

Let's Talk About Housing Issues

Key Findings of the Community Input Session

March 23, 2022

Housing Trust Fund of Santa Barbara County



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Meeting Purpose and Format

On March 23, 2022, the Housing Trust Fund of Santa Barbara County hosted an online **Community Input Session** to gather information about affordable and workforce housing needs and potential solutions. 117 persons registered for the event. The purpose of the meeting was:

- To provide an opportunity for community input and dialogue on affordable and workforce housing needs;
- To hear diverse ideas about workable community housing solutions;
- To gather information that can help influence the direction of the Housing Trust Fund programs and priorities; and,
- To help the Housing Trust Fund better support the work of local housing providers and raise new resources to address community housing solutions.

The Community Input Session was welcomed by Housing Trust Fund of Santa Barbara County Chairman Michael T. Bennett. Jennifer McGovern, President and CEO, gave a brief Power Point overview of the current housing market and affordable and workforce housing needs. A Stakeholder Panel then presented their perspective on community workforce and affordable housing needs and why they participate in solutions. This was followed by moderated 'Breakout Room' discussions by attendees who reconvened to share key take-aways on four broad topics:

1) Community housing needs; 2) New housing solutions; 3) How to build the Housing Trust Fund; and, 4) General dialogue on housing issues.

Thank you to Participants

Stakeholder Panelists

- Janet Garufis, Chairman and CEO, Montecito Bank & Trust
- Craig Minus, Executive Director, Coastal Housing Coalition
- Ken Trigueiro, CEO and President, People's Self-Help Housing Corporation
- Yvonne Torres, Assistant Director of Human Resources, County of Santa Barbara

Presenters & Moderators

- Michael T. Bennett, Chairman, Housing Trust Fund of Santa Barbara County (HTF)
- Rob Fredericks, CEO, Housing Authority of the City of Santa Barbara
- Jennifer McGovern, President and CEO, Housing Trust Fund of Santa Barbara County

Breakout Room Facilitators & Meeting Support

- Logan Cimino, Affordable Housing Intern, HTF
- Sheryl Flores, VP Homeownership, People's Self-Help Housing Corporation, HTF Board
- Yvette Lounsbury, Workforce Homebuyer Program Loan Administrator, HTF
- Sophie Marsh, Communications Manager, People's Self-Help Housing Corporation
- Cody Sargeant, Attorney at Law, Brownstein Hyatt Faber Shreck, Vice Chairman HTF

Statistics and Technical Information Provided by

- Brian Bresolin, Santa Barbara County Association of Governments
- Stanley Tzankov, Cause Now and Santa Barbara Tenant's Union
- Nadia Abushanub, SBCAN and Santa Barbara Tenant's Union
- Linda Honikman, Housing Committee Chair, League of Women Voters

Let's Talk About Housing: Community Input Session

March 23, 2022

'Big Picture' of Community Housing Needs

What are homeownership costs?

Countywide median single-family home price in February 2022*: **\$1,050,000**

South Coast median single-family sales price in February 2022*: **\$2,484,259**

South Coast median sales price for Condominiums in February 2022*: **\$873,000**

“Owning a home is out of reach for local workers”

What Can People Afford? Needed Home Price Range

Household income categories are based on the HUD established Area Median Income (AMI), adjusted for household size. The home purchase price ranges for low, moderate and upper moderate-income or middle-income households are shown below, based on 35%-38% of income for all housing costs. The price may vary depending upon interest rates, the amount of down payment and the credit score and qualifications of the homebuyer.

Low-Income Households, up to 80% AMI	\$250,000 to \$450,000
Moderate-Income Households, up to 120% AMI	\$350,000 to \$485,000
Upper Moderate-Income Households, up to 200% AMI	\$500,000 to \$890,000

*Data from Stan Tabler Market Trends

What are rental costs? What can people afford?

- 2021 Santa Barbara County Fair Market Rents: **\$2,374** for a 2-bedroom unit.
- A job paying **\$45.65** per hour or **\$94,960** annually is required to afford the median priced 2-bedroom unit rent.*
- The average Santa Barbara County wage was **\$18.88** per hour or **\$39,270** per year, which only supports a rent of **\$982** per month.*
- **Low Vacancy Rates:** Renters face low vacancy rates and rising rents. Wolfe & Associates reported a **0.8%** vacancy rate in their countywide properties in January 2022.
- **Lack of Affordable Units:** **14,175** unique applicants were on the combined City and County Housing Authority waiting lists for various housing programs.

“Renters experience high rents and low vacancy rates”

CITY OF SANTA BARBARA 2021 RENT SURVEY FOR THE SOUTH COAST

18 May 2021

Table 3-5: Median Rent and Sample Size, by Area and Number of Bedrooms, Single-Family Houses

HOUSE	0 Bedroom		1 Bedroom		2 Bedroom		3 Bedroom		4+ Bedroom	
City	Median Rent	Obs	Median Rent	Obs	Median Rent	Obs	Median Rent	Obs	Median Rent	Obs
Santa Barbara	NSD	0	\$2,400	19	\$2,850	21	\$4,000	21	\$5,975	7
Goleta	NSD	0	\$1,750	4	\$2,995	1	\$3,900	5	\$4,375	4
Isla Vista	NSD	0	NSD	0	\$5,675	1	\$8,825	4	\$7,925	4
Carpinteria	NSD	0	\$2,000	3	NSD	0	\$3,900	3	NSD	0
Montecito	NSD	0	NSD	0	\$5,500	1	\$7,500	3	NSD	0
Summerland	NSD	0	NSD	0	NSD	0	NSD	0	NSD	0
South Coast Total	NSD	0	\$2,025	26	\$2,923	24	\$4,250	36	\$5,975	15

Note: NSD = No Sample Data.

Housing Costs Impact the Local Economy

About **27%** of all South Coast employees live either outside Santa Barbara County or in North County or the Santa Ynez Valley*

- 98,723 jobs are located in the South Coast region
- 19,079 workers commute from outside Santa Barbara County
- 7,848 workers commute from North County/Santa Ynez Valley
- High local housing costs has been identified in employee surveys as a major reason that local workers commute from less expensive housing markets.

* Source: SBCAG provided from 2019 U.S. Census Bureau Origin-Destination Statistics; Coastal Housing Coalition employer surveys.

How many housing units do we need?

6th Cycle Regional Housing Needs Allocation Targets 2023 to 2031 By Income Level

County Region	RHNA Allocation	Very Low	Low	Moderate	Above Moderate
South County*	14,881	3,924	2,794	2,997	5,166
North County*	9,339	1,672	1,012	1,291	5,364
Santa Ynez Valley	636	203	129	109	195
County Total	24,856	5,799	3,935	4,397	10,725

*Cities and unincorporated areas. RHNA data provided by SBCAG and the Santa Barbara League of Women Voters.

What are affordable and workforce income levels?

Santa Barbara County Maximum Income Levels 2022

FY 2022 Income Limit	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person
Low Income Limit 80% AMI	\$ 78,350	\$ 89,550	\$100,750	\$111,900	\$120,900	\$129,850	\$138,800
Moderate Income Limit 120% AMI	\$84,050	\$96,100	\$108,100	\$120,100	\$129,700	\$139,300	\$148,900
Workforce Income Limit 200% AMI	\$140,100	\$160,200	\$180,200	\$200,200	\$216,200	\$232,200	\$248,200

Maximum household Income levels are based on the County Area Median Income (AMI), as published annually by HUD, and adjusted for household size. Affordable housing is low to moderate income, with low-income up to a maximum of 80% of AMI and moderate-income up to a maximum of 120% of AMI. Workforce housing encompasses a broader bandwidth of income, from low-income up to 200% of Area Median Income.



Stakeholder Panel Solutions

Panelists provided their perspective on community workforce and affordable housing needs and key workable solutions.

Moderator:

Rob Fredericks, CEO Housing Authority of the City of Santa Barbara

Panelists:

Janet Garufis, Chairman and CEO, Montecito Bank & Trust

Craig Minus, Executive Director, Coastal Housing Coalition

Ken Trigueiro, CEO and President, People's Self-Help Housing Corporation

Yvonne Torres, Assistant Director of Human Resources, County of Santa Barbara

Employer Solutions:

- Provide concierge services for new employees to help them locate rentals in the local housing market.
- Work with third party providers to offer down payment assistance to employees
- Look for ways to partner with others to produce more workforce housing

Planning & Design Solutions:

- Decouple parking from housing to make cities less car-centric
- Increase housing density by building “up not out”
- Adaptive reuse strategies are important, given the lack of available land; one example is Bartlett Station in Boston.

Development & Financing Solutions:

- Delay and/or defer development impact fees for affordable housing developments using low-income tax credits
- Create a consortium of local banks to provide extra capital for land acquisition and affordable housing production.
- Develop public-private partnerships with community organizations; two exemplary examples in Seattle are Plymouth Housing and Capitol Hill Development
- Allocate a portion of Transient Occupancy Taxes for affordable housing
- Implement housing revenue bond measures (like the ones that successfully passed in Alameda County and Santa Cruz County)
- Create a community leadership team to support local government participation.



Participant Breakout Room Sessions

Key Take-Aways

Community Housing Needs

- Rental housing is not currently meeting the needs for Santa Barbara County's tenants.
- We need to increase our affordable rental housing stock and protect existing affordable rental housing stock.

New Housing Solutions

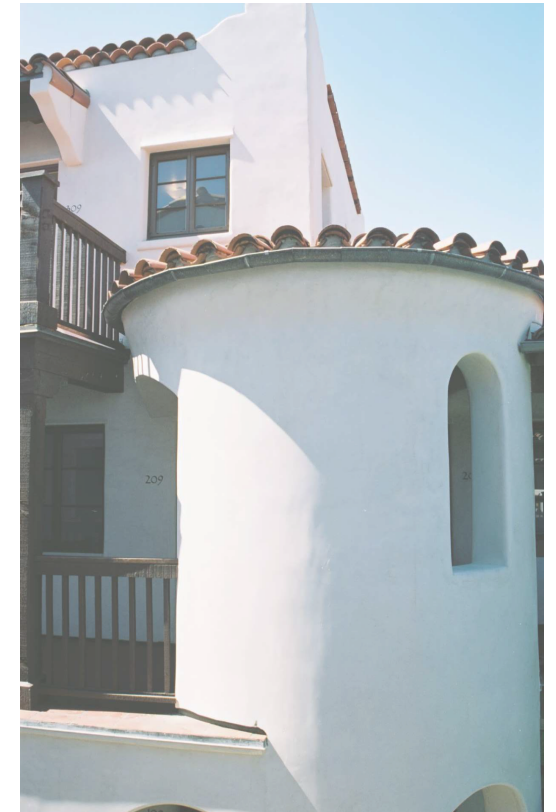
- A potential housing bond could be a very important housing finance resource.
- A vacancy tax could be introduced to raise funds for housing.
- Offering incentives to construct Accessory Dwelling Unit (ADU) could increase ADU production.
- Second mortgages are needed for homeowners who develop affordable Accessory Dwelling Units.
- Reaching out to schools is needed, as teachers are important to tenants' organizing as a whole.
- A consortium of local small employers could be organized to advocate for affordable housing.

How to Build the Fund

- A local bank consortium could provide long-term capital for affordable housing production and acquisition.
- A combined grassroots and key leadership group is needed to develop and advocate for a clear community workforce and affordable housing plan that could get politicians and development groups on board.

General Dialogue on Housing

- How we can do more to support affordable housing projects from a *political* perspective?
- How can we link our increased density zoning incentives to housing affordability?
- ADUs / AUD zoning and other development incentives should have affordability requirements



About the Housing Trust Fund

The Housing Trust Fund of Santa Barbara County (HTF) is a non-profit financing agency and Community Development Financial Institution (CDFI) whose mission is to expand affordable housing opportunities for low-to-middle income residents of Santa Barbara County, CA. We help maintain the socio-economic fabric of Santa Barbara County by addressing the fundamental building block of healthy communities – housing that is affordable to local workers and residents.

To meet our region’s critical affordable housing needs, we build innovative financial partnerships between the private, public and nonprofit sectors. Since we began operations in 2004, we have raised over \$13 million in private and public capital to support affordable housing production and homeownership. We have committed \$9,172,671 in direct financing to create 373 units of permanently affordable housing for our most vulnerable populations. We have helped 82 first-time homebuyers purchase their first home. Our new housing innovations program researches innovative technologies that can reduce the cost of constructing affordable housing and encourage sustainability through the use of climate resilient and fire-resistant natural building materials. Our first project is a prototype 3D printed affordable home that will be constructed in Goleta, CA.

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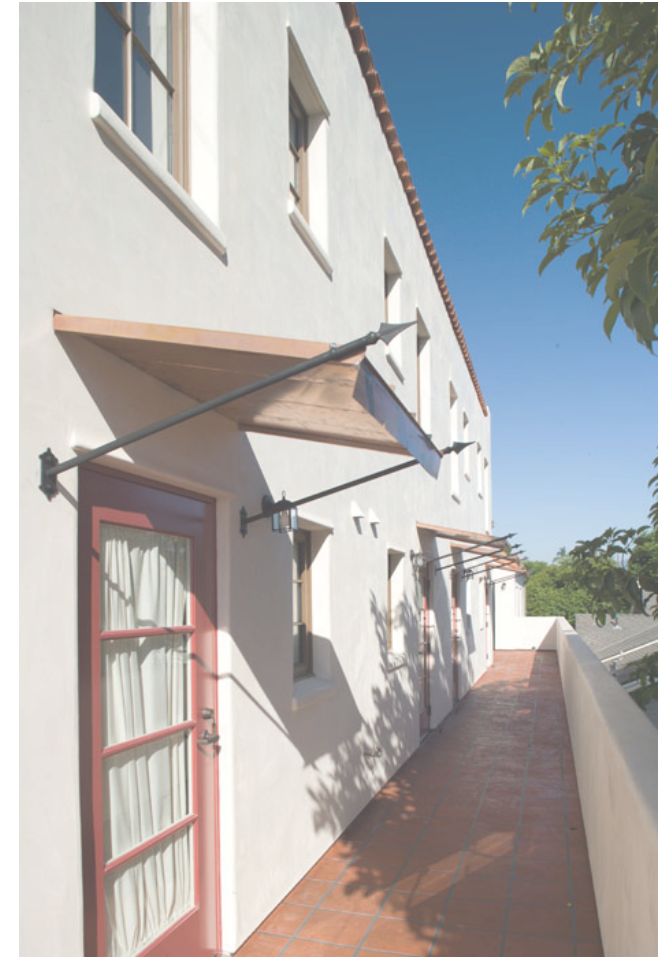
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Appendices

Notes from each of the Breakout Rooms

1. Community Needs Breakout Room Session:

Key Question: What are the primary workforce and affordable housing needs at this time? Are there any unaddressed needs we need to consider beyond that?

- We need to think about each income level and cater specifically to each of these levels.
- Workforce housing: Single family homes too expensive; entry level homes used to be condos.
 - Since this is not always feasible now, how can we make a new pipeline for this?
- Seniors: Many seniors who live in large homes with lots of equity cannot afford to downsize even though they want to! This is causing a blockage in the system.
 - We need to find solutions to free up space for younger homebuyers who would like larger homes while seniors would like to downsize
 - Property tax solutions from the State?
 - You can move to a smaller home with reduced property taxes if it is within the County
- Affordable and market-rate apartments are both very much needed in the County.
- Housing cooperatives: Apartments in which tenants own a share of the building itself may be one homeownership solution.
- Tiny home villages for the unhoused community that are built to the Building Code are needed; no “shipping containers” like those found in Los Angeles
- People can support the Housing Authority of the County Santa Barbara’s Heritage Ridge project.
 - Proposed development with 104 affordable rental units and 228 workforce/market-rate rental units

- Will be proposed to the City of Goleta next Monday
 - Also known as “Willow Springs III”
- Need to protect renters and existing affordable units, in cases of:
 - Landlord remodeling the house and eviction; pending in June
 - Tenant protections needed at the City level.
- Redefining “homelessness”
 - Overcrowding in specific housing situations should be defined as “homelessness”
 - 4-5 families sharing a household should not be seen as satisfactory for housing
- Housing even in “lower cost” markets like Santa Maria is too costly to afford for most households.
- People have personal experiences with the issues that have been discussed.

2. New Housing Solutions Breakout Room Session:

Key Question: What programs and services would you like HTF to provide? Are there new solutions?

- Housing Bonds – could school bonds be issued to fund housing for school employees?
- Banker Coalition to fund local projects was mentioned in the main session and mentioned again here as a fairly easy task to accomplish.
- Vacancy Tax as a financial resource for affordable housing.
- Could an Association of Businesses be treated as an employer and give preference to their employees? Possibly yes.
- Tiny homes – need zoning ordinances to allow on small parcels. There would be less NIMBY if the tiny homes could be built near where the homeless are already living.
- ADU Incentive Program – The county is considering an ADU Incentive Program in which the county would provide a silent 2nd loan for the construction of an ADU which would not have to be paid as long as the ADU was occupied by targeted income group. Seattle and other cities have developed similar programs.
- Local banks could coordinate more with the Housing Trust Fund.

3. How to Build the Fund Breakout Room Session:

Key Question: How can we raise more resources for workforce and affordable housing? How can we build the fund?

- A key question is how much money do we need? What would make a difference? How do you calculate that?
 - In the City of Santa Barbara there used to be \$4 million a year from the old RDA. \$5 million a year could leverage a lot.
 - In San Luis Obispo they looked at the RHNA numbers, focused on lower income and calculated the amount needed each year.
 - We could look at our County RHNA numbers and include the workforce along with low-income needs.
 - We could identify the highest priorities.
 - Two things stand out. The cost varies depending on where we develop. Get the numbers and advocate. We need to delineate needs based on the ability to afford housing.
- A local bond issue could be a way to raise capital for workforce and affordable housing.
 - Do a bond issue now rather than wait until rates go up.
 - How do we organize to get a bond measure? Need a big enough community group.
- Opponents to development are well organized. We need intelligent planned growth. It's basic economics of supply and demand. We have a lot of open space in the county; we should have a plan to work with developers and then support the developers. A Master plan might be an approach. Model it on what other groups have done successfully.
- A local bank consortium that would provide low-cost capital for affordable housing production and acquisition would be a great idea. Affordable housing providers need long-term capital at lower cost.
- Small investors investing in the Housing Trust Fund for a limited time. We could look at this.

- Cost savings through manufactured housing is another approach. Ethos Modular has done manufactured homes in Mexico. Local investors now looking for places in Santa Barbara.

4. General Dialogue Breakout Room Session:

All Questions discussed:

- How do we engage and harness the power of all the advocates on this call to really to advocate for community wide conversations about balancing the need for housing and the desire to maintain Santa Barbara's character? Santa Barbara County cannot do this alone without the help of the community.
- In 2013 developers told the City of Santa Barbara that if they increased density, affordable rental housing would come, but it did not happen because rents will always be what the market will bear.
- Inside the City of Santa Barbara, there isn't really any vacant land for the City Housing Authority and People's Self-Housing Corporation to develop.
- Any kind of incentive that is offered must be tied to affordably before you give away land. We now have inclusionary housing, but it is only 10%. To meet the demand for the increased population the policy needs to be 20% just stay even.
- A Census report came out and stated that short term rental companies are buying up properties all over town, for example Airbnb stated they had 600 units available for tourists in Santa Barbara.
- ADU units being build will be geared to short term vacation rental but will not available for people who live here. The City needs to step and regulate these ADUs.
- This group needs to take a more proactive approach to supporting housing projects in the community because the challenge sometimes is that people don't want to see anything built or see too many housing projects being built so close together. People need to see there is a strong need for housing.
- How will UCSB and other local schools and the need for student housing impact our local housing supply, compete for rental housing or for single-family homes?
- The State needs to provide funding to help with organizations such as Peoples Self-Help Housing Corporation and the City Housing Authority that truly provide affordable housing.