



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

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

Department Name: HCD
Department No.: 055
For Agenda Of: 6/19/07
Placement: Departmental
Estimated Tme: 60 minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Director(s) Contact Info: Ron Cortez, Deputy County Executive Officer, 568-2243
Jennifer Christensen, 568-3514

SUBJECT: Report from the Affordable Housing Policy Committee

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: N/A

Other Concurrence:

As to form: N/A

Recommended Actions:

That the Board of Supervisors:

1. Receive and File attached Report from the Affordable Housing Policy Committee and the following analysis of that Report by the County Executive Office.
2. Consider the 13 recommendations and staff's response to each in Attachment A.
3. Direct the CEO's office to take all actions necessary to timely implement staff's responses to the recommendations.

Summary Text: The Affordable Housing Policy Committee ("Committee") was appointed by the County Board of Supervisors to assist in evaluating several significant policy issues concerning the County's Inclusionary Housing Program and to make recommendations for modification or replacement of that program if considered appropriate.

Among the issues considered by the Committee in arriving at its consensus recommendations were:

- the attainment of an optimal mix of rental and home ownership opportunities for each target income category;
- the mechanisms by which rental and ownership units are best created; and
- the County's role and responsibilities associated with affordable housing.

The Committee's consensus opinion appears to be based primarily upon the combined notions that:

- An effective County affordable housing program should continue to provide rental opportunities for very low and low income categories, while providing some ownership opportunities for upper moderate and workforce income participants.
- The County's 'in-lieu' fee schedule should be restructured to incentivize developers to *pay the fee* in most instances, rather than building affordable 'for-sale' units.
- Fees collected should be used to provide mortgage assistance via a subsidized secondary financing program to enable income-qualified buyers to purchase 'market-rate' units.
- The inherent difficulties in effectively enforcing the restrictive covenants for the ownership units currently in the County's inventory led the Committee to agree that the County should discourage the continued creation of affordable housing units with sale price controls.

Other Issues: The Committee Report also addresses several additional issues impacting the future effectiveness of the County's affordable housing programs. Topics including the need for the County to address the core issues of zoning and density, the identification of sites for increased density to support affordable housing, the use of Residential Second Units as a practical and effective tool for increasing affordable housing opportunities, education for program applicants, and HCD staffing and funding issues. See Committee's Report (Attachment B).

Each of the Committee's 13 recommendations is summarized in **Attachment A** with the CEO's response to each.

The CEO's Office is of the opinion that in order to provide the largest number of affordable housing opportunities to income-qualified applicants in the timeliest manner, the short to mid-term emphasis of the County's affordable housing program should be on the construction of affordable rental units for lower and moderate income categories. In-lieu fees, combined with HOME and other grant funds could be most effectively leveraged by the County's not-for-profit housing agencies in constructing affordable rental units in much larger numbers than if these fees were used initially to provide financing assistance for home ownership units. In addition, we believe that due to the currently elevated housing prices in this County, secondary financing assistance to provide ownership opportunities should be limited to the highest qualified income (i.e. workforce) category.

Background:

On October 9, 2006, the Auditor-Controller for the County of Santa Barbara issued a report of audit findings and recommendations pertaining to the County's "for sale" affordable housing program. As a result, the Board of Supervisors approved the formation of the Affordable Housing Policy Committee ("Committee") to review the County's Inclusionary Housing Program (IHP) and make recommendations for modification or replacement of that program.

The Committee held biweekly meetings from December 20, 2006, until May 4, 2007, to review the County's housing policies and make recommendations with respect to the IHP. The Committee considered several issues with respect to the current IHP and the administration of affordable units created as a result of the Program. These issues included the desirability of rental and homeownership units for each target income category, the mechanisms by which rental and homeownership units are created, and the County's role and responsibilities associated with creation of rental and homeownership units.

Details of subjects discussed and various options considered by the Committee are contained in the Committee's "Report of Affordable Housing Policy Committee to Santa Barbara County Board of Supervisors", issued May 22, 2007 (Attachment B).

Fiscal and Facilities Impacts:

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
State			
Federal			
Fees			
Other:			
Total	\$ -	\$ -	\$ -

Staffing Impacts:

Legal Positions:
N/A

FTEs:
N/A

Special Instructions:

None

Authored by: John Torell, Director, HCD

cc: Michael F. Brown, CEO
Bob Geis, CPA, County Auditor-Controller