

Memorandum



Date: January 2, 2014

To: Board of Supervisors

From: Herman Parker, CSD Director

Subject: 2013-2014 Annual Adjustment of Inclusionary Housing Requirements

Section 46A-6 (“Implementation”) of the County of Santa Barbara Inclusionary Housing Ordinance provides for an Annual Adjustment of Inclusionary Housing Requirements. The inclusionary housing requirements are to be reviewed annually by the Community Services Department (CSD). Inclusionary housing requirements for moderate and/or workforce household income categories may be waived entirely by the County when the median sale price of all housing units in each non-exempt Housing Market Area (HMA) over a twelve-month period is affordable to either moderate and/or workforce income categories.

According to Section 46A-6(a) of the Inclusionary Housing Ordinance, the determination of residential market affordability by HMA shall incorporate the following factors into the Monthly Mortgage Payment for Purchase Median Home Sales Price calculation:

1. Loan term, at thirty-year fixed rate with five percent down payment;
2. Average annual percentage rate (APR), as reported by the Federal Home Loan Mortgage Corporation (Freddie Mac) over twenty-four weeks of Weekly Primary Mortgage Market Survey® (PMMS®) results for a thirty-year fixed rate mortgage term in the western region of the United States;
3. Average points and/or fees, as reported by the Federal Home Loan Mortgage Corporation (Freddie Mac) over twenty-four weeks of Weekly Primary Mortgage Market Survey® (PMMS®) results for a thirty-year fixed rate mortgage term in the western region of the United States;
4. Annual property tax, at one and two-tenths percent of median home sales price; and
5. Insurance, at seven-tenths percent of median home sales price.

This adjustment was determined by CSD in an annual review of inclusionary housing requirements which was completed in the fourth quarter of 2013. In summary:

- Inclusionary housing requirements (including for developments of five to nineteen lots/units) for the moderate and workforce income household categories are waived for FY 2013-2014 for the Santa Maria and Lompoc HMAs; and
- Inclusionary housing requirements for the workforce income household category are waived for FY 2013-2014 for the Santa Ynez HMA.

The adjustments to the Inclusionary Housing Requirements were based on home sales price records for each HMA over a twelve-month period as recorded by the County Assessor. The results of the 2013-2014 Annual Adjustment of the Inclusionary Housing Requirements are shown in the following table:

2013-2014 Annual Adjustment of Inclusionary Housing Requirements

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Housing Market Area (HMA)	Very Low	Low	Moderate	Workforce	Total Inclusionary Housing %
South Coast	2.5%	2.5%	5%	5%	15%
Santa Ynez	2.5%	2.5%	5%	0%	10%
Santa Maria	2.5%	2.5%	0%	0%	5%
Lompoc	2.5%	2.5%	0%	0%	5%

The grey-highlighted portions of this table reflect the adjustments to the County's Inclusionary Housing Requirements.