

**SANTA BARBARA COUNTY  
BOARD AGENDA LETTER**



Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

**Agenda Number:**  
**Prepared on:** 6/1/2004  
**Department:** Housing & Community Dev  
**Budget Unit:** 055  
**Agenda Date:** 6/15/2004  
**Placement:** Administrative  
**Estimate Time:** N/A  
**Continued Item:** NO  
**If Yes, date from:**

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**TO:** Board of Supervisors

**FROM:** Edward Moses, Director  
Housing and Community Development Department

**STAFF CONTACT:** Susan Everett (568-2014)

**SUBJECT:** Update of Affordability Provisions and Encumbrance  
2105 Summerland Heights Lane, Summerland  
First Supervisorial District

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**Recommendations:**

That the Board of Supervisors:

- a. Approve the update of the affordability provisions of the real property located at 2105 Summerland Heights Lane, Assessor Parcel No. 005-680-019, from Very Low (50%) of Area Median Income to Upper-Moderate (100–120 %) of Area Median Income.
- b. Approve the affordability encumbrance of the property for an additional 45 years from the date of transfer to a new owner.

**Alignment with Board Strategic Plan:**

The recommendation(s) are primarily aligned with our organizational values regarding economy in government and with actions required by law or by routine business necessity.

**Executive Summary and Discussion:**

The County of Santa Barbara exercised its Right of First Refusal with an option to purchase the property located at 2105 Summerland Heights Lane, in Summerland after being notified of the owner's intent to sell the property. The County purchased the home, classified as a Very Low income property, at the Maximum Sales Price of \$97,100, as outlined in Section II, C of the Resale Restrictive Covenant, which defines the Maximum Sales Price as the highest price that the seller is entitled to ask for the Subject Property. The purchase of the property was completed on May 28, 2004 and the property now belongs to the County of Santa Barbara. It is County Goal 6 to preserve the affordable housing stock and HCD intends to sell the unit within the affordable housing program. Prior to offering the unit for sale, HCD wants to update the affordability provisions and encumber the affordable unit for an additional 45 years. The authority to update the affordability provisions and encumber the unit for an additional 45 years is provided in the 2003-2008 Housing Element Action 4, which states "*Where feasible when an affordable unit subject to a County affordability covenant is for sale, the County shall exercise its first right of refusal to acquire the unit. Once acquired and prior to reselling the unit, the County shall update the affordability provisions and encumber these units for at least 45 years. The 45 years shall be re-started with each resale from the date of transfer....*"

Housing and Community Development proposes to update the affordability level of the unit at the “upper-moderate level (100-120 % of AMI) and encumber the unit for an additional 45years from the date of transfer. HCD proposes the higher affordability income level to bring the unit into line with current County policy, which no longer allows new developments to provide for-sale very low income units in very high-housing cost areas and to alleviate housing cost affordability issues specific to planned neighborhoods with very high Home Owner Association (HOA) dues. High HOA fees often place a financial burden on very low-income households resulting in the housing budget (principal, insurance, taxes and HOA dues) exceeding 30 to 40 percent of a household’s income.

Santa Barbara County’s 2003-2008 Housing Element Policy 9.3 states: *The county shall maintain a Housing Trust Fund that shall consist of funds from the Community Development Block Grant program, Socioeconomic Impacts Mitigation Program, collected in-lieu fees and other sources of governmental, philanthropic, and permit fee income for affordable housing.* The sale of this unit in the upper moderate-income category at the Maximum Allowable Sales price of \$232,900 (2004 price for a three bedroom home in the “upper-moderate” category) would generate approximately \$115,000 (see Fiscal impacts below for financial information) for the County to reinvest in the Affordable Housing program. Funds generated from the sale of this affordable unit will be deposited into the in-lieu housing fund for the South County Housing Market.

**Mandates and Service Levels:**

Santa Barbara County’s 2003-2008 Housing Element Action 4:

*“ Where feasible when an affordable unit subject to a county affordability covenant is for sale, the county shall exercise its first right of refusal to acquire the unit. Once acquired and prior to reselling the unit, the county shall update the affordability provisions and encumber these units for at least 45 years. The 45 years shall be re-started with each resale from the date of transfer.... ”*

Santa Barbara County’s 2003-2008 Housing Element Policy 9.3 states:

*The county shall maintain a Housing Trust Fund that shall consist of funds from the Community Development Block Grant program, Socioeconomic Impacts Mitigation Program, collected in-lieu fees and other sources of governmental, philanthropic, and permit fee income for affordable housing.*

*Action 2: The county shall continue to provide support to housing developers seeking funding to reduce development costs for eligible projects. This support may include but is not limited to providing technical assistance, local gap funding or written support letters. Possible funding sources include but are not limited to: CDBG, BEGIN, Cal HOME, county in-lieu funds.*

**Fiscal and Facilities Impacts:**

Funds received from the sale of the home will be deposited in the in-lieu housing fund for the South County Housing Market (SCHM) to be reinvested in the County’s Affordable Housing Program. Sale of the unit will generate approximately \$116,000.

\$232,900	new sale price of affordable unit
-\$98,824	price paid for affordable unit Max. Allowable Sales Price and escrow costs
-\$4620	fees charged by Real Estate Services
-12,946	HCD administration fee
<u>-\$1510</u>	Estimated advertising cost for resale of affordable unit
\$115,000	Estimated amount to be deposited in in-lieu housing fund for the SCHM

**Special Instructions:**

After Board action send Action Summary to:  
Housing and Community Development Department  
Attention: Suisan Everett

**Concurrence:**

County Counsel

**Attachments:**

None