

Memorandum



Date: August 16, 2013
To: Board of Supervisors
From: Herman Parker, Director, Community Services Department
Subject: Affordable Housing In-Lieu Fee Update
CC: Dinah Lockhart, Deputy Director, Community Services Department

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The purpose of this memorandum is to notify the Board of Supervisors of the update to the County’s Inclusionary Housing Program (IHP) in-lieu fees, pursuant to the recently adopted Inclusionary Housing Ordinance No. 4855 (IHO), (formerly Policy A-2 in the 2009-2014 Housing Element), so fees are reflective of current market values.

The County’s Inclusionary Housing Program affords developers the option of satisfying the inclusionary program requirements by paying fees in lieu of providing affordable units on-site. In-lieu fees are deposited in the County’s Housing Trust Fund and used to fund the development or rehabilitation of very low- and low- income housing, special needs housing, senior housing, and to assist non-profit organizations and other governmental agencies to provide or preserve affordable housing in the County. The current fees in effect were calculated in alignment with the most recent condominium sales activity which occurred in 2012. In-lieu fees shall be reviewed and updated periodically by HCD as necessary.

Section 46A-6(b) (formerly Policy A-2 in the 2009-2014 Housing Element) specifies that the in-lieu fee for the very low and low income categories be updated based on the percent change in the median sales price of condominiums in each HMA over a 12 month period. In addition, Section 46A-6(b) specifies the in-lieu fee for the moderate and workforce income categories are updated based on the estimated cost to build a housing unit, calculated as the median sale price of condominiums in an HMA over a 12 month period less 15%, which represents developer profit.

It should be noted that HCD worked closely with Planning and Development Department to evaluate IHP policy to create the recently adopted Inclusionary Housing Ordinance.

The following table shows the updated in-lieu fees, effective July 23, 2013:

In-Lieu Fees for the Inclusionary Housing Program

Housing Market Area (HMA)	Very Low and Low	Moderate and Workforce
South Coast	\$95,000	\$352,800
Santa Maria	\$58,100	\$118,800
Santa Ynez	\$63,600	\$205,600
Lompoc	\$46,000	\$104,600

In-Lieu Fee Update for Very Low and Low Units based on % change in median sales price of condominiums

HMA	2011 Median Condominium Sales Price	2012 Median Condominium Sales Price	% Change	2012 In-Lieu Fee	plus % change	2013 In-Lieu Fee
South Coast	474,351	415,000	-12.51%	108,600	-13,588.08	\$ 95,000
Santa Maria	134,000	139,740	4.28%	55,700	2,385.96	\$ 58,100
Santa Ynez	255,000	241,867	-5.15%	67,100	-3,455.78	\$ 63,600
Lompoc	180,000	123,050	-31.64%	67,300	-21,292.97	\$ 46,000

In-Lieu Fee Update for Moderate and Workforce Units

HMA	2012 Median Condominium Sales Price	15% of Median Sales Price	2013 In-Lieu Fee
South Coast	415,000	62,250.00	\$ 352,800
Santa Maria	139,740	20,961.00	\$ 118,800
Santa Ynez	241,867	36,280.05	\$ 205,600
Lompoc	123,050	27,000	\$ 153,000

Median Condominium Sales Price by HMA, 2007-2012

Year	HMA			
	South Coast	Santa Maria	Santa Ynez	Lompoc
2007 (released July '08)	\$790,000	\$240,000	\$512,250	\$239,700
2008 (released July '09)	\$530,500	\$177,000	\$279,990	\$91,800
2009 (released July '01)	\$487,500	\$165,107	\$311,141	\$174,798
2010 (released July '11)	\$477,292	\$168,257	\$232,884	\$181,355
2011 (released July '12)	\$474,351	\$134,000	\$255,000	\$180,000
2012 (released July '13)	\$415,000	\$139,740	\$241,867	\$123,050

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