding to fifteen percent (15%) of the number of Dwelling Units that might eventually be built on the lots, or the Applicant may propose an alternative means of compliance with this Chapter pursuant to Section 28.43.080 below.

**2. Subdivisions of Less Than Ten Parcels.** For all Residential Lot Subdivisions where the real property parcels to be approved would result in the eventual development of less than ten (10) Dwelling Units but more than one (1) Dwelling Unit, the Applicant shall, at the Applicant's election, either provide that one Dwelling Unit will be constructed as an owner-occupied Middle Income Household restricted Unit, or pay an in-lieu fee corresponding to five percent (5%) of the in-lieu fee specified by Section 28.43.070B multiplied by the number of Dwelling Units that might eventually be built as part of the subdivision. At the option of the Applicant, the Applicant may propose an alternative means of compliance with this Chapter pursuant to Section 28.43.080 below.

**C. EXISTING DWELLING UNITS.** Existing Ownership Units that are to be retained shall be included in the number of units in the Residential Development for purposes of calculating the number of Inclusionary Units required under this Section; however, the number of such existing units to be included in the calculation shall not exceed the number of proposed new Ownership Units to be added.

**D. DENSITY BONUS UNITS.** Any additional owner-occupied units authorized and approved as a density bonus under the City's Affordable Housing Policies and Procedures will not be counted in determining the required number of Inclusionary Units.

**E. ROUNDING.** In determining the number of Inclusionary Units required by this Section, any decimal fraction less than 0.5 shall be rounded down to the nearest whole number, and any decimal fraction of 0.5 or more shall be rounded up to the nearest whole number.

**F. PRICE LIMITS FOR INCLUSIONARY UNITS.** Inclusionary Units must be restricted for sale at affordable prices as follows:

1. Except as provided in the following subsections, Inclusionary Units must be restricted to and sold at prices affordable to Middle Income Households, calculated according to procedure specified in the City's Affordable Housing Policies and Procedures [applicable as of the date of Planning Commission's approval] using a Target Income of one hundred twenty percent (120%) of the then current Area Median Income.

2. The Community Development Director may approve a Target Income of one hundred thirty percent (130%) of Area Median Income for Inclusionary Units built as duplexes, or exceptionally large condominiums, in accordance with the City's Affordable Housing Policies and Procedures. APPENDIX E 502-3 rev. 6/30/09

3. Inclusionary Units built as detached single family homes, each on its own separate lot, must be restricted to and sold at prices affordable to Upper-Middle Income Households, with sale prices calculated according to the procedure specified in the City's Affordable Housing Policies and Procedures using a Target Income of one hundred sixty percent (160%) of Area Median Income.

4. Nothing herein shall preclude an Applicant/Owner from voluntarily agreeing to restrict the Inclusionary Units for sale to very-low, low or moderate income households at the Target Incomes specified for such income categories in the City's Affordable Housing Policies and Procedures.

**G. COMBINING RESIDENTIAL DEVELOPMENTS.** If two proposed Residential Developments that share a common boundary are under development review by the City simultaneously, such developments will be treated under this Chapter as if they were combined for purposes of determining the number of Inclusionary Units or Inclusionary Lots required under this Chapter, provided they are proposed by the same Applicant or by joint Applicants which share a substantial legal commonality of ownership and control. Applicants which are related partnerships or corporations will be deemed to share a substantial commonality of ownership and control if more than sixty percent (60%) of the natural persons who are general partners are the same for each partnership or, in the case of corporate ownership, the applicant individual or entity controls sixty percent (60%) of more of the voting stock or shares of each corporation. (Ord. 5488, 2009; Ord. 5310, 2004.)

#### **28.43.040 Exemptions.**

**A. PROJECTS EXEMPTED FROM INCLUSIONARY REQUIREMENTS.** The requirements of this Chapter shall not apply to the following types of development projects:

1. **Rental Units.** A project constructing Dwelling Units which may not be separately owned, transferred, or conveyed under the state Subdivision Map Act.

2. **Casualty Reconstruction Projects.** The reconstruction of any residential units or structures which have been destroyed by fire, flood, earthquake or other act of nature, which are being reconstructed in a manner consistent with the requirements of Santa Barbara Municipal Code Section 28.87.038.

3. **Voluntarily Affordable Projects.** Residential Developments which propose that not less than thirty percent (30%) of the units of the development will be deed restricted for occupancy by families qualifying as Upper Middle Income (or lower income) households pursuant to and in accordance with the City's Affordable Housing Policies and Procedures. (Ord. 5488, 2009; Ord. 5310, 2004.)

#### **28.43.050 Incentives for On-Site Housing.**

A. **PROVIDING UNITS ON-SITE.** An Applicant for a Residential Development of ten or more dwelling units who elects to satisfy the inclusionary housing requirements of this Chapter by producing owner-occupied Inclusionary Housing units on the site of a Residential Development shall be entitled to a density bonus for the number of Inclusionary Units to be provided on-site, in accordance with the City's density bonus program for owner-occupied units as described in the City's Affordable Housing Policies and Procedures without the need for the Applicant to separately apply for a lot area modification for the density bonus.

B. **USE OF ZONING ORDINANCE MODIFICATIONS.** The City may provide modifications in zoning requirements that will facilitate increased density for the purpose of accomplishing the goals of this Chapter, including modifications to parking, setback, yard area, open space and solar access requirements as specified in Section 28.92.110 of this Municipal Code. (Ord. 5488, 2009; Ord. 5380, 2005; Ord. 5310, 2004.)

#### **28.43.060 Affordable Housing Standards.**

A. **CONSTRUCTION STANDARDS FOR INCLUSIONARY UNITS.** Inclusionary Units built under this Chapter must conform to the following standards:

1. **Design.** Except as otherwise provided in this Chapter, Inclusionary Units must be dispersed evenly throughout a Residential Development and must be comparable in construction quality and exterior design to the Market-Rate Units constructed as part of the Development. Inclusionary Units may be smaller in aggregate size and may have different interior finishes and features than Market-Rate Units so long as the interior features are durable, of good quality and consistent with contemporary standards for new housing.

2. **Size.** The average number of bedrooms in the Inclusionary Units must equal or exceed the average number of bedrooms in the Market-Rate Units of the Development. Absent a waiver from the Community Development Director, two-bedroom Inclusionary Units shall generally have at least one and one-half bathrooms, and three-bedroom Inclusionary Units shall generally have at least two bathrooms. However, the required number of bathrooms shall not be greater than the number of bathrooms in the Market-Rate Units. The minimum Unit Size of each Inclusionary Unit shall be in conformance with the City's Affordable Housing Policies and Procedures.

3. **Timing of Construction.** All Inclusionary Units must be constructed and occupied concurrently with or prior to the construction and occupancy of Market-Rate Units of the Development. In phased developments, Inclusionary Units may be constructed and occupied in

proportion to the number of units in each phase of the Residential Development. APPENDIX E 502-4 rev. 6/30/09

4. **Duration of Affordability Requirement.** Inclusionary Units produced under this Chapter must be legally restricted to occupancy by Households of the income levels for which the units were designated pursuant to and in conformance with the City's Affordable Housing Policies and Procedures. (Ord. 5310, 2004.)

#### **28.43.070 In-Lieu Fees.**

A. **PAYMENT OF IN-LIEU FEE TO CITY.** The requirements of this Chapter may also be satisfied by paying an in-lieu fee to the City for deposit into the City's Affordable Housing Inclusionary Fund as such fund is provided for in Section 28.43.130.

B. **CALCULATION OF IN-LIEU FEE.** The in-lieu fee for each required Inclusionary Unit that is not constructed on-site will be calculated as of the date of Planning Commission final approval in a manner sufficient to make up the monetary difference between the following: 1. the Estimated Production Cost of a two-bedroom condominium unit in the City as defined in this Section, and 2. the price of a two-bedroom dwelling unit affordable to a Low-Income Household calculated according to the procedure specified in the City's Affordable Housing Policies and Procedures for a two-bedroom unit. The target income for this calculation shall be seventy percent (70%) of Area Median Income, and the housing-cost-to-income ratio for this calculation shall be thirty percent (30%). The Estimated Production Cost shall be deemed to be the median sale price of two-bedroom condominium units in the City less a fifteen percent (15%) adjustment to reflect an Applicant/Developer's anticipated profit. The median sale price of two-bedroom condominium units in the City shall be established by the City Council, based on data provided by the Santa Barbara Association of Realtors or other source selected by the City Council, for sales during the four most recent calendar quarters prior to the calculation. The City Council may annually review the median sale price of two-bedroom condominium units in the City, and may, based on that review, adjust the in-lieu fee amount.

C. **PRORATING.** If the calculation for the required number of Inclusionary Units as provided in Section 28.43.030 results in a fraction of a unit, the amount of in-lieu fee for such fractional unit shall be prorated.

D. **REDUCTION OF IN-LIEU FEE FOR SMALLER UNITS.** For Residential Developments, the amount of the in-lieu fee shall be reduced where the average Unit Size of the Market-Rate Units is less than 1700 square feet, according to the following:

1. If the average Unit Size of the Market-Rate Units is between 1,400 and 1,699 square feet, the in-lieu fee shall be reduced by fifteen percent (15%).

2. If the average Unit Size of the Market-Rate Units is between 1,100 and 1,399 square feet, the in-lieu fee shall be reduced by twenty percent (20%).

3. If the average Unit Size of the Market-Rate Units is between 800 and 1,099 square feet, the in-lieu fee shall be reduced by twenty-five percent (25%).

4. If the average Unit Size of the Market-Rate Units is below 800 square feet, the in-lieu fee shall be reduced by thirty percent (30%).

E. **TIMING OF PAYMENT OF IN-LIEU FEE.** The timing of payment of the in-lieu fee varies according to the type of development and the number of units to be developed, as follows:

1. **New Construction of Five or More Units.** For new construction of five or more dwelling units, the in-lieu fee shall be paid prior to the issuance of a building permit for the Development; for phased-construction developments, payment of the applicable in-lieu fees shall be made for each portion of the Development prior to the issuance of a building permit for that phase of the Development. In the event that the Applicant/Developer intends to pay the in-lieu fee from proceeds of a bank construction loan, and such bank requires the issuance of a building permit prior to funding the construction loan, the Applicant/Developer may request that the Community Development Director issue the building permit prior to payment of the fee. The Community Development Director may approve such request provided the Applicant/Developer agrees in writing that the fee will be paid within ten (10) days after the issuance of the building permit, and further agrees that the building permit will be deemed revoked by the City and work undertaken pursuant to the building permit stopped if the in-lieu fee is not paid within such ten-day period.

2. **Condominium Conversions.** For condominium conversions, payment of the in-lieu fee shall be made prior to recordation of the Final Subdivision Map.

3. **Residential Lot Subdivisions.** For Residential Lot Subdivisions, payment of the in-lieu fee shall be made prior to recordation of the Final Subdivision Map.

4. **Residential Developments of Four Units or Less.** For Residential Developments of four units or less which are subject to this Chapter and which elect to pay an in-lieu fee under the requirements of this Chapter, the in-lieu fees shall be paid to the City prior to the issuance of a Certificate of Occupancy by the Chief Building Official of the City.

F. **DELAYED PAYMENT.** When payment is delayed, in the event of default, or for any other reason, the amount of the in-lieu fee payable under this Section will be based upon the greater of the fee schedule in effect at the time the fee is paid or the fee schedule in effect at the time of Planning Commission approval. (Ord. 5488, 2009; Ord. 5310, 2004.) APPENDIX E 502-5 rev. 6/30/09

#### **28.43.080 Alternative Methods of Compliance.**

A. **ALTERNATIVE METHODS OF COMPLIANCE - APPLICANT PROPOSALS.** An Applicant, at the Applicant's option, may propose an alternative means of compliance with this Chapter by submitting to the City an Inclusionary Housing Plan prepared in accordance with the following alternative compliance provisions:

1. **Off-Site Construction.** All or some of the required Inclusionary Units may be constructed off-site if the Planning Commission (or the City Council on appeal) finds that the combination of location, unit size, unit type, pricing, and timing of availability of the proposed off-site Inclusionary Units would provide equivalent or greater benefit than would result from providing those Inclusionary Units on-site as might otherwise be required by this Chapter. Prior to the recordation of the Final Subdivision Map for the Residential Development subject to the inclusionary requirements of this Chapter, the Applicant shall post a bond, bank letter of credit, or other security acceptable to the Community Development Director, in the amount of the in-lieu fee per Section 28.43.070, which the City may call and may deposit in the Affordable Housing Inclusionary Fund and may spend in accordance with the terms of that Fund in the event that the off-site inclusionary units are not completed (as evidenced by the issuance of a certificate of occupancy for such units) according to the schedule stated in the Inclusionary

Housing Plan submitted by the Applicant and prior to the completion and occupancy of the Residential Development.

2. **Dedication of Land For Affordable Housing Purposes.** In lieu of building Inclusionary Units on or off-site or the payment of in-lieu fees, an Applicant may choose to dedicate land to the City [or a City-designated non-profit housing developer] under circumstances where the land is suitable for the construction of Inclusionary Units and under circumstances which the Planning Commission (or the City Council on appeal) reasonably has determined to be of equivalent or greater value than would be produced by applying the City's current in-lieu fee to the Applicant's inclusionary housing obligation.

3. **Combination of Approaches.** The Planning Commission (or the City Council on appeal) may accept any combination of on-site construction, off-site construction, in-lieu fees and land dedication which, in the Planning Commission's or City Council's determination, would provide equivalent or greater benefit than that which might result from providing Inclusionary Units on-site.

**B. DISCRETION OF PLANNING COMMISSION OR CITY COUNCIL.** The Planning Commission (or the City Council on appeal) may approve, conditionally approve or reject any alternative proposed by an Applicant as part of an Affordable Housing Plan. Any approval or conditional approval must be based on a finding that the purposes of this Chapter would be better served by implementation of the proposed alternative. In determining whether the purposes of this Chapter would be better served under the proposed alternative, the Planning Commission (or the City Council on appeal) should consider the extent to which other factors affect the feasibility of prompt construction of the Inclusionary Housing Units, such as site design, zoning, infrastructure, clear title, grading and environmental review. (Ord. 5310, 2004.)

#### **28.43.090 Inclusionary Housing Plan Processing.**

A. **GENERALLY.** The submittal of an Inclusionary Housing Plan and recordation of an approved City affordability control covenant shall be a pre-condition on the City approval of any Final Subdivision Map, and no building permit shall be issued for any Development to which this Chapter applies without full compliance with the provision of this Section. This Section shall not apply to exempt projects or to projects where the requirements of the Chapter are satisfied by payment of an in-lieu fee under Section 28.43.070.

B. **INCLUSIONARY HOUSING PLAN.** Every residential development to which this Chapter applies shall include an Inclusionary Housing Plan as part of the application submittal for either development plan approval or subdivision approval. No application for a tentative map, subdivision map, or building permit for a development to which this Chapter applies may be deemed complete until an Inclusionary Housing Plan is submitted to and approved by the Community Development Director as being complete. At any time during the formal development review process, the Community Development Director may require from the Applicant additional information reasonably necessary to clarify and supplement the application or determine the consistency of the Project's proposed Inclusionary Housing Plan with the requirements of this Chapter.

C. **REQUIRED PLAN ELEMENTS.** An Inclusionary Housing Plan must include the following elements or submittal requirements:

1. The number, location, structure (attached, semi-attached, or detached), and size of the proposed Market-Rate and Inclusionary Units and the basis for calculating the number of Inclusionary Units;

2. A floor or site plan depicting the location of the Inclusionary Units and the Market-Rate Units;

3. The income levels to which each Inclusionary Unit will be made affordable;

4. The methods to be used to advertise the availability of the Inclusionary Units and select the eligible purchasers, including preference to be given, if any, to applicants who live or work in the City in conformance with the City's Affordable Housing Policies and Procedures;

5. For phased Development, a phasing plan that provides for the timely development of the number of Inclusionary Units proportionate to each proposed phase of development as required by Section 28.43.060.A.3 of this Chapter;

6. A description of any modifications as listed in Section 28.92.110 that are requested of the City;

7. Any alternative means designated in Section 28.43.080.A proposed for the Development along with information necessary to support the findings required by Section 28.43.080.B for approval of such alternatives; and

8. Any other information reasonably requested by the Community Development Director to assist with evaluation of the Plan under the standards of this Chapter.

**D. AFFORDABILITY CONTROL COVENANTS.** Prior to issuance of a grading permit or building permit, whichever is requested first, a standard City affordability control covenant must be approved and executed by the Community Development Director, executed by the Applicant/Owners, and recorded against the title of each Inclusionary Unit. If subdivision into individual property parcels has not been finalized at the time of issuance of a grading permit or building permit, an overall interim affordability control covenant shall be recorded against the Residential Development, and shall be replaced by separate recorded affordability control covenants for each unit prior to issuance of a Certificate of Occupancy by the City for such units. (Ord. 5310, 2004.)

#### **28.43.100 Eligibility for Inclusionary Units.**

**A. GENERAL ELIGIBILITY FOR INCLUSIONARY UNITS.** No Household may purchase or occupy an Inclusionary Unit unless the City has approved the Household's eligibility, and the Household and City have executed and recorded an affordability control covenant in the chain of title of the Inclusionary Unit. Such affordability control covenant is in addition to the covenant required in Section 28.43.090 above. The eligibility of the purchasing household shall be established in accordance with the City's Affordable Housing Policies and Procedures and any additional eligibility requirements agreed upon in writing by the Applicant and the City.

**B. OWNER OCCUPANCY.** A Household which purchases an Inclusionary Unit must occupy that unit as a principal residence, as that term is defined for federal tax purposes by the United States Internal Revenue Code. (Ord. 5310, 2004.)

#### **28.43.110 Owner-Occupied Units; Sales Price; Long-Term Restriction.**

**A. INITIAL SALES PRICE.** The initial sales price of an Inclusionary Unit must be set in accordance with the City's Affordable Housing Policies and Procedures, using the Target Income requirements specified in this Chapter.

**B. TRANSFERS AND CONVEYANCES.** A renewal of the affordability controls covenant will be entered into upon each change of ownership of an Inclusionary Unit and upon any transfer or conveyance (whether voluntarily or by operation of law) of an owner-occupied Inclusionary Unit as such covenants are required in accordance with the City's Affordable Housing Policies and Procedures.

**C. RESALE PRICE.** The maximum sales price and qualifications of purchasers permitted on resale of an Inclusionary Unit shall be specified in the affordability control covenant and shall be in conformance with the City's then approved and applicable Affordable Housing Policies and Procedures. (Ord. 5310, 2004.)

### **28.43.120 Adjustments and Waivers.**

**A. ADJUSTMENTS AND WAIVERS.** The requirements of this Chapter may be adjusted to propose an alternative method of compliance with this Chapter in accordance with Section 28.43.080 or waived (in whole or in part) by the City if the Applicant demonstrates to the Planning Commission (or the City Council on appeal) that applying the requirement of this Chapter would be contrary to the requirements of the laws of the United States or California or the Constitutions thereof.

**B. TIMING OF WAIVER REQUEST.** To receive an adjustment or waiver, the Applicant must make an initial request of the Planning Commission for such an adjustment or waiver and an appropriate demonstration of the appropriateness of the adjustment or waiver when first applying to the Planning Commission for the review and approval of the proposed Residential Development development plan or subdivision review as such review and approval is required by either Title 28 or Title 27 of the Santa Barbara Municipal Code.

**C. WAIVER AND ADJUSTMENT CONSIDERATIONS.** In making a determination on an application to adjust or waive the requirements of this Chapter, the Planning Commission (or the City Council on appeal) may assume each of the following when applicable: (i) that the Applicant is subject to the inclusionary housing requirement or in-lieu fee; (ii) the extent to which the Applicant will benefit from inclusionary incentives under Section 28.43.050; and (iii) that the Applicant will be obligated to provide the most economical Inclusionary Units feasible in terms of construction, design, location and tenure.

**D. WRITTEN DECISION.** The Planning Commission (or the City Council on appeal) will determine the application and issue written findings and a decision within sixty (60) days of the public hearing on the Adjustment/Waiver Request.

**E. APPEAL TO THE CITY COUNCIL.** Upon a decision by the Planning Commission on the proposed overall residential development plan, any action taken by the Commission made pursuant to a request for an adjustment for an alternative method of compliance under Section 28.43.080, or for a waiver pursuant to this Section, may be appealed to the City Council in accordance with the appeal procedures of Santa Barbara Municipal Code Section 1.30.050. (Ord. 5310, 2004.)

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**28.43.130 Affordable Housing Inclusionary Fund.**

A. **INCLUSIONARY FUND.** There is hereby established a separate City Affordable Housing Inclusionary Fund (“Fund”) maintained by the City Finance Director. This Fund shall receive all fees contributed under Sections 28.43.070 and 28.43.080 and may, at the discretion of the City Administrator, also receive monies from other sources.

B. **PURPOSE AND LIMITATIONS.** Monies deposited in the Fund must be used to increase and improve the supply of housing affordable to Upper-Middle, Middle, Moderate-, Low-, and Very Low-Income Households in the City and to ensure compliance of such Households with the City's Affordable Housing Policies and Procedures. Monies may also be used to cover reasonable administrative or related expenses associated with the administration of this Section, including, but not limited to, the City's purchase and resale of affordable housing units that are in default of the affordable control covenant recorded against that property, provided that the City shall, at all times, comply with the applicable provisions and requirements of the state Mitigation Fee Act, Govt. Code Sections 66000 - 66025.

C. **ADMINISTRATION.** The Fund shall be administered by the Community Development Director, who may develop procedures to implement the purposes of the Fund consistent with the requirements of this Chapter and any adopted budget of the City.

D. **EXPENDITURES.** Fund monies shall be used in accordance with the City’s Housing Element, Redevelopment Plan, the City's Affordable Housing Policies and Procedures, or subsequent plan adopted by the City Council to construct, rehabilitate or subsidize affordable housing or assist other governmental entities, private organizations or individuals to do so. Permissible uses include, but are not limited to, assistance to housing development corporations, equity participation loans, grants, pre-home ownership co-investment, pre-development loan funds, participation leases or other public-private partnership arrangements. The Fund may be used for the benefit of both rental and owner-occupied housing in accordance with the applicable requirements of the state Mitigation Fee Act, Govt. Code Sections 66000 - 66025.

E. **COMMUNITY DEVELOPMENT DIRECTOR’S ANNUAL REPORT.** The Community Development Director, with the assistance of the City Finance Director, shall report annually to the City Council on the status of activities undertaken with the Fund. The report shall include a statement of income, expenses, disbursements and other uses of the Fund. The report should also state the number and type of Inclusionary Units constructed during that year. (Ord. 5488, 2009; Ord. 5310, 2004.)

APPENDIX E 502-7 rev. 6/30/09

**Affordable Housing Policies and Procedures  
Appendix E**

**Chapter 28.89**

**TENANT DISPLACEMENT ASSISTANCE ORDINANCE**

**Sections:**

- 28.89.010 Definitions.**
- 28.89.020 Submittal Requirements.**
- 28.89.030 Displacement Assistance.**
- 28.89.040 Certification of Displacement Assistance.**
- 28.89.050 Protections for Resident Households.**

**28.89.010 Definitions.**

Except where the context or particular provisions require otherwise, the following definitions shall govern the construction of this Chapter.

A. **Application.** Any application required to be submitted to the City of Santa Barbara for discretionary or ministerial approval of a land use change or improvement of real property that will result in a displacement of a resident household.

B. **Displacement.** The vacating of a rental unit by a resident household upon notice from the property owner as the result of or to enable any of the following: 1. the demolition of any rental unit on the lot, 2. the alteration of any structure on the lot in a manner that requires a permit from the City and which reduces the number of rental units on the lot, 3. the conversion of a single residential unit to a condominium unit, or 4. a change of use of real property from a residential use to a non-residential use that requires a permit from the City. For purposes of this Chapter, a displacement does not include a vacation of a rental unit as the result of the following: 1. a condominium conversion regulated and processed pursuant to Chapter 28.88 of this Code, 2. a conversion of any portion of a mobilehome park or a permanent recreational vehicle park regulated and processed pursuant to Chapter 28.78 of this Code, 3. a property owner's compliance with an enforcement order of the City Building Official for which the property owner has been ordered to pay relocation expenses pursuant to Health and Safety Code section 17980.7 or any other state or federal law, or 4. a vacation of a rental unit resulting from the damage or destruction of the unit which is caused by a natural disaster.

C. **Eligible Resident Household.** A resident household occupying a rental unit at the time an application is filed with the City. There shall be a rebuttable presumption that any resident household which received a notice to quit pursuant to Section 1946 of the Civil Code within the six (6) month period preceding the filing of an application is an eligible resident household for purposes of receiving displacement assistance pursuant to this Chapter. The presumption specified in the preceding sentence shall not apply where the property owner provides evidence of either of the following: 1. the resident household's occupancy ended due to the expiration of a term lease and the tenancy was not extended by the operation of Section 1945 of the Civil Code, or 2. the resident household was found to have committed an unlawful detainer pursuant to Subdivisions 2, 3, 4 or 5 of Section 1161 of the Code of Civil Procedure as evidenced by a final judgment of a court of competent jurisdiction.

D. **Immediate Family.** Immediate family includes a spouse, registered domestic partner, children, parents, and the spouses or registered domestic partners of children of a property owner.

E. **Median Advertised Rental Rate.** An estimate of rental rates for residential rental units within the City prepared annually by the staff of the Community Development Department. For the purposes of this Chapter, the median advertised rental rate shall be calculated annually based on the median of a representative sample of rental units advertised in a newspaper of general circulation for one Sunday during the month of April. The median advertised rental rate shall be published by the City each May 1 and shall remain in effect for the next twelve (12) months or until a new median advertised rental rate is provided by the City. The median advertised rental rate shall be calculated and published for the following categories of rental units: 1. studio units (no bedrooms), 2. one bedroom units, 3. two bedroom units, and 4. units with three or more bedrooms. As used in this Chapter, the applicable median advertised rental rate shall be determined based on the number of bedrooms in the rental unit to be vacated by the residential household. The methodology for calculating the median advertised rental rate shall be approved by the Community Development Director and described in detail in the City's Affordable Housing Policies and Procedures.

F. **Rental Unit.** A structure (or part thereof) used as a place of permanent or customary and usual abode of a resident household. A rental unit shall not include a room or any other portion of any residential unit which is occupied by the property owner or a member of the property owner's immediate family.

G. **Resident Household.** Any person or group of persons entitled to occupy a rental unit under a valid lease or rental agreement (written or oral) including all persons who are considered residents under the Civil Code, but not including the owner of the rental unit or members of the owner's immediate family.

H. **Special Needs Resident Household.** An eligible resident household with any of the following characteristics: 1. at least one member who is 62 years of age or older, 2. at least one member qualifies as a disabled person pursuant to section 295.5 of the Vehicle Code, or 3. the household qualifies as a low income household pursuant to the City's Affordable Housing Policies and Procedures. (Ord. 5401, 2006.)

#### **28.89.020 Submittal Requirements.**

A. **Notice of Intent.** At least sixty (60) days prior to filing an application, either the property owner or the owner's agent shall notify each resident household residing on the subject real property of the owner's intent to file an application. The notice shall be provided by either: 1. personal delivery, or 2. certified mail, postage prepaid, with return receipt requested. Evidence of compliance with this section must be submitted to the City in order for the application to be deemed complete. The form of the notice shall be approved by the Community Development Department and shall contain at least the following information:

1. The name and address of current owner;
2. The name and address of the proposed applicant;
3. The approximate date on which the application is to be filed;
4. The resident's right to purchase a resulting residential unit, if applicable;
5. The resident's right of notice before being required to vacate the rental unit;
6. The resident's right to terminate lease without obligation for future rent;
7. A statement regarding the applicable limitations on rent increases;
8. An explanation of displacement assistance available for eligible resident households and special needs resident households under this Chapter (i.e., monetary assistance, relocation counseling, contact information for the Rental Housing Mediation Task Force, qualifications for Special Needs Resident Households, etc.);
9. The resident household's right to receive written notice for each hearing and right to appear and be heard at land use hearings, if applicable; and
10. Other information as may be deemed necessary or desirable by the Community Development Department.

B. **Resident Information.** Concurrent with the filing of the application, either the property owner or the owner's agent shall provide the Community Development Department with all of the following information for each rental unit that will be subject to a displacement as a result of the application:

1. The name of every member of the resident household who is a signatory on a written lease or the name of every person the property owner considers to be a resident under an oral lease; and
2. The names of all members of resident households that were issued a notice to vacate within the six (6) months preceding the filing of the application. (Ord. 5401, 2006.)

#### **28.89.030 Displacement Assistance.**

A. **Monetary Assistance.** As a condition of the City approval of any application that will result in a displacement, the property owner is obligated to pay to each eligible resident household monetary displacement assistance in an amount equal to four (4) times the median advertised rental rate or \$5,000, whichever is greater. The displacement assistance to be paid to an eligible special needs resident household shall be equal to five (5) times the median advertised rental rate or \$6,000, whichever is greater.

The displacement assistance shall be calculated on a "per rental unit" basis and shall be paid jointly, in one lump sum, to all members of the eligible resident household occupying the rental unit.

B. **Waiver of Assistance.** The payment of the monetary displacement assistance required pursuant to subsection A above, or the right of first refusal provided for in Section 28.89.050, may be waived or otherwise altered by mutual written agreement of the property owner and all members of the eligible resident household; provided, the waiver is executed after the members of the resident household have received notice of the application and notice of the provisions of this Chapter pursuant to Section 28.89.020. (Ord. 5401, 2006.)

#### **28.89.040 Certification of Displacement Assistance.**

Prior to any displacement or the issuance of any permit pursuant to the application, whichever occurs first, the property owner shall provide the Community Development Director with either: 1. a copy of a cancelled check evidencing payment of the displacement assistance required by this Chapter to the members of the eligible resident household or 2. a copy of a written waiver or modification of the displacement assistance obligation executed by the property owner and all of the members of the eligible resident household. In order to satisfy the requirements of this Section 28.89.040, the written waiver must be executed after the members of the resident household have received notice of the application and the provisions of this Chapter pursuant to Section 28.89.020. (Ord. 5401, 2006.)

#### **28.89.050 Protections for Resident Households.**

**A. Right to Purchase (Right of First Refusal).** The members of any eligible resident household or eligible special needs resident household shall be given an exclusive right to contract for the purchase of a residential unit within any resulting development upon the same terms and conditions that the residential unit will be initially offered to the general public or on terms more favorable to the members of the eligible resident household or eligible special needs resident household. The exclusive right to contract shall be valid for at least ninety (90) days from the date of issuance of a Subdivision Public Report or the commencement of sales, whichever date is later. The manner in which any exclusive right to contract shall be exercised shall be in accordance with administrative rules established by the Community Development Department in the City's affordable housing policies and procedures. This Subsection shall not apply to applications for conversions of rental units to hotels or similar commercial uses.

**B. Right to Terminate Lease.** After receipt of the notice required pursuant to subsection 28.89.020.A and until the applicant's withdrawal of the application or the displacement of the resident household, the resident household shall have the right to terminate the lease or rental agreement without obligation for any rent that would accrue under the lease or rental agreement after the vacation of the residential unit by the resident household. An eligible resident household's election to terminate the lease and relinquish possession of the rental unit following receipt of the notice required pursuant to subsection 28.89.020.A shall not constitute a waiver of the eligible resident household's right to assistance pursuant to subsection 28.89.030.A.

**C. Notice to New Residents.** Any prospective resident household that applies for residency after an application has been filed shall be notified in writing of the pending application and the potential for displacement prior to occupying any rental unit. The form of this notice shall be approved by the Community Development Department. The failure of the property owner or applicant to give notice in accordance with this subsection shall not be a ground to deny the proposed land use action; however, the property owner shall pay monetary displacement assistance in the manner specified in Section 28.89.030 to each resident household that was entitled to notice pursuant to this subsection and who did not receive such notice. (Ord. 5401, 2006.)

Affordable Housing Policies and Procedures

APPENDIX F

SAMPLE CALCULATION OF MAXIMUM SALE PRICE –  
MIDDLE INCOME UNIT

The following table shows a sample calculation of the maximum sale price of a condominium unit targeted to 120% of the AMI (AMI = \$75,400 of March, 2015)

**MAXIMUM SALE PRICE FOR MIDDLE INCOME UNITS**

<b>Number of bedrooms:</b>	<b>1</b>	<b>2</b>	<b>3</b>
Maximum income (% of AMI):	160%	160%	160%
Target income (% of AMI):	120%	120%	120%
Unit size multiplier factor:	0.75	0.9	1.0
Target income for affordability:	\$67,860	\$81,432	\$90,480
Housing cost/inc ratio for calc:	35%	35%	35%
Max payment for housing expenses:	\$1,979	\$2,375	\$2,639
Down payment used for calc:	10%	10%	10%
Mortgage interest used for calc:	4.50%	4.50%	4.50%
Association fees used for calc:	\$416	\$416	\$416
Property tax payments:	\$284	\$356	\$404
Mortgage payments:	\$1,279	\$1,603	\$1,819
Amt of loan this will amortize:	\$245,185	\$307,296	\$348,703
Plus down payment:	\$27,243	\$34,144	\$38,745
<b>Maximum sale price (rounded):</b>	<b>\$272,400</b>	<b>\$341,400</b>	<b>\$387,400</b>

For the purpose of determining the sales price the City uses the prevailing rate charged by local institutional lenders on a zero point 30-year fixed rate mortgage at the time of final Planning Commission approval of the project. Because the down payment is less than 20%, there was .25% added to the mortgage interest rate to cover the cost of the mortgage insurance premium or 80-10-10 financing.

These calculations are intended as examples only; the parameters used in the calculations will be determined by the City staff on an annual basis.

The initial maximum sale price calculation is sensitive to changes in the interest rate of the mortgage financing and will also vary with changes in the AMI and homeowner association fees.

**Appendix G**  
**City of Santa Barbara**  
**Tenant-Based Rental Assistance (TBRA) Program**  
**Policies and Procedures**

The Tenant-Based Rental Assistance (TBRA) is a rental subsidy program to help individual households acquire permanent housing through temporary rental subsidies with or without rental security deposits and/or utility deposits. Consistent with the City of Santa Barbara's Consolidated Plan, the City of Santa Barbara has chosen to set aside Home Investment Partnerships Program (HOME) funds in this manner to assist homeless or imminently at risk of being homeless persons in order to secure sustainable rental housing. Similar to the Section 8 housing choice voucher program, the TBRA program follows the tenant and is not tied to any specific housing project. The following program requirements meet or exceed HUD standards for TBRA programs. In the event of inconsistencies between program requirements outlined herein and HUD regulations, HUD regulations will take precedent.

**Tenant Selection Criteria for Tenant Based Rental Assistance - Homeless**

1. Tenant(s) must be homeless by HUD definition. Subrecipient grantee may give preference to tenants in one of the following categories. Written proof of homelessness is required prior to placing the homeless person in housing. Source documentation to establish homelessness is Attachment B of this program description.
  - A. Preference Category 1: Tenant must be chronically homeless by HUD definition: An unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more OR has had at least four (4) episodes of homelessness in the past three (3) years. To be considered chronically homeless a person must have been on the streets (lacking a fixed, regular, and adequate nighttime residence) or in an emergency shelter, not transitional housing, during these stays;
  - B. Preference Category 2: Tenant(s) must be a homeless family with one adult member who has a disabling condition and has been continuously homeless for six months or more OR has had at least two (2) episodes of homelessness in the past three (3) years.
  - C. Preference Category 3: Tenant(s) must be a homeless family with one adult member who has a disabling condition.
  - D. Preference Category 4: Tenant must be an unaccompanied homeless individual with a disabling condition.

## **Tenant Selection Criteria for Tenant Based Rental Assistance – Imminent Risk of becoming Homeless**

1. Tenant(s) must be categorized as meeting one following:
  - A. At imminent risk of becoming homeless;
  - B. Would otherwise become homeless without the assistance;
  - C. Need only short- or medium-term assistance in order to restore their finances and return to self-sufficiency upon conclusion of the Program assistance, and
  - D. Are willing to participate in case management.
  
2. Assistance is targeted to households that meet the following criteria:
  - A. Eviction Notice – Tenant household has been served an eviction by landlord;
  - B. Exhaustion of other possibilities – Tenant household shall have exhausted all other possibilities to pay rent including but not limited to attempting to negotiate a payment plan with landlord for delinquent rent, securing a loan from family members or friends, using savings or other assets to make payments, or finding paying roommates;
  - C. Able to work – All adult members of the tenant household shall be ready and willing to seek or maintain full employment, unless disability is verified by a medical doctor.
  - D. Self-sufficiency – Tenant household shall demonstrate that upon conclusion of receiving assistance under the Program, Tenant household shall be able to make full rental payments and sustain their housing.

## **Tenant-Based Rental Assistance (TBRA) – General Program Requirements**

1. Tenant must be income eligible and remain income eligible while receiving TBRA. Maximum household income must be at or below 60% of Area Median Income. The U. S. Dept. of HUD establishes and periodically publishes this income by family size for each jurisdiction.
2. As a condition of TBRA, tenant must be willing to participate in a self-sufficiency program and actively working with a case manager. Failure to continue participation in the self-sufficiency program is not a basis for terminating the assistance; however, renewal of the assistance may be conditioned on participation in the program.
3. TBRA shall be for a minimum of three months, contingent upon tenant(s) willingness to participate in a self-sufficiency program and actively working with a case manager. Maximum subsidy cannot exceed \$6,000 annually per household without prior City approval.
4. Rental assistance contracts may be shorter than two years; however, benefits received under the TBRA program cannot exceed the HOME two-year subsidy limit.

### **Waiting List**

The City of Santa Barbara, through its sub-recipient(s), shall maintain a waiting list separate from any other waiting lists in the community, such as the Section 8 waiting list maintained by the City of Santa Barbara Housing Authority. The waiting list will be based upon the tenant selection criteria listed above and the date a complete application is received. Applications shall be date and time stamped when received. An incomplete application shall be returned to the applicant or their case manager within three business days via mail or email. Placement on the waiting list shall be on a first-come first-served basis using the preferences stated in the tenant selection criteria. The waiting list shall be updated every thirty days. Applicants shall be contacted by phone and regular mail and/or email to insure the applicant wishes to remain on the waiting list.

Persons given preference or assistance under the TBRA program may not be prohibited from applying for or participating in other available programs or forms of assistance, particularly rental assistance. Additionally, households on the Section 8 waiting list at the time of selection for the TBRA Program must remain in their place on the waiting list while receiving HOME TBRA.

The sub-recipient shall receive disbursement of TBRA funds committed upon submission of the City-required form in attached hereto as Exhibit A: Tenant-Based Rental Assistance Request for Reimbursement.

### **Eligible Uses of TBRA Funds**

The following are eligible uses of TBRA funds:

1. Monthly rent;
2. Security deposit in conjunction with rent at the same address (A security deposit may not exceed the equivalent of two month's rent for the unit);
3. Utility cost in conjunction with rent at the same address; and
4. Utility deposit in conjunction with rent at the same address;

### **Ineligible Uses of TBRA Funds**

The following situations are **not** eligible uses of TBRA funds:

1. Use of TBRA funds for utility or security deposit without rental assistance;
2. Payment of rental for a tenant that is also an owner of the housing unit;
3. Tenant is not homeless by definitions stated in the program (Written proof of homelessness is required);
4. TBRA funds cannot be used to displace other available funds such as DSS or Emergency funds;
5. TBRA funds cannot be used for overnight or temporary shelter for homeless persons;

6. TBRA funds cannot be used to reduce the tenant's rent payment to 30% of income. For example, if the household is already receiving assistance under the Section 8 program, the household may not also receive assistance under a HOME TBRA program;
7. TBRA beyond a 24-month approval (24-month limit begins on first day of the first lease); and
8. TBRA to assist homeless persons whose income exceeds 60% of AMI.

### **Income Verification Requirement**

Income eligibility must be determined prior to committing TBRA funds. Income eligibility is based on anticipated income. The annual income is defined as the gross amount of income anticipated by all adult members in a family (18 years old or older) during the 12 months following the effective date of the determination. The HOME TBRA Program uses the **Section 8** definition to determine what is considered as part of the annual income and in accordance with 24 CFR 92.203(d) and the *Technical Guide for Determining Income and Allowances for the HOME Program* [24 CFR 92.209(h)(1)]. When collecting income verification documentation, likely changes in income must be considered. For example, last year's tax return does not establish anticipated income; nor is it an adequate source of documentation.

HOME rule requires TBRA "annual" income re-certifications. Additionally, because this is a special TBRA program for homeless individuals and families, interim re-certifications are also required any time a household income increases or decreases for thirty (30) or more consecutive days or every 90 days, whichever comes first.

### **Other Verification Requirements**

The following requirements must be verified prior to acceptance of an applicant in housing:

1. Verification of homeless living situation is required using the HUD documentation form listed as Exhibit B: Homeless Eligibility Certification Guide. This verification must be received prior to committing TBRA funds.
2. Verification that applicant has case manager who is actively working with the applicant. This verification must be in the form of a letter from the organization or entity working with the homeless individual or family. The letter must include: (a) the name of the case manager; (b) the goals with timelines for the individual or family; and (c) the anticipated amount of time TBRA funds are needed.
3. Homeless individual or family must be a resident of the City of Santa Barbara. This can be verified through last permanent address provided by the applicant through a driver's license, a rent receipt, court records, etc.

### **Continued Use of TBRA**

The homeless family or individual remains eligible for TBRA as long as the case manager documents monthly progress to the sub-recipient. Failure by the client to work toward their goals for two consecutive reporting periods shall release the sub-recipient from obligation to continue TBRA.

### **Locating an Appropriate Housing Unit**

The case manager must assist the homeless family or individual in locating an appropriate housing unit in order to utilize the TBRA funds. Once eligibility is determined, a family may be issued a TBRA coupon while searching for a unit. The coupon is good for thirty days. If no appropriate housing is found within the thirty day period, the sub-recipient must contact the case manager for an additional thirty day extension. (Please see Waiting List for tenant selection.)

### **Eligible TBRA Units**

1. Households may select the housing unit (including shared housing) of their choice within the South Coast area of Santa Barbara County between (Gaviota and the Ventura County line) as long as the monthly rent is considered reasonable in comparison to rents charged for comparable units in the community.
2. Maximum rent subsidy is established by local market conditions or HUD maximum rents (or approved exception rents) for the geographic area.
3. Units may be publicly- or privately owned.
4. Units must meet Section 8 Housing Quality Standards (HQS) and must be free of lead-based paint hazards.

### **Occupancy Standards**

Units subsidized with TBRA must meet or exceed HUD's Section 8 requirements. Inspections to verify compliance is required prior to initial move-in and at least annually during the term of the TBRA.

Basic standards of occupancy are based upon the Section 8 standard of two persons per living/sleeping area. Adjustment in the Section 8 standard shall be considered on an individual basis due to specific household composition. Units that are not appropriate for family size may impact the amount an individual or family pay each month for rent.

### **Lease Requirements**

The term of the lease between the tenant and the landlord must be one year unless both agree otherwise.

The lease agreement may **NOT** contain any of the following provisions:

- Agreement by the tenant to be sued or to admit guilt, or a judgment in favor of the owner in a lawsuit brought in connection with the lease;
- Agreement by the tenant that the owner may take, hold or sell the personal property of the household members without notice to the tenant and a court decision on the rights of the parties (this does not apply to personal property left by the tenant after move-out);
- Agreement by the tenant not to hold the owner or its agents legally responsible for any action or failure to act, whether intentional or negligent;
- Agreement by the tenant that the owner may institute a lawsuit without notice to the tenant;
- Agreement that the owner may evict the tenant (or other household member) without a civil court proceeding where the tenant has the right to present a defense, or before a court decision on the rights of the tenant and the owner;
- Agreement by the tenant to waive a trial by jury;
- Agreement by the tenant to waive tenant's rights to appeal or otherwise challenge a court decision; or
- Agreement by the tenant to pay attorney fees or other legal costs, even if the tenant wins in court.

### **Termination of Lease**

The landlord may elect to terminate or refuse to renew a lease with a tenant receiving TBRA in the following circumstances:

- Proof of activity of a controlled substance for any household member;
- Felony conviction of a crime that is violent or sexual in nature;
- Proof of domestic violence;
- Physical damage to the unit beyond normal wear and tear;
- Failure to pay the tenant portion of the rent required;
- Failure to maintain the unit in a safe and sanitary manner; or
- Failure to consistently work toward self-sufficiency

These circumstances must be in writing in either the lease or in an agreement between the tenant and the sub-recipient.

### **Minimum and Maximum Payments**

Section 8 income standards are used when calculating tenant and TBRA payments.

The TBRA rent limit payment standard is set by local market conditions, HUD's Fair Market Rents for the Area or HUD approved exception rents for the area. TBRA rental assistance shall be the gap between the tenant's payment and the actual rent plus utilities for the tenant's unit (modeled on the Section 8 Certificate Program) at 100% of the local market conditions, Area Fair Market Rent or HUD-Approved Exception Rent.

Tenant rent payment is \$50.00 or 30% of monthly adjusted gross income, whichever is greater.

### **Rent Increases**

The Subrecipient must review and approve rent increases by landlords renting to tenants that participate in the TBRA program.

### **Legal Agreements**

Once the tenant has chosen a unit, the sub-recipient shall inspect the unit and approve for TBRA. Three separate agreements are required for TBRA payments:

1. The owner and the tenant must enter into a lease agreement;
2. The owner and the sub-recipient must enter into an agreement in which the owner agrees to abide by the HOME regulations; and
3. The tenant and the sub-recipient must enter into an agreement that the tenant will abide by the TBRA program rules.

### **TBRA Participating Tenant**

Tenants receiving TBRA will be encouraged to enroll in local programs that will provide knowledge of their rights and opportunities for keeping and maintaining a permanent residence.

Exhibit A - HOME TBRA Request for Reimbursement Form on next page

TBRA Client Form  
HOME Program

Date Submitted: \_\_\_\_\_  
Date(s) Covered: \_\_\_\_\_

Check the appropriate box:

Original Submission  
 Revision

Name and Phone Number of Person Completing Form: \_\_\_\_\_  
Signature: \_\_\_\_\_  
3. IDIS Activity ID #: \_\_\_\_\_ 4. Activity Name: HOME TBRA

**A. General and Activity Information:**

1. Name of Participant \_\_\_\_\_ 2. County Code 083

**B. Household Characteristics (refer to code below where applicable). Make copies for additional space**

No.	Client	Unit w/in SBCity limits			Deposit	Rent			Household				Documents			Administration						
	Last Name	Address/Zip Code of Assisted Unit	Date Insp.	# of Bdrms	TBRA Security Dep \$	Rent Paid by Tenant \$	TBRA Rent Subsidy \$	TOTAL RENT incl utilities \$	Income % Med	Hispanic / Latino? Y/N	Race	HH SIZE	HH TYPE	Tenant Agrmt. Date signed	Lease Eligible Y / N	Paid To (Owner / Tenant)	1st (Newly) Assisted	# months in TBRA (max 18)	Homeless Y / N	Chronically Y / N	Income re-cert at 12 months Y / N	Checklists complete Y / N
1																						
2																						
3																						
4																						
5																						
6																						
7																						
8																						

**C. Total/Subtotal of HOME funds Requested SECURITY DEPOSIT:** \$ 0.00  
**Total/Subtotal of HOME funds Requested for RENT SUBSIDY:** \$ 0.00  
**This Page Total Reimbursement Request** \$ 0.00

# of Bdrms	HOUSEHOLD TYPE
0 - SRO/Efficiency	1. Single, non-elderly
1 - 1 bedroom	2. Elderly
2 - 2 bedrooms	3. Single Parent
3 - 3 bedrooms	4. Two Parents
4 - 4 bedrooms	5. Other
5 - 5 or more bedrooms	

Household % of Med
1 - 0 to 30%
2 - 30 - 50%
3 - 50 to 60%
4 - 60 - 80%

Household Race
11 - White
12 - Black or African American
13 - Asian
14 - American Indian or Alaska Native
15 - Native Hawaiian or Other Pacific Islander
16 - American Indian or Alaska Native & White
17 - Asian & White
18 - Black or African American & White
19 - American Indian or Alaska Native & Balck or African American
20 - Other Multi Racial

**Chronically Homeless:**  
Individuals who have a disabling condition AND have been continuously homeless for a year or more OR have had at least four episodes of homelessness in the past 3 years AND have been sleeping in a place not meant for human habitation or in an emergency shelter during that time.

## ELIGIBILITY CERTIFICATION GUIDE

In accordance with the McKinney –Vento Act, the following situations (listed below) constitute a homeless situation. They are the most typical types of homeless situations. If there are other situations that are not described here, contact the HUD Field Office for clarification. Each claim of homelessness must be supported with appropriate documentation. The situations listed below have a number in parentheses which references on pages 2 and 3 the specific documentation required to be in the file. Also included at the end of this Guide is the definition of a chronically homeless person. Only individuals are considered chronically homeless for TBRA programs. HUD does not recognize families as being chronic homeless. It is imperative that you have the proper supporting documentation to demonstrate that a person or family is homeless or that an individual is chronically homeless. **A person is considered homeless only when he/she resides in one of the places described below:**

- In places not meant for human habitation, such as cars, parks, sidewalks, abandoned buildings (on the street). (1 or 2)
- In an emergency shelter. (3)
- In transitional or supportive housing for homeless persons who originally came from the streets or emergency shelters (make sure you have evidence that the person came from the streets or emergency shelter situation). (4)
- In any of the above places but is spending a short time (up to 30 consecutive days) in a hospital or other institution. (5)
- Is being evicted within a week (7 days) from a private dwelling unit and no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing. (6)
- Is being discharged within a week (7 days) from an institution, such as a mental health or substance abuse treatment facility in which the person has been a resident for more than 30 consecutive days and no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing. (7)
- Is being released from prison/jail with no subsequent residence identified and the person lacks the resources and support networks needed to obtain housing. (8)
- Is fleeing a domestic violence-housing situation, no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing. (9)

- Is living in substandard housing that has been condemned. (10)

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Please use the checklist below to make sure that the type of supporting documentation is maintained in the participant's or other appropriate file:

\_\_1. (Places Not Meant for Human Habitation) Certification form signed by the outreach worker or service worker verifying that the person or family is homeless. This could include a letter or certification form signed by an outreach worker or service worker from another organization that can verify that the person or family was, in fact, homeless as described in the above definition, or

\_\_2. Written statement prepared by the participant about the participant's previous living place (if unable to verify by outreach worker or service worker). Have the participant sign and date.

\_\_3. (Shelter) Referral agency certification that the participant has been residing on the street or at the emergency shelter (on agency letterhead, signed and dated).

\_\_4. Transitional housing certification (on agency letterhead, signed and dated) if the participant is residing at the transitional housing facility as well as written verification that the participant was living on the streets or an emergency shelter prior to living in the transitional housing facility (see above for required documentation).

\_\_5. Short-term institution (up to 30 consecutive days) certification from institution's staff verifying that the participant has been residing in the institution for 30 days or less. There should also be written verification that the participant was residing on the street or in an emergency shelter prior to the short-term stay in the institution.

\_\_6. Private dwelling eviction statement describing the reason for eviction (signed and dated by person evicting). No formal eviction is required. If unable to obtain an eviction statement, you must obtain a written statement signed and dated by the participant describing the situation. Outreach worker or service worker must document their efforts by providing a verification form documenting that they have made every effort to confirm that the circumstances are true and have written verification describing the efforts and attesting to their validity. The verification form should be signed and dated. Income documentation of the participant to verify that they lack the financial resources and support networks needed to obtain housing must be included.

\_\_7. Institution discharge certification completed by institution staff stating that the participant was being discharged within the week before receiving TBRA assistance. Income documentation of the participant to verify that they lack the financial resources and support networks needed to obtain housing and that without the TBRA assistance, the participant would be living on the street or in an emergency shelter.

\_\_8. Prison/jail release certification by staff stating that the person was released from prison with no residence identified and that the person lacks the resources and support networks needed to obtain housing.

\_\_9. Domestic violence statement from the participant that he/she is fleeing a domestic violence situation. If participant is unable to prepare a written statement, staff should prepare the statement about the participant's previous living situation and have the participant sign and date it. You must document that you have verified the income of the participant and certify that they lack the financial resources and support networks needed to obtain housing and that without the SHP assistance, the participant would be living on the street or in an emergency shelter.

\_\_10. Substandard housing that has been condemned requires an official condemnation notice.

**Each homeless person's file should contain the required evidence of homelessness listed in 1-10 above.**

ANSWERING "YES" TO A QUESTION ON AN APPLICATION ASKING IF A PERSON IS HOMELESS IS NOT SUFFICIENT EVIDENCE OF HOMELESSNESS.

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Definition of a CHRONICALLY HOMELESS PERSON: An unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more OR has had at least 4 episodes of homelessness in the past three (3) years. To be considered chronically homeless a person must have been on the streets or in an emergency shelter (i.e., not transitional housing) during these stays.

NOTE: A subrecipient will be expected to prove that the chronically homeless person has been "continuously" homeless for a year or more OR that the person has had the 4 episodes of homelessness in the past three (3) years. This documentation could be a certification (on letterhead) from an emergency shelter certifying that the person has been staying in a camp, street, car and sometimes in the emergency shelter for the last year as documented by outreach efforts or been a resident in their shelter at least 4 times during the past 3 years.

Also, subrecipient should have documentation related to the client's disability. While we understand that subrecipient might not have or be able to get a doctor's diagnosis of disability, subrecipient must have some narrative documentation related to the disabling condition that most likely results in client's chronic homelessness.