

# Meeting the Challenge of Affordable Housing: A Summary of the Production Capacity and Needs of Our Countywide Housing Sponsors

The Housing Trust Fund of Santa Barbara County (HTF) conducted the first ever survey of the countywide affordable housing industry to gauge the current challenges facing community housing sponsors in the post-housing collapse market. HTF surveyed over 50 community housing sponsors from the public, private, and nonprofit sectors, and recently released the survey findings in a report entitled, “Meeting the Challenge of Affordable Housing: A Survey of the Production Capacity and Needs of Our Countywide Housing Sponsors.” The report illuminates the major issues Santa Barbara County’s housing sponsors face in developing needed workforce and affordable housing and also provides a snapshot of the affordable housing projects underway within the countywide housing “development pipeline.”

## Our Countywide Affordable Housing Industry

During the 2011-2012 survey period, HTF identified **72 new affordable housing projects** in planning and production, representing **1,743** new units, as well as **27 preservation and rehabilitation affordable housing projects** underway within Santa Barbara County. These projects, if brought to fruition, have the potential to create 3,540 to 5,310 direct and indirect/induced jobs, respectively, and generate \$637.2 million in economic output.

Unfortunately, despite this seemingly robust industry, Santa Barbara County still remains the 4<sup>th</sup> least affordable small metropolitan housing market in the nation (National Association of Homebuilders, 2012) due to the chronic and overwhelming need for affordable housing throughout the county’s diverse communities.

The survey also provided the first countywide portrait of Santa Barbara County’s affordable housing industry, which is comprised of dedicated community sponsors that work tirelessly to produce, rehabilitate, and preserve affordable housing for local working families and individuals and our most vulnerable populations. Our affordable housing sponsors are surprisingly well established, with the average of 32 years in business. These sponsors have been prolific, having produced or managed 4,724 units historically, including 997 units within the past 3 years. The nonprofit sector represents 68% of countywide affordable housing sponsors, while the combined non-profit and public sector constitute 82% of all affordable housing sponsors.

## Greatest Needs and Challenges Facing Affordable Housing Sponsors

HTF’s Market Survey identified key needs and challenges facing affordable and workforce housing sponsors. The greatest challenge articulated by housing sponsors was in securing project financing, with over half of respondents indicating project financing as a major obstacle. As federal, state, and local programs have been cut, downsized and dismantled, there are less

### By the Numbers: Economic Impact



**Job Creation:** Potential to create between 3,540 and 5,310 new jobs



**Economic Impact:** Potential to generate over \$637.2 million in economic output

subsidies and financial resources available to make affordable projects economically feasible. HTF noted that the trend of diminishing resources has continued beyond the closure of the market survey, which makes the findings all the more compelling.

Other major challenges highlighted in the survey included difficulties in obtaining local project development and environmental approval, overcoming community opposition, the need for project development staff, and development inexperience among newly emerging sponsors.

**By the Numbers: Our Housing Sponsors**

	Average Number of Years in Business: <b>32 years</b>
	Number of Units Developed and Managed: <b>4,724 units</b>
	Percentage of Sponsors Working in the Non-Profit and Public Sector: <b>81.7%</b>

In follow up interviews and focus groups conducted by HTF, three common and recurring issues were raised that impact affordable housing sponsors' ability to develop projects: 1) In the current market, it is difficult for affordable housing sponsors to compete against all cash investors in purchasing properties; 2) Sponsors noted increased competition for limited government housing programs to fund their projects due to diminished federal and state funding and the dismantling of local redevelopment agencies; and, 3) The unstable and unpredictable development approval process at the local level hinders the ability of our housing sponsors to align project funding on a timely basis.

### **Response to the Era of Diminished Resources**

The Market Survey report can provide affordable and workforce housing sponsors, policy-makers, and the general population a more thorough understanding of the key challenges facing Santa Barbara County's affordable housing industry. In the past few years, the entire affordable housing landscape has drastically shifted. Financing programs once considered reliable have disappeared or diminished, making it more difficult for projects in planning to be completed. It has become clear that Santa Barbara County's affordable housing projects need new sources of financial assistance. In response to the era of diminished resources, HTF has adopted the goal of establishing a sustainable countywide fund for affordable and workforce housing, by creating a multi-interest partnership at the intersection of the public, private and non-profit sectors. The Market Survey results have also promoted us to adjust our current programs to better serve our countywide affordable housing sponsors. For example, HTF has subsequently adopted a new 'Tax Credit' loan product with a longer 15-17 year term that provides projects a competitive edge when applying to the California Tax Credit Allocation Committee for federal low-income housing tax credits.

### **Affordable Housing is Needed for Sustainable Communities**

The importance of supporting our countywide affordable housing industry cannot be understated. Our ability to create sustainable communities is largely dependent on the availability and accessibility of affordable housing in the region. High housing costs mean a loss of young families and middle-income workers, as well as a growing population of urban poor, elderly, disabled, and homeless persons living in overcrowded housing conditions or on the streets. Our expensive housing markets impacts the ability of local business to attract and retain the high quality employees our community needs to provide essential community services and maintain a vital economy. Lack of affordable housing also contributes to increased commuting, as local workers seek more affordable housing in other regional markets. This leads to more traffic congestion, more rapidly deteriorating roadways, and more greenhouse gasses released into the atmosphere. According to a 2011 California Economic Forecast study, “the number of commuters from Ventura and San Luis Obispo Counties has nearly doubled in the past 20 years,” and the amount of Los Angeles County commuters has increased 57% over the past two decades. Commuters also do not contribute to the local economy, as the money they earn in the local workplace is spend it in the community where they live. Intergenerational ties also decline as younger generations cannot afford to stay in the local community.

### **HTF Mission and National Network**

The Housing Trust Fund of Santa Barbara County (HTF) is a non-profit financing initiative whose mission is to expand affordable housing opportunities for the residents of Santa Barbara County. HTF creates private, public, and non-profit sector partnerships that increase the financial resources needed to expand affordable rental and homeownership housing opportunities for working families and for our most vulnerable populations in our diverse communities. HTF directly funds affordable housing that enhances quality of life, sense of community, and that preserves the long-term affordability of the housing as a community resource.

For more information, or to receive a copy to the Market Survey, please contact Jennifer McGovern, President/CEO, at [j.mcgovern@sbhousingtrust.org](mailto:j.mcgovern@sbhousingtrust.org), or Erica Mesker, Development & Communication Assistant, at [eamesker@sbhousingtrust.org](mailto:eamesker@sbhousingtrust.org).

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