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May 2, 2013

Chair Carbajal & Supervisors
Santa Barbara County
123 E. Anapamu St.
Santa Barbara, CA 93101

via e mail

Re: Inclusionary Housing Requirement
Hearing Date May 7, 2013
Agenda item No.4

Dear Chair Carbajal and Supervisors,

I have represented many of the housing projects in Eastern Goleta over the last 25 years that have provided inclusive housing through meeting the Inclusionary Requirement, meeting the State Bonus Density requirements, and/or when appropriate, providing "affordable by design" housing for all economic segments. Some of these projects have been low density projects with higher prices. Each setting is different as to density appropriate architecture, and inclusive housing solutions.

You have before you a proposal to lessen the burden of affordable housing than has existed before this change. It makes it certainly better than the existing requirement but it is still some 7 fold the expense of the County requirement in 1997 when many properties first got free of the 25 year water moratorium. Before the proposed change it is currently about 13 fold the cost of the in lieu fee in 1997.[1]

After decades of dealing with this issue and reviewing its legal underpinnings, my observation is seems like a "something for nothing" tax on only certain projects. Beyond that, when neighbors oppose the inclusion of affordable housing in a project, the County process does not ultimately stand up to that opposition and shifts that political burden to the developer.

In this regard, it is worse than a "something for nothing" requirement as it imposes a specific uncompensated burden on the developer having to sell the appropriateness of his affordable solution to neighbors when it is not the developer's idea to provide the affordable in the first place—it is to meet a County requirement.

This played out most recently in a nice neighborhood near San Antonio Creek Road (Park Hill Estates v.2). There, the 40-year owners of the property were quoted an In Lieu fee of $95,000 when they first tried to get permits in 1997 - 14 lots on 14.9 acres. This followed 25 years of waiting for the water

[1] For the same 14 lot project- 1997 in lieu was $95,000; 2012- $$1.3 million in lieu fee, proposed $ 2013- $ $644,00 in lieu fee or less if 2nd unit is built on site, see footnote 2..

moratorium to end. By 2012, this In Lieu fee had jumped to some $1.3 million[2], which was untenable, and forced us to do a State Bonus Density project to avoid imposing a charge of approximately $95,000 per home on each of the new residences for this In-Lieu fee. We proposed 15 homes plus one "casita" affordable rental to meet the Bonus Density requirement.

In a large public meeting held for the neighbors, all they wanted to talk about was the affordable requirement. All of the 300+ neighbors were upset enough that an affordable was being required in the neighborhood that they have fought the project to the end, including a currently pending CEQA suit. All of those have paid exactly zero towards any affordable housing, and cannot accept this County requirement in their area. The County honored their opposition with two years of unnecessary and legally inappropriate delays before approving it late last year.
I have provided substantive and detailed input periodically on this. The economic justifications for the inclusionary requirement and the In Lieu fee are not based on facts or supportable legal assumptions.

Landowners have told me repeatedly, "if the County believed affordable housing was important, it would commit its own resources to advancing that public goal. They are exacting it from my land and our future homeowners when none of the neighbors have contributed to this same public goal. That is just not fair."

IMPORTANT DETAIL

Here is a very important detail that needs to be set forth clearly in your action. At the Planning Commission Hearing, staff stated that the applicable In Lieu fee would be paid lot by lot as homes and projects with a Development Plan or a Tract Map are developed. This would be on land-use clearance of each house or a proportional amount of the In Lieu fee is paid house by house. The written version at the Planning Commission indicated that for a Tract Map, the In Lieu fee would be paid upon recording of the Map, which further impairs project feasibility as that becomes the earliest cost in the project. It must be clear, as was stated by staff, that for a Tract Map, the In Lieu fee would be paid proportionally as each lot obtains its land use clearance.

Please see my specific other input on the attachments.[3]

Very Truly Yours,

Jeffrey C. Nelson

[2] Our understanding is that the revisions to the In Lieu fee would make the In Lieu fee for 15 lots be approximately $385,725, if a second unit is built on one lot to satisfy a Workforce Housing obligation, and $690,000 if no such second unit is built.
[3] We incorporate by reference in to the Administrative Record all of the submittals we have made to the County on the In Lieu fee and Inclusionary Housing requirement.

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December 17, 2012

Santa Barbara County
Planning Commission
Hearing of December 19, 2012
Agenda Item: #3

Re: Inclusionary Housing Requirements

Chair Cooney and Commissioners:

The County is in the process of once again fine tuning its Inclusionary Housing Requirements. Many agencies have eliminated the Inclusionary Requirement following the dramatic market correction in housing and are allowing the free market to address future housing needs. The County has not gone far enough to make this a lawful requirement for make it a manageable requirement.

I have helped usher more projects to completion in eastern Goleta that are inclusive of Affordable Housing than perhaps anyone else in the last 25 years but can, regrettably, testify that the Inclusionary Requirement is a severe burden on politically selling neighborhood compatibility.

County planners attempted one unsuccessful governmental foray in to the political minefield of trying to convince area residents of compatibility several years ago, since that time the County has retreated to merely forcing developers to deal with the issue with no assistance from the County.

The Inclusionary Requirement has been somewhat of a local sacred cow without serious scrutiny. In fact, it appears to have questionable lawful underpinnings.

> **"Conditions must be reasonably related to the development.** Conditions may be imposed upon the approval of a map if they have a reasonable relationship to the proposed project, even though the public agency would otherwise have to condemn the property to acquire it for the intended purpose.
>
> Any condition required by the local agency as a condition for approval of a subdivision map or any other entitlement, whether by compelled dedication, exaction of a fee, or otherwise, must bear a reasonable relationship to the burdens caused by the proposed project. The agency cannot impose a

> condition which is not reasonably related to the proposed project and not necessitated by the project, even though it otherwise would serve a valid public objective."[1]

As the recent Park Hill case shows, including any "affordable" component in a project in a nice neighborhood can create a firestorm of neighborhood protectionism. I have dealt with inclusive projects for so long that I was naïve in assuming that there was a general understanding and some modicum of acceptance of that long-standing obligation in infill neighborhoods. That is not the case at all.

One problem that makes the Inclusionary Requirement both unfair and difficult for neighborhood residents to understand is that it only applies to some projects. No one in this (Park Hill) neighborhood has to contribute to affordable housing on an individual level and smaller lot splits have no inclusionary housing requirement. The requirement is not even triggered by certain density. Consequently a 15-acre infill site with one acre zoning is forced to convince residents that, while it is the first project with an inclusionary unit, it will be compatible with the neighborhood.

Neighbors have been carefully told by advisors to avoid saying that the affordable housing is threatening to their sense of neighborhood. Instead, various other issues are raised. Yet, in the Park Hill case, our private meetings were entirely different than the public discourse. We held one neighborhood meeting with approximately 30 residents who just talked about the affordable issue during the entire hour and a half meeting. It would be naïve of decision makers to be unaware of this more sophisticated dynamic of dealing with affordable housing concerns by neighbor interests.

In that Park Hill case, business people who have houses next to the property, have combined to file a CEQA suit after telling us all along "it is all about property values".

The County has done nothing helpful in selling the requirements politically, but it still lords the Inclusionary Requirement over applicants. There has been no timely processing consistent with the State Permit Streamlining Act if there are neighborhood concerns, and no explanations to neighbors of how manageable an affordable unit can become.

There are many social objectives that the County could spend its resources on. One of these is Affordable Housing. However, the County does not want to spend its resources on Affordable Housing; it just wants to use its land use leverage to force applicants to build uneconomic units and give those units to the County for disposition or receive extravagantly large In-Lieu fees if a developer feels he cannot politically sell inclusive housing.

The marketplace in many places is embracing rental housing as an option. The marketplace and individuals are finding renting more acceptable considering the risks of ownership. Yet many consumers want to own their own home, and projects that provide many price points for

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[1] Miller and Starr California Real Estate 9 Cal. Real Estate Section 25:38; Ayres v. City Council of City of Los Angeles, 34 Cal. 2d 31, 39, 40, 207 P.2d 1, 11 A.L.R.2d 503 (1949).; E.g., Nollan v. California Coastal Com'n, 483 U.S. 825, 838-842, 107 S. Ct. 3141, 3149, 3150, 97 L. Ed. 2d 677, 26 (1987) Miller and Starr California Real Estate 9 Cal. Real Estate Section 25:38

that opportunity, like our Tree Farm project, can meet many needs. A bigger project like this can better deal with a variety of housing types.

The Inclusionary Requirement exceeds legal limits and is not a sustainable program at a time when more and more people are striving for longer term sustainable solutions in local planning.

While we question the legality of the requirement in the first place, it would be more functional if:

- The Inclusionary Requirement only applies to projects with density of 3.3 units per acre or greater
- No increase in fees could be imposed beyond what is first quoted for a property. (Park Hill has been mired in processing since it was quoted a $97,000 affordable fee in 1997.)

Attached is earlier correspondence on the same issue which we commend to your attention and incorporate in to the Administrative Record.

Very truly yours,

Jeffrey C. Nelson

Enc.

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September 2, 2011

Santa Barbara County
Planning Commission
123 E. Anapamu St.
Santa Barbara, CA 93101

Re: September 7 hearing agenda item 1-
Inclusionary Housing Status Report

Dear Chairman Valencia and Commissioners,

While staff will give you an update on the inclusionary housing program from the Staff's perspective, here is one from the trenches of someone trying to get new local housing approved.

I have represented many local projects over the last 25 years including many of the projects that provided some affordable housing.

Before the housing market collapsed, the inclusionary component seemed to be a necessary evil where you hoped the market rate units would subsidize that obligation.

The reality is that the forced inclusionary requirement is even worse than a "something for nothing" scheme. This inclusionary obligation serves as an active detriment to getting neighborhood buy-in to a project and creating a financially viable project. An example of this ironically is a project we are working on now that was supposed to be before your Commission today, Sept. 7, but is not because of endless dialog we are having with concerned neighbors (Park Hill Estates v.2).

This project on 14.95 acres started processing in 1997 at the end of the water moratorium. The owners were thwarted from 1972 by that. In-lieu fees for affordable were $97,000 in 1997. Various iterations have been proposed over time including one in 2007 for 12 homes with an in-lieu fee at that time of $784,000. Even though market values have dropped substantially since 2007, the in-lieu fee for this same project, if the map recorded now, is now calculated at $1.1 million for 12 homes and $1.3 million for 14 homes.

Alternatively, the inclusionary requirement for the property is building 6 affordable units in this area where property values are near and above $2 million per house. Both of those options are frankly absurd. The remaining option is the state bonus density program, with one very low income rental and extra compensating market units.

The neighbors know nothing of inclusionary requirements when they gather emotional momentum, convinced that a new project like this being proposed is inconsistent with their neighborhood.

We have done extremely high quality projects before, but that does not overcome the neighbor belief that what is being proposed is a "Brazilian shanty town" not just the affordable unit, the whole project.

The County has told the California State Housing Agency that it is advancing affordable housing through its various programs. The truth is that it stands back and does nothing to defend or even process in a timely fashion actual projects that meet its affordable requirements. Staff merely stays free from the fray, delays action as long as possible while the dynamic between developer and neighbors takes place, then sticks its hand out at the end of the process and says "give me subsidized units or a million dollars for failing to build affordable units".

In 2004, the County substantially increased its inclusionary requirement from one where projects had to provide one of a range of affordable components to providing all 4 levels of affordable housing. The premise was that the marketplace would never provide these opportunities.

A point of reference as to the affordable percentage required is for that of redevelopment agencies. The extremely high County 30% affordable requirement (20% north county) contrasts markedly with those agencies, whose very existence is related to that objective; redevelopment agencies are required to build 15% of the units at affordable rates, and this does not apply to each project, but to the whole area.

In fact the market correction and very low interest rates have made housing affordability a reality. Moreover, new rentals and a lessened consumer imperative that "everyone must own a home" have created much more affordability than the County's policies ever would have.

People will not buy re-sale controlled homes at the bottom of the market when they have other opportunities that would give them the real upside if the market improves. Yet the County is charging about $560,000 for each workforce or moderate unit that the County requires that a project does build and give away at a subsidized price. That is laughably unreal in the context of good faith private enterprise efforts to create new housing opportunities in an extremely challenging market.

Inclusionary housing requirements, those that are all *stick* and no *carrot*, may be soon a thing of the past. A case came out determining that an inclusionary fee was unlawful as new housing opportunities are not what cause the need for affordable housing; the fee is unrelated to the impact of the project on that public objective.. (BIA v. City of Patterson (2009) 171 Cal. App. 4th 886, See also California Mitigation Fee Act Gov. Code 66000 et seq.

Also a recent case from Santa Monica states that any challenge to an affordable requirement has to come on a project by project basis, not at the outset when a policy is adopted.

Looking beyond this jurisdiction, what is happening elsewhere in the housing world? First there is a resurgence of rental housing being proposed, funded and developed at high enough densities to justify it. This is a fundamental change in the housing world as *for- sale* housing attracted all the capital for a long period; that is reversing. Secondly, jurisdictions like the City of Santa Barbara are looking at much higher densities to create workforce priced housing, assuming it is density and unit size that lead to these affordable attributes, not inclusionary requirements.

The County has neither a factual or legal basis for imposing these inclusionary requirements on projects. While the County did a justification study before, it does not come close to withstanding scrutiny (2010 Housing Element Input)

At a recent California State Bar Real Estate Section conference on "Affordable Housing programs after the crash: What Next?" the consensus was that any inclusionary requirements were being worked out, project by project, on an ad hoc basis as public agencies are avoiding the definitive legal showdown that could end inclusionary housing statewide.

The inclusionary housing policy puts developers in a no-win situation politically and economically. You must understand this as you assess the future of this program and as you see actual housing projects emerge from its challenges to finally get to the Planning Commission.

Very truly yours,

Jeffrey C. Nelson

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September 3, 2010

Chair Brown & Planning Commission
County of Santa Barbara
123 E. Anapamu
Santa Barbara Ca. via E mail

Via E Mail

RE: Housing Element
Hearing Date: September 8, 2010
Agenda items: **3 a & b**

Dear Chair Brown & Commissioners

This is input on the Housing Element proposal and environmental review of that proposal. I provide this input with the experience of representing many of the unincorporated south coast housing infill housing projects over the last 20 years.

The Housing Element update, as far as I can discern, largely keeps the prior Housing Element, last adopted at a time of seemingly ever increasing price increases, completely intact for the South Coast now. It excludes the North County from the inclusionary provisions as if that was the only that area subject to the market forces that have greatly impaired the housing market . It also determines that the County can meet its housing needs numbers in the near future without the assistance of any pending projects but from the availability of underdeveloped smaller parcels (Staff Attachment D) that exist, yet there is no historical proof that those homes on large lots that could redevelop will indeed do so.[1]

The County has taken this opportunity to eliminate the inclusionary housing requirement in the North County because of market forces, but retains the inclusionary requirement exactly as is in the South County. This action is taken in the face of a great housing downdraft, and radical change in available financing, both market forces that have not skipped the South Coast.

[1] Exhibit D lists the data base of lots in the County that are currently zoned for housing and calculates the number of extra units that can be provided under zoning. Several larger parcels in Montecito that have sold at a premium because of their large size, are listed as candidates to provide new housing and also , implicitly, affordable housing, so while Oprah Winfrey's large estate is presumably listed as a candidate to provide the needed new housing, it does not list Tree Farm's eastern Goleta 25.9 acres for which infill housing had been pending since 2001 and for which the Supervisor initiated a community plan change back to its original residential zoning in 2006 to accommodate such housing.

It would appear that there is no legal or factual basis for the County maintaining its current inclusionary housing program in the South County as it has no substantial evidence to justify it.

First, it is highly likely that the legal premise that- the County can impose any inclusionary housing requirement as long as it has a study that says that a projected housing project can afford it- is contrary to law. The general law is that projects are not responsible for mitigation of impacts not caused by the project itself. The assumption on the inclusionary housing requirement is that it is a general social need that should be funded by the next projects to get approval. The recent case of BIA v City of Patterson has altered the Inclusionary Landscape as to that underlying assumption.[2]

The factual assumptions that the County has based its continuation of the South Coast inclusionary requirement are attached as the Inclusionary Housing Program (IHP) Study by Economic Planning Systems, Inc. (EPS). It is prepared by a Sacramento consultant who has digested local information and has made the following assumptions:

- The prototype new project is 100 units[3]
- The cost for building homes in the South Coast is exactly the same as Santa Maria, remarkably $70 per square foot.
- The sales price per square foot for these homes will be $813 per square foot because that's what their data of average sale homes are in Montecito, Hope Ranch, San Roque, Carpinteria & one Goleta zip code.
- These 100 unit projects on the South Coast with Montecito and Hope Ranch prices but with Santa Maria construction costs have tremendous amounts of profit left over to pay for affordable housing. They can afford to, and should pay the substantial in-lieu fees to the County, and provide significant numbers of units at a loss even though the need for affordable housing is not generated by the project itself.

The two most recent South Coast inclusionary projects in the EPS study are in fact not 100 unit projects and did not yield Montecito and Hope Ranch prices. Las Palmas Viejas

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[2] *Building Industry Association of Central California v. City of Patterson.* 171 Cal.App.4th 886 (2009) The court's opinion held that the City of Patterson's "affordable housing in lieu fee" was invalid, because the amount of the fee was not shown to be reasonably related to costs of the City's affordable housing program attributable to new development, as required by the terms of a statutory development agreement between the City and the developer. The City had increased the fee to $20,946 from its previous rate of $734 per new residential building permit. The development agreement with the homebuilder permitted the City to impose increased fees if they were "reasonably justified," and the City argued that this language permitted the increased fees. The Court of Appeal held that (1) the contractual limitation incorporated the legal standards generally applicable to development impact fees and exactions; (2) the fees in this case were therefore not free from a "meaningful means ends review"; and (3) the City had failed to show that its new fees met those standards. The court concluded that the proper test was whether "there is a reasonable relationship between the amount of the fee, as increased, and 'the deleterious public impact of the development.'" (171 Cal.App.4th at 898.) The answer was no, as the court found nothing in the record that tied the increase to any adverse impacts associated with the project but, instead, simply an arithmetical projection based on general regional housing studies.

[3] This is not match with the County assumption that all its housing will be one or two at a time from underutilized current developed lots.

(Modoc and Hollister 12 units) had its 6 affordable units sell quickly but still has one of 6 market units for sale some 6 years later. The project did not succeed financially.

The Villas at Calle Real had 10 market units and 6 affordable units and could not close escrow on any of the units before the project failed and the lender took over the project. The project is apparently all rentals now.

These two projects show both the dearth of approved and built projects and the exact status of the projects listed in the EPS study, which tried to prove the viability of the inclusionary requirement.

The state reviews the County's affordable housing program and by a copy of this letter we again ask the County to report to the state on the actual status of pending Santa Barbara housing project applications. This follows up our similar request in 2007[4],

The County has had opportunities to approve and facilitate infill projects with affordable housing and has a history of not facilitating those projects.

With every one of those projects the County is arguably getting more affordable units than it could legally require.

The County's history of thwarting infill projects in the South Coast urban area exacerbated the long term commuting to housing communities of Ventura, Buellton, Lompoc and Santa Maria, which is the very antithesis of the GHG reduction laws and policies that are designed to cut down automobile traffic between jobs and housing.

It is particularly frustrating that the County's historical housing actions and inclusionary program are such that the County can put a project through a 10 year gauntlet[5] to try to make an infill housing project as difficult as possible. For those projects that survive the gauntlet the landowner and developer must provide 30% of the homes to the County to allocate as the County wants, must underwrite the financial losses from those homes, and then the develop must bear the long term liability for those homes if construction defects ever surface.

The inclusionary requirements include a provision that a developer must provide 30% of new housing onsite with 10% of that being workforce housing. Under the Current Housing Element and that proposed to remain in effect, the developer has an opportunity to pay $576,000 per moderate income unit or workforce unit to not build it. I am not

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[4] My Housing Element Letter to California HCD of Oct. 17, 2007, CC to the County, is incorporated by reference into the administrative record of this proceeding.

[5] We incorporate by reference into the administrative record the County's proposed transfer of development rights initiative in 2008, which we opposed and was defeated, but which would have provided that projects with rezones (two pending) would have to take the land value and pay the out of town developer to convert potential coastal housing lots on the Gaviota coast to open space. This would have served to transfer the land value from a long time landowner in the urban area to an LA developer to pay down a $50 million Midwest bank loan he had on the Gaviota land, which subsequently foreclosed. The net effect would be to thwart an infill project with affordable housing because if it went forward it would have to use its funds derived from the project to buy open space in Gaviota. That was just one of many challenges during the decade of processing.

aware of any workforce housing units being built and sold and operating in the South Coast.

Under the current (and proposed) County provision, a developer in the model 100 unit project would be required to build and underwrite the reduced price of the unit or pay the $576,600 x 10 or $5.76 million to the County for the workforce units and $576,600 x 10 or $5.76 million to the County for the moderate units. This results in a total In Lieu fee of $11.52 million dollars.[6] This is supportable, per the County proposal, as the developer will be able to sell units at $813 per square foot.

This is the kind of regulatory requirement that acts to discourage or thwart South Coast infill Housing. Under the County model each of the other 70 market rate units in the project would "only" have to raise the prices $164,571 per unit to fund those in lieu fees. Alternatively, the developer can provide the units at discounted prices for person chosen by the County and retain the long term liability for any defects. This does not even address the low and very low income requirements.

The County's legal support for this requirement is that the project can easily pay the fees or provide those subsidized units, because the developer will build the units at Santa Maria cost and sell them for Hope Ranch and Montecito prices. There is no plausible evidence, much less substantial evidence, to support that conclusion.

Attached is a letter from the Oak Creek Company (Attachment 1) with data from Santa Barbara County Multiple listing service that is for all of 2009, which is a more accurate sample of homes than in the EPS study which used 2008 and three months of 2009. It has more accurate data than the EPS study, shows South Coast prices to be more like $420 per sq. ft. and represents substantial evidence on this issue. As to the EPS assumption that a prototypical South Coast project is 100 units and all the homes would be built for $70 per square foot, EPS should provide into the record its backup for this with names of contractors and subcontractors redacted but with proof that the contractor who claimed this is the correct data for local construction is in fact still in business.

Greenhouse Gas and CEQA

This will comment on the CEQA analysis including County's use of the Bay Area air quality management district Greenhouse Gas emissions standards. See also Attachment 2 which discusses this further.

The new CEQA requirement for GHG comes from SB97 which reflects the legislative intent in its introductory language and its descriptive exemption from CEQA of an ideal high density transit oriented project with exact specifications.

While there may be no projects that meet that exact standard for the CEQA exemption, the legislation clearly identifies that reducing commuting automobile trips is a key to the solution.

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[6] EPS study, page 5.

Infill projects are a significant part of the GHG reduction solution to providing homes as close to jobs as possible.

In the absence of any clear help from the state, the Bay Area District (BAAQMD) came up with thresholds of significance. One of those was for new housing projects. Their numeric threshold is described as being about a 60 unit housing project.

So applying that standard in that context a 90 unit project in the Bay Area- an infill project in the San Francisco- South of Market area would exceed the GHG CEQA threshold but two subdivisions in Tracy of 50 units each would provide the same housing, would not exceed that GHG- CEQA threshold, would provide long commutes and would provide a result that is precisely the opposite of the intent of the legislation.

Applying that to the local area, if that Bay Area standard is adopted, it would encourage and allow Santa Barbara workers to live in three smaller projects in Buellton, Oxnard and Santa Maria, rather than a larger infill project near jobs in Santa Barbara, which numerically would exceed the Class I threshold for GHG.

In this context, if that same standard is applied in this County through the Housing Element to local housing projects, it will defeat the purposes of the legislation and indeed create a significant environmental impact under the GHG emissions standards.

A local agency cannot adopt new CEQA guidelines without undergoing environmental review of those guidelines, and suffice it to say that the County of Santa Barbara has not yet done that and certainly must not claim it is doing so by attaching it to this negative declaration.

While the Housing Element discussion is premised on a recognition that infill housing in existing urban areas is the now well recognized trend and environmental solution, the staff report does not even recognize pending projects that can be part of the solution, and analyzes that the future housing, including affordable housing, will be from subdividing existing lots like estates in Montecito. It also discusses in its 400 pages everything except what it has done with actual housing proposals and what has happened to local housing projects.

Thank you for having this opportunity to provide input.[7]

Very truly yours,

Jeffrey C. Nelson

CC: Department of Housing Development, Division of Housing Policy Development

[7] I will be out of town for the Sept. 8, 2010 hearing.

Table F-1
County of Santa Barbara Inclusionary Housing Program Evaluation
Base Assumptions for Costs, Income, and Price Calculations

Assumptions	Value	Units	Notes
Land Value	Calculated		Assumes undeveloped, entitled land.
Costs [1]			
Site Improvements	$17,000	per unit	EPS Assumption based on developer pro forma.
Construction Costs	$70	per sq. ft.	EPS Assumption based on developer pro forma.
Indirect Costs	$25,000	per unit	EPS Assumption based on developer pro forma.
Fees	$23,000	per unit	EPS Assumption based on County fee estimates.
Financing Costs	$10,000	per unit	EPS Assumption based on developer pro forma.
Developer Profit	15%	of total costs	EPS Assumption
Revenue			
Market Price			
Santa Maria HMA	$167	per sq. ft.	See Table F-2 for estimate.
South Coast HMA	$813	per sq. ft.	See Table F-2 for estimate.
Sales/Marketing Cost	4.00%	of purchase price	EPS Assumption
Attainable Price			
Down Payment	5.00%	of sales price	CHCD Assumption
Interest Rate	5.91%	30-yr fixed rate mortg.	CHCD Assumption
Property Tax Rate	1.10%	of sales price	CHCD Assumption
Income Available for Housing	30.00%	of gross income	CHCD Assumption
Insurance Cost	$864	annually	CHCD Assumption
HOA Dues	$200	per month	EPS Assumption
Sales/Marketing Cost	4.00%	of purchase price	EPS Assumption

"base"

Source: EPS.

[1] Based on recent project cost data provided by County developers.

Prepared by EPS 9/3/2009