



one
one
COUNTY
one
FUTURE

WORKFORCE HOUSING

Recommended Actions

That the Board of Supervisors:

- A. Receive and file information and presentation on workforce housing;
- B. Provide comments and/or direction to staff regarding securing the services of a consultant to research the housing gap and to identify model housing programs, funding opportunities, and financing strategies;
- C. Direct staff to issue a Request for Proposals for an experienced consultant to provide further study on Workforce Housing as described in this Board Letter, funded by previously earmarked funding for such purpose, and
- D. Determine that the recommended actions are not the acceptance and approval of a project that is subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(4), finding that the project is a creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

Workforce Housing

On June 1 your Board heard from County staff on the eligible uses of the \$43 million of American Rescue Plan Act that will be allocated to the County and directed staff to return with information on a few focus areas, one of them being Workforce Housing.



What is “Workforce” Housing?

“Workforce Housing” can mean different housing demographics with different strategies:

- i.e. ‘housing for workers’ and
- the “missing middle”, meaning segments of the population that:
 - Cannot afford market rate housing and are not eligible for government or private subsidies.
 - All are critical to the infrastructure of a community, such as
 - Healthcare workers
 - Safety Personnel
 - School teachers
 - Professional staff
 - Restaurant staff, retail clerks, and industry trades

Housing Affordability



- Santa Barbara County median income \$90,100 (100% AMI) for a family of 4
- Rental Housing: Rent and utilities should not exceed 30% of gross income
- Homeownership: Mortgage costs should not exceed 35% - 45% of gross income (PITI, HOA, PMI)
- Using those assumptions, a household at the median income could afford:

Rent

- Maximum monthly rent and utility payments of \$1,866
- HUD fair market rent for 2-bdrm apartment in South County is \$2,600 and North County is \$2,073
- An income of between \$93,000 and \$100,000 would be needed to afford a 2 bedroom unit
- Current Vacancy Rate is 1.26% in County of Santa Barbara

Homebuyer

- Maximum monthly housing payments of \$2,628
- Maximum home price \$444,400
- Number of home sales in 2020 at or below Maximum home price 840; of those only 13 sales were in South County

Available Subsidies for below 80% AMI

- Tenant Based Rental Assistance (Section 8 Housing Choice Vouchers)
- Project-Based Rental Assistance (HUD covers a portion of the rent on multi-family buildings)
- Below Market Rate rental and resale units through Inclusionary Housing Program
- Down Payment/Closing Cost Assistance (CalHFA, GSFA and HTFSBC)
- Developer subsidies to reduce rent:
 - ✓ Federal Low-Income Tax Credit Program
 - ✓ Federal Private Activity Bond Program
 - ✓ Various State Programs
 - ✓ County HOME, In-Lieu, etc.
 - ✓ Private Construction or Bridge Loans



The demand for these subsidies far outweigh the availability

Available Subsidies for over 80% AMI

- Down Payment/Closing Cost Assistance (CalHFA, GSFA and HTFSBC)
- Sweat Equity programs (Habitat for Humanity)
- Below Market Rate rental and resale units through Inclusionary Housing Program
- Development subsidies for rental and ownership units at up to 150% AMI (PLHA)
- Coastal Housing Partnership programs
- Certain employer-sponsored housing programs (Westmont College and Cottage Hospital)

The demand for these subsidies far outweighs the availability



Farmworker Housing

- More feasible in certain areas, such as cities and unincorporated areas with significant agricultural operations.
- Farmworkers generally prefer to live in urban areas near amenities and where they work; therefore, urban areas near farm sites are more desirable locations for farmworker housing.
- Federal residency requirements have made lease up challenging.
- Federal funding does not allow for workers in Cannabis operations to qualify as farmworkers. As operations may move from cut flowers and other related products to cannabis, federal funding options for farmworker housing may be constrained.
- Subsidies for farmworker housing include the State Joe Serna, Jr. Farmworker Housing Grant program and the federal programs under U.S. Department of Agriculture and the Rural Housing Services



Farmworker Housing in the County

Project	County Funds	Location	# of units	Type	Date
River View Townhomes	n/a	Guadalupe	80	Family/Farmworker	2003
River View Estates	n/a	Guadalupe	50	Family/Farmworker	2003
Guadalupe Court	n/a	Guadalupe	38	Farmworker	2020
Creekside Village	\$2,028,227	Los Alamos	39	Farmworker	2011
Casa de Familia	\$1,209,957	Carpinteria	43	Family/Farmworker	2014
Dahlia Court I	\$509,149	Carpinteria	54	Family/Farmworker	2000
Dahlia Court II	\$1,418,605	Carpinteria	33	Family/Farmworker	2010
Ellwood Apartments	\$902,500	Goleta/Ellwood	8	Family/Farmworker	2006
Los Adobes De Maria II	\$423,288	Santa Maria	52	Farmworker	2002
Los Adobes De Maria III	\$948,852	Santa Maria	34	Farmworker	2016
Isla Vista Apartments	\$1,150,000	Isla Vista	56	Family/Farmworker	1999
Chapel Court	\$121,985	Carpinteria	28	Farmworker	2018
Mariposa Townhomes	\$1,091,216	Orcutt	80	Family/Farmworker	1998
TOTAL	\$9,803,779		595		

Barriers to Meeting Demand

- Lack of housing inventory for middle-income workers
- High cost of land on which to build housing
- Lack of community support for higher density housing
- Lengthy review processes that adds cost and time
- Insufficient subsidies for homebuyers and developers of housing
- Non owner-occupied homes



Studies and Strategies

- County Housing Element currently being updated for 2023-2031:
 - Assess current and projected need
 - Inventory of site for housing construction
 - Actions to enhance housing production
 - Ensure land-use controls allow development of housing for all economic segments of population, including workforce
 - Must be completed and submitted to State by 2023



Stakeholder Input on Local and State Strategies

- Contribute underutilized County-owned land
- Allow higher density for housing
- Make County review process more predictable in terms of design, costs and schedule, thus shortening project timelines
- Reduce Development (Infrastructure) Impact Fees for Affordable Housing
- Offer additional building rights and zoning incentives to developers of Affordable housing projects
- Incentivize the development of ADUs on private property

Continued on next slide



Stakeholder Input on Local and State Strategies, continued

- To be considered in Housing Element Update:
 - Consider parking reductions, reduced recreational fees, increased density, and adjusted open space requirements.
 - Consider zone amendments to allow or require affordable housing in every zone district
- Study model programs and replicate them in the County
- Support State legislation for workforce housing subsidies
- Lobby congress to allow higher incomes in federal housing programs
- Broaden existing Workforce Homebuyer Program with additional resources
- Expand capacity for Revolving Loan Fund for Affordable Housing Production



Opportunities to Explore

Workforce Housing is a multi-faceted issue. Consultant resources can help explore opportunities for creating more housing for Workforce households.

Examples:

- Preservation of housing stock by:
 - ✓ Expanding homeowner rehabilitation programs for existing homeowners and potentially for homebuyers
 - ✓ Amending restrictive covenants to lengthen the affordability periods.
- Expand down payment assistance programs
- Use tax-exempt government bonds to acquire market-rate apartment buildings and convert to income- and rent-restricted units.
- Additional funding sources to support County programs that are working
- Creative housing programs that target the 'missing middle' i.e.:
 - Limited- equity co-ops
 - Employer housing land-lease/option to purchase
 - County land trust
- Utilize County-owned property for housing development



Recommended Actions

That the Board of Supervisors:

- A. Receive and file information and presentation on workforce housing;
- B. Provide comments and/or direction to staff regarding securing the services of a consultant to research the housing gap and to identify model housing programs, funding opportunities, and financing strategies;
- C. Direct staff to issue a Request for Proposals for an experienced consultant to provide further study on Workforce Housing as described in this Board Letter, funded by previously earmarked funding for such purpose, and
- D. Determine that the recommended actions are not the acceptance and approval of a project that is subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(4), finding that the project is a creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.