

ATTACHMENT C

Homeowner Housing Program Descriptions

1. **The Housing Trust Fund of Santa Barbara** County offers down payment assistance in the form of a second mortgage, with a simple interest rate of 4.5% per annum, and interest-only payments for the duration of the loan term. Qualified homebuyers are those with household incomes up to 210-percent of the area median income and can obtain a first mortgage. The terms of the loans are 10 years for market priced homes are purchased and 15 years for homes purchased with restricted resale prices. When the loan matures, the homeowner will repay the loan in full from either their own funds or via refinancing of the first mortgage. At the end of the term, the home's value will mostly have increased and the homeowner will have paid down their first mortgage, enabling them to refinance the first mortgage and repay the down payment loan (second mortgage). There are no resale price restrictions.
 - a. The HTF provides loans primarily in north County due to the housing market offering a larger inventory of homes for first-time home buyers and lower-income buyers. In HTF's 2020 annual report, it was reported that sixty-five (65) homeowners were assisted; of which seventeen (17) were in the south coast.
 - b. The HTF is funded by local banks and other investors. The Cities of Goleta and Carpinteria each provide funds to HTF for homebuyer down payment loans in their cities. County staff will present to the Board at a future date its recommendations to award \$419,182 in Permanent Local Housing Allocation Program (PLHA) funds that may be used in unincorporated County areas and in the cities of Goleta and Santa Maria for a down payment assistance program. These cities and the County formed a PLHA Consortium to pool its respective PLHA funds for a great impact countywide.
 - c. HTF also provides bridge loans toward the development of multi-family housing, which is repaid from tax credit investments and private loans. It has a \$7.6 million loan fund for this purpose.

See Exhibit A to Attachment C for HTF's homebuyer loan statistics

2. **The Golden State Finance Authority (GSFA)** Platinum Program helps low-to-moderate income homebuyers in California purchase a home by providing down payment and/or closing cost assistance (DPA). Up to 5% of the home value is provided, which may be provided as a grant or is forgiven after 3 years.
 - a. The GSFA OpenDoors Program helps low-to-moderate income homebuyers in California purchase a home by providing down payment and/or closing cost assistance (DPA). Up to 7% of the home value is provided as a deferred second mortgage loan with a 30-year term and a zero percent interest rate. It accrues no interest, has no monthly payments, but is due and payable upon sale, refinance or payoff of the First Mortgage.

- b. Under both programs, homebuyers do not need to be first-time homebuyers and the assistance is compatible with FHA, VA, USDA and conventional financing. Since 2020, GSFA has provided 29 down payment/closing costs loans/grants in Santa Barbara County (Attachment A)

See Exhibit B to Attachment C for GSFA loan statistics

3. **Former State Mortgage Credit Certificate (MCC)** program was formerly offered to California residents, including in Santa Barbara County, which assisted first-time homebuyers to purchase homes. The MCC Program reduced homeowners' federal tax liability when they purchased a home, effectively increasing their income to qualify for a home mortgage. The MCC program allowed homeowners to use 20% of the annual mortgage interest paid to reduce their tax payment to the IRS on a dollar for dollar basis. The remaining 80% of the mortgage interest paid may be used for the standard mortgage interest tax deduction per tax law. The MCC program falls under the IRS Tax-Exempt Private Activity Bond program. The IRS issues bond authority to States on a population-based formula. This "bond cap", also called "volume cap", may be used for a variety of public benefit programs, including financing affordable housing, home-buyer programs, student loans, industrial uses, and others. MCC programs are a qualified use of private activity bond cap; however, no bonds are issued. Instead, a tax credit is provided for homebuyers. Each year the California Debt Limit Allocation Committee (CDLAC) would publish the per capita allocations of private activity bonds to each qualifying jurisdiction. For 2019, Santa Barbara County's "Fair Share" would have been about \$3 million. However, CDLAC made the unilateral decision to discontinue single-family housing uses and, instead, supplement the existing multi-family private activity bond program.
4. **The Inclusionary Housing Program (IHP)** established under the 1993 Housing Element requires that the developers of certain residential projects in the County of Santa Barbara's unincorporated area include affordable housing units within such projects. The IHP requires new residential projects with five or more units to construct a percentage of the units as affordable housing units. The IHO affords developers the option of satisfying the inclusionary housing requirements by paying fees in lieu of providing affordable units on-site. In-lieu fees are deposited in the County's Housing Trust Fund and used to fund the development or rehabilitation of very low- and low-income housing, special needs housing, and housing for seniors and veterans, and to assist non-profit organizations and other governmental agencies to provide or preserve affordable housing in the County. Inclusionary housing is one of the affordable housing strategies that has been successful in creating sustainable mixed-income communities. The County's IHP can provide an immediate supply of affordable housing for households earning below median income in neighborhoods already rich with services and amenities. The IHP is in the interest of the orderly development of the County and important to the preservation of the health, safety, and general welfare of its residents.
5. **State Density Bonus Law (SDBL).** State Density Bonus Law (SDBL) entitles qualified housing projects to a density increase and other concessions or incentives.¹ Local municipalities may enact ordinances to increase the requirements of SDBL, or developers may elect a permit approval

¹ Density refers to the number of housing units on a given lot or area. Density bonuses allow more units in a development than would normally be permitted in that zoning district.

process and related affordability restrictions under SDBL, Government Code Sections 65915-65918. County Long Range Planning is currently processing zoning ordinance amendments to implement the state-mandated Density Bonus Program and the housing goals and policies included in the Santa Barbara County 2015-2023 Housing Element Update. Currently, developers in Santa Barbara County can choose a permit pathway under either the County's Inclusionary Housing Ordinance described above or SDBL, with the respective affordability restrictions pertaining.

- a. Effective January 1, 2021, SDBL requires that Cities and counties grant a density bonus and other incentives or concessions to housing projects which contain one of the following:
 6. At least 5% of the housing units are restricted to very low-income residents.
 7. At least 10% of the housing units are restricted to lower income residents.
 8. At least 10% of the housing units in a for-sale common interest development are restricted to moderate income residents.
 9. 100% of the housing units (other than manager's units) are restricted to very low, lower and moderate-income residents (with a maximum of 20% moderate).
 10. At least 10% of the housing units are for transitional foster youth, disabled veterans or homeless persons, with rents restricted at the very low-income level.
 11. At least 20% of the housing units are for low income college students in housing dedicated for full-time students at accredited colleges.
 12. The project donates at least one acre of land to the city or county for very low-income units, and the land has the appropriate general plan designation, zoning, permits and approvals, and access to public facilities needed for such housing.
 13. The project is a senior citizen housing development (no affordable units required).
 14. The project is a mobile home park age-restricted to senior citizens (no affordable units required).
 - a. The amount of the density bonus is set on a sliding scale, based upon the percentage of affordable units at each income level.
 - b. For for-sale developments, SDBL requires that the restrictive covenant for the affordable units imposes an equity-share model where-in the initial owner (who purchased as a discounted affordable price) may re-sell the property at the market rate. The proceeds (difference between the market rate price, and the prior affordable price and owner down payment) are shared between the County and owner. The County then may reinvest the funds into a local affordable housing fund. This means that affordable units are essentially lost on every resale and the shared equity collected by the County is not anticipated to be enough to be impactful on increasing the number of affordable units. An alternative policy would be to have the restrictive covenant impose an affordability restriction on the buyer income and/or sales price for 20, 55, or even 99 years (which may be renewed). County HCD and P&D are working with the State to allow the County to impose longer-term affordability restrictions.
15. **The Coastal Housing Partnership** is a nonprofit organization which partners with over 100 employers in Santa Barbara County, including some of the County's largest employers, to provide assistance to employees who are prospective homebuyers. In addition to home buying education and moving assistance, the Coastal Housing Partnership provides three financial benefits when a home is purchased through their network:

- a. Waiving of processing and credit report fees
 - b. A 20% real estate agent commission credit, capped at \$7,500
 - c. Reduced home inspection fees, varying by partner provider
 - d. Savings will vary depending on factors including the cost of the home and the policies of partner corporations. In the example scenario given on the Coastal Housing Partnership's web site for the purchase of a \$600,000 home, the participating homebuyer saves \$500 (100%) on loan processing and credit report fees, \$50 (10%) on home inspection fees, and \$3,000 (20%) on a 2.5% real estate broker commission, for a total of \$3,550 in savings. These benefits are available to all employees of partner employers, regardless of income level.
16. Habitat for Humanity of Southern Santa Barbara County (Habitat Santa Barbara) is dedicated to building homes, communities and hope. Habitat Santa Barbara is the sole provider of affordable homeownership housing in Southern Santa Barbara County for those who make between 60% and 80% of the AMI, made possible through partnerships from private and public entities, volunteers, along with the sweat equity contributions from future home buyers. In addition to this, Habitat Santa Barbara also invests in home preservation to keep homes affordable, sustainable and safe within the community's vast affordable housing needs. Habitat for Humanity has developed homeowner housing for very-low-income families. Projects include a 4-home development on the lower west side of Santa Barbara, completed in 2010, a 12-home development on the east side of Santa Barbara, completed in 2014, and a 3-home development in Carpinteria, completed in 2019. The County contributed \$100,000 per unit toward the construction cost of the homes in Carpinteria, for a total of \$300,000 provided with County In-Lieu funds. Habitat Santa Barbara is currently in the planning phase of its next affordable homeownership project and, in the interim, is administering a homeowner repair program for low-income owners. This program is instrumental in assisting senior homeowners to age in place.
17. Cooperative Housing, Shared-Equity and Community Land Trusts. Housing cooperatives are democratically controlled corporations established to provide housing for members. Each household owns a share in the corporation, which entitles the member to occupy a unit of housing. Typically, the cooperative is financed through a blanket mortgage that covers the entire property and members pay monthly carrying charges to cover mortgage payments and operating expenses. The cooperative model can be used for single family homes, townhomes, apartments, mobile home parks, and offer home ownership for those who cannot afford to purchase a home at market price. There are several successful cooperative housing developments in South County.
- a. Shared-Equity is established via recorded document whereas the initial buyer of a unit is income qualified and purchases a home at a restricted price. At the next sale, or final sale in a long-term affordability period, the home is sold at the then market price. The difference between the market price and the restricted price of the prior sale or resale, and the homeowner's initial equity, i.e. down payment, is shared between the seller and the governing jurisdiction or private administrator, such as a non-profit organization or Community Land Trust.
 - b. Community Land Trusts may use a variety of methods to keep homeowner units affordable; the primary mechanism is that the CLT retains ownership of the land and charges a minimal

land lease fee to cover its operations. The CLT may assist homeowners in HOA management, with resales (and calculates the resale price), and marketing of available units.

EXHIBIT A TO ATTACHMENT C

1. Housing Trust Fund North County Workforce Homebuyer Program - 2012-2014

HTF funded 28 loans to first-time low-income homebuyers in North County between 2012 and 2014. This program provided 30-year deferred payment secondary loans up to \$42,000 to assist first-time low-income homebuyers in purchasing an entry-level home in the community. The City of Santa Maria provided closing cost grants up to \$3,500 for homebuyers who purchased homes within the City of Santa Maria. Capital was provided by the State HCD Local Housing Trust Fund Program. As of June 30, 2021, 18 of the original homebuyers have repaid their down payment loan to HTF by refinancing their home.

The average home purchase price was **\$191,036** and the average down payment loan was **\$30,936**. The average household income of the homebuyers was **65%** of Area Median Income and the average amount of household income spent for all housing costs (mortgage, taxes, HOA, etc.) was **31%**.

21 of the loans were made to first-time homebuyers who purchased homes in Santa Maria; 4 loans were for homebuyers who purchased homes in Lompoc and 3 of the loans were for homebuyers who purchased homes in Guadalupe. Other demographics about the homebuyers are listed in the Table below:

Household Demographics:		
Number of Persons		82
Average Persons per Household:		2.93
Hispanic origin	24	86%
Female head of HH	7	25%
Location	# Loans	% loans
Lompoc	4	14%
Guadalupe	3	11%
Santa Maria	21	75%
	28	100%
Homebuyer Type	# Loans	%
Families with children	12	43%
Single Parents (female-head of HH)	7	25%
Couples	6	21%
Single	3	11%
Total	28	100%
Number of Persons		
Adults	47	57%
Children	35	43%
Total	82	100%
Financial		
Average AMI Household Income		65%
Average Percent Income for Housing		31%
Average Purchase Price	\$	191,036
Average First Mortgage Amount	\$	152,147
Average Down Payment Loan	\$	30,936

EXHIBIT A TO ATTACHMENT C

2. Housing Trust Fund South Coast Workforce Homebuyer Program

In late 2018 HTF launched a South Coast Workforce Homebuyer Program that provides low-cost interest-only down payment loans up to \$100,000 to first-time low to middle-income homebuyers who purchase a home in Southern Santa Barbara County¹. We have closed 19 loans to date. Capital for the program is provided by investment partners and the Housing Trust Fund of Santa Barbara County. As of June 30, 2021, 11 of the homebuyers had refinanced their homes and repaid their down payment loan.

The average home price to date is **\$601,117** and the average down payment loan is **\$84,328**. The average household income of the first-time homebuyers is **158%** of AMI and the average percentage of household income spent on all housing costs is **33%**.

7 of the loans were made to first-time homebuyers who purchased homes in the City of Goleta, 6 of the loans were made to homebuyers who purchased loans in the City of Santa Barbara, 2 loans were made to homebuyers who purchased homes in Buellton, 1 loan was made to a homebuyer who purchased a home in Carpinteria and 3 loans were made to homebuyers who purchased homes in the unincorporated area between the cities of Goleta and Santa Barbara.

South Coast Workforce Homebuyer Program		6/30/21
Location	Number of Loans	Percentage of Loans
City of Buellton	2	10.53%
City of Carpinteria	1	5.26%
City of Goleta	7	36.84%
City of Santa Barbara	6	31.58%
Unincorporated	3	15.79%
Total to Date	19	100.00%

3. City of Carpinteria Program

HTF had a contract with the City of Carpinteria to design and manage a small-scale Carpinteria Workforce Homebuyer Program. The program offered 30-year deferred payment secondary loans up to \$75,000. 10 loans were funded between 2013 and 2018. Most of the homes purchased were small condominiums. The average home purchase price was \$506,500 and the average down payment loan was \$67,894.

4. New North County Workforce Homebuyer Program

HTF has received funding to re-activate its North County Workforce Homebuyer Program in the late fall of 2021. We will offer 30-year deferred down payment loans up to \$100,000 to first-time low-income households. Moderate-income households who are victims of a Santa Barbara County natural disaster will also be eligible for a loan.

¹ Eligible areas include the region of Carpinteria to Gaviota and the communities of Buellton, Solvang and Santa Ynez.

EXHIBIT B TO ATTACHMENT C

ST	County	Owner	Yr Closed	Program	Ln Ct	1st Given	2nds Given	Gift	ZIP	City
CA	Santa Barbara	GSFA	2020	Platinum/Sapphire Grant	1	\$206,196.00	\$8,248.00	\$0.00	92398	Yermo
CA	Santa Barbara	GSFA	2021	Platinum/Sapphire Grant	2	\$325,151.00	\$0.00	\$11,391.00	93254	New Cuyama
CA	Santa Barbara	GSFA	2021	OpenDoors	1	\$379,990.00	\$7,599.00	\$13,300.00	93434	Guadalupe
CA	Santa Barbara	GSFA	2020	OpenDoors	4	\$1,586,213.00	\$31,722.00	\$35,818.00	93434	GUADALUPE
CA	Santa Barbara	GSFA	2020	Platinum/Sapphire Grant	8	\$3,307,537.00	\$25,956.00	\$81,091.00	93434	GUADALUPE
CA	Santa Barbara	GSFA	2020	Platinum/Sapphire Grant	1	\$434,934.00	\$0.00	\$13,048.00	93434	GUADALUPE
CA	Santa Barbara	GSFA	2021	OpenDoors	4	\$1,570,920.00	\$31,417.00	\$31,026.00	93436	Lompoc
CA	Santa Barbara	GSFA	2021	MCC's	3	\$1,180,715.00			93436	Lompoc
CA	Santa Barbara	GSFA	2021	Platinum/Sapphire Grant	7	\$2,990,826.00	\$0.00	\$132,860.00	93436	Lompoc
CA	Santa Barbara	GSFA	2020	OpenDoors	9	\$3,399,804.00	\$60,107.00	\$67,623.00	93436	Lompoc
CA	Santa Barbara	GSFA	2020	Platinum/Sapphire Grant	5	\$1,916,642.00	\$11,047.00	\$61,939.00	93436	Lompoc
CA	Santa Barbara	GSFA	2021	OpenDoors	3	\$1,234,231.00	\$24,683.00	\$26,158.00	93454	Santa Maria
CA	Santa Barbara	GSFA	2021	Platinum/Sapphire Grant	7	\$2,494,267.00	\$31,125.00	\$70,500.00	93454	Santa Maria
CA	Santa Barbara	GSFA	2020	OpenDoors	5	\$1,876,743.00	\$40,865.00	\$44,199.00	93454	Santa Maria
CA	Santa Barbara	GSFA	2020	MCC's	1	\$222,130.00			93454	Santa Maria
CA	Santa Barbara	GSFA	2020	Platinum/Sapphire Grant	2	\$766,711.00	\$7,774.00	\$15,121.00	93454	SANTA MARIA
CA	Santa Barbara	GSFA	2020	OpenDoors	1	\$508,953.00	\$10,179.00	\$15,269.00	93455	Orcutt
CA	Santa Barbara	GSFA	2021	MCC's	1	\$361,875.00			93455	SANTA MARIA
CA	Santa Barbara	GSFA	2021	Platinum/Sapphire Grant	2	\$1,049,965.00	\$0.00	\$41,999.00	93455	Santa Maria
CA	Santa Barbara	GSFA	2020	OpenDoors	6	\$2,475,336.00	\$49,503.00	\$78,904.00	93455	Santa Maria
CA	Santa Barbara	GSFA	2020	MCC's	2	\$929,355.00			93455	Santa Maria
CA	Santa Barbara	GSFA	2020	Platinum/Sapphire Grant	5	\$2,342,222.00	\$17,282.00	\$76,513.00	93455	Santa Maria
CA	Santa Barbara	GSFA	2021	MCC's	1	\$418,000.00			93458	Santa Maria
CA	Santa Barbara	GSFA	2021	Platinum/Sapphire Grant	1	\$505,672.00	\$0.00	\$25,284.00	93458	SANTA MARIA
CA	Santa Barbara	GSFA	2020	OpenDoors	2	\$622,516.00	\$12,449.00	\$17,546.00	93458	Santa Maria
CA	Santa Barbara	GSFA	2020	Platinum/Sapphire Grant	4	\$1,607,348.00	\$39,276.00	\$29,261.00	93458	SANTA MARIA