

# SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors  
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## Agenda Number:

**Prepared on:** 04/04/06  
**Department:** Housing and Community Dev  
**Budget Unit:** 055  
**Agenda Date:** 04/11/06  
**Placement:** Departmental  
**Estimate Time:** 1.5 hours  
**Continued Item:** No  
**If Yes, date from:**

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**TO:** Board of Supervisors

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

**STAFF CONTACT:** Patricia Gabel, ext. 3522  
Housing Finance and Services Division

**SUBJECT:** Santa Maria Valley Worker Affordable Housing Study

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## Recommendation(s):

That the Board of Supervisors:

1. Conduct a public hearing to accept testimony on the need for low-income housing in the Santa Maria Valley; and,
2. Authorize the creation of an ad hoc task force to identify a strategy to develop and finance an affordable housing pilot project in the Santa Maria Valley that targets persons earning less than 50% of Area Median Income; and,
3. Authorize the task force to identify potential sites in the Santa Maria Valley to be brought back to the Board for consideration.; and,
4. Provide additional direction to staff as appropriate.

## Alignment with Board Strategic Plan:

The recommendation is primarily aligned with Goals No. 5 and No. 7. Maintain and Enhance the Quality of Life for all Residents, and Strengthen the Safety and Well-Being of Children and Their Families to Ensure a Strong Future for our Community.

## Executive Summary and Discussion:

In 2006 the Santa Barbara County area median income (AMI) was \$65,800. A family supported by one *agricultural worker earns only 30% of the County AMI* (\$19,740 per year assuming that he/she is working full time).<sup>1</sup> Given these facts and the significant number of persons employed in agriculture (17,171 in 1996)<sup>2</sup> and the number of service and retail workers it is not surprising that the median household 2000 Census income in the Santa Maria Housing Market Area (incorporated and unincorporated areas) is approximately \$35,000, significantly lower than the County AMI for the same period. There are a limited number of rentals affordable to lower income tenants in the Santa Maria Valley. Families have had to double and triple up in rentals to be able to afford the rents.

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<sup>1</sup> Regional agriculture worker hourly rates and hours worked released on February 17, 2006 by the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, U.S. Department of Agriculture (\$9.12 per hour x 41.5 hours x 52weeks).

<sup>2</sup> 1996 National Agricultural Workers Survey

The average monthly rental rate for the Santa Maria Housing Market Area is \$978. Using HUD’s affordability formula, affordable housing would mean either (i) rents (including tenant-paid utilities) that do not exceed, on a monthly basis, 30% of the adjusted gross monthly income of a household earning 100% of the area median family income for the geographic area in which the residential unit is located or (ii) a unit for sale to homebuyers whose gross household income is at or below 100% of the area median income and who pay no more than 30% of their adjusted gross monthly household income for mortgage principal, interest, property taxes, and property insurance. This translates to \$1,645.00 available to a family of four to cover the cost of housing earning the County’s area median income of \$65,800.00. In order to purchase the County’s average median priced home this same family would have to pay a monthly mortgage of \$4,135.00. This would produce an affordability gap of \$2,517. Table 1 gives more details on housing affordability for families earning between 30 to 50% of area median income.

**Table 1: Mortgage and Rent Affordability @ 30% of AMI for Family of Four**

<b>Category</b>	<b>% of Median</b>	<b>Median Income</b>	<b>Monthly Affordable Mort./Rent l ( @ 30% Annual Income)</b>	<b>SMHA Average Monthly Rent</b>	<b>Monthly Rental Affordability Gap</b>	<b>Monthly Mortgage Av. Median Price Home ( \$518,075 @ 30 yrs., 6% w/ 20% down)</b>	<b>Monthly Mortgage Affordability Gap</b>
<b>Median</b>	<b>100%</b>	<b>65,800</b>	<b>\$1,645</b>			<b>\$4,420.00</b>	<b>(2775)</b>
<b>Very Low</b>	<b>30%</b>	<b>19,740</b>	<b>494.00</b>	<b>\$978.00</b>	<b>(484.00)</b>	<b>\$4,420.00</b>	<b>(3926)</b>
	<b>40%</b>	<b>26,320</b>	<b>658.00</b>	<b>\$978.00</b>	<b>(320.00)</b>	<b>\$4,420.00</b>	<b>(3,762)</b>
	<b>50%</b>	<b>32,900</b>	<b>823.00</b>	<b>\$978.00</b>	<b>(155.00)</b>	<b>\$4,420.00</b>	<b>(3,,597)</b>

Staff requests that the Board authorize the creation of an ad hoc task force to develop a strategy to develop and finance an affordable housing project in the Santa Maria Valley. This task force would be comprised of the 5<sup>th</sup> District Supervisor, County HCD Director, and a City of Santa Maria official. Additional members would be selected by the 5<sup>th</sup> District Supervisor from stakeholders in the Santa Maria Valley. The task force would be subject to the Brown Act.

The task force would define the type and size necessary for a pilot housing project as well as the on – site support services that would be desirable. They would explore available financing resources through the State and federal agencies such as HUD and U. S. Department of Agriculture, State HCD and the State Housing Finance Agency. The task force would also make recommendations regarding potential properties on which to site such a development. These recommendations would be brought back to the Board for consideration within six months. The task force would make every effort to identify a final product for the Board’s consideration within 18 months.

**Mandates and Service Levels:**

None

**Fiscal and Facilities Impacts:**

There are no fiscal and facilities impacts other than the cost of staff time which would vary with the extent of analysis and public process involved in developing the strategy and exploring alternatives and the potential expenditures for studies, appraisals, etc. to assess the feasibility of a project.

**Concurrences:**

County Counsel

**Special Instructions:**

None