



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** August 14, 2012

**TO:** Mayor and Councilmembers

**FROM:** City Administrator's Office

**SUBJECT:** Request from Councilmembers House and Murillo for Presentation on Current Housing Needs And Trends In Southern Santa Barbara County

### RECOMMENDATION:

That Council consider a request from Councilmembers House and Murillo to hear a presentation from the Coastal Housing Coalition regarding current housing trends and needs in southern Santa Barbara County and the surrounding region.

### DISCUSSION:

Attached is a memorandum from Councilmembers House and Murillo requesting that Council receive a presentation from the Coastal Housing Coalition with a summary from a recent housing conference that took place at UCSB on June 1, 2012.

**ATTACHMENT:** Memorandum from Councilmembers House and Murillo

**PREPARED BY:** Jennifer Jennings, Administrator's Office Supervisor

**SUBMITTED BY:** Jim Armstrong, City Administrator

**APPROVED BY:** City Administrator's Office



**City of Santa Barbara**  
City Administrator's Office

**Memorandum**

**DATE:** August 7, 2012

**TO:** Jim Armstrong, City Administrator

**FROM:** Council Members Cathy Murillo & Grant House

**SUBJECT:** Coastal Housing Coalition presentation regarding June 1, 2012 Housing Conference

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Pursuant to Council Resolution 05-073 regarding the Conduct of City Council Meetings, we request that an item be placed on the Santa Barbara City Council Agenda regarding current housing trends and needs in southern Santa Barbara County and the surrounding region.

- Summary of information to be presented:  
The Coastal Housing Coalition will provide the City Council with a summary of the Coastal Housing Coalition Housing Conference that took place at UCSB on June 1, 2012.
- Statement of Specific Action:  
City Council to receive a report from the recent housing conference that covered topics from changing local demographics and housing trends, post RDA financing of affordable housing, employer sponsored housing, limited equity co-ops, fair housing policies, current challenges, and more.
- Statement of the Reasons Why it is Appropriate and Within the Jurisdiction of the Council to Consider this Subject Matter and to Take the Requested Action:  
With the implementation of Plan Santa Barbara in process, City Council and community members will benefit from information provided at the conference.

We are requesting that this be scheduled for the August 14 Council meeting.

cc: Mayor and Council  
City Attorney  
Community Development Director

## 2012 Coastal Housing Coalition Housing Study



# Changing Demographic and Housing Trends Santa Barbara County

**June 1, 2012**



**Mark Schniepp  
Director**

# Key Findings / The South Coast

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- The population continues to increase
- The population is aging; people are living longer and staying longer in their homes
- Middle-aged households have declined
  - key demographic for the region
- The population is becoming more ethnically diverse
- Since 1980, the gap between home prices and household income has widened, dramatically

# Key Findings / The South Coast

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- Housing affordability remains a challenge
- The rental market has the lowest vacancy rate in years and rents are increasing again
- Finally, homeowners of South Coast housing are predominantly in the older age cohorts

# Key Findings: 5 and 6

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- The gap between housing prices and family income has widened dramatically and disproportionately (vs the state and nation)
  - real income has declined to just above 1990 levels
  - But real home prices are still much higher than in 1990
- Home prices have declined sharply since 2007, but affordability still remains elusive

# Median Home Price to Median Household Income

1980 - 2012

ratio

14

South Coast

12

California

10

8

6

4

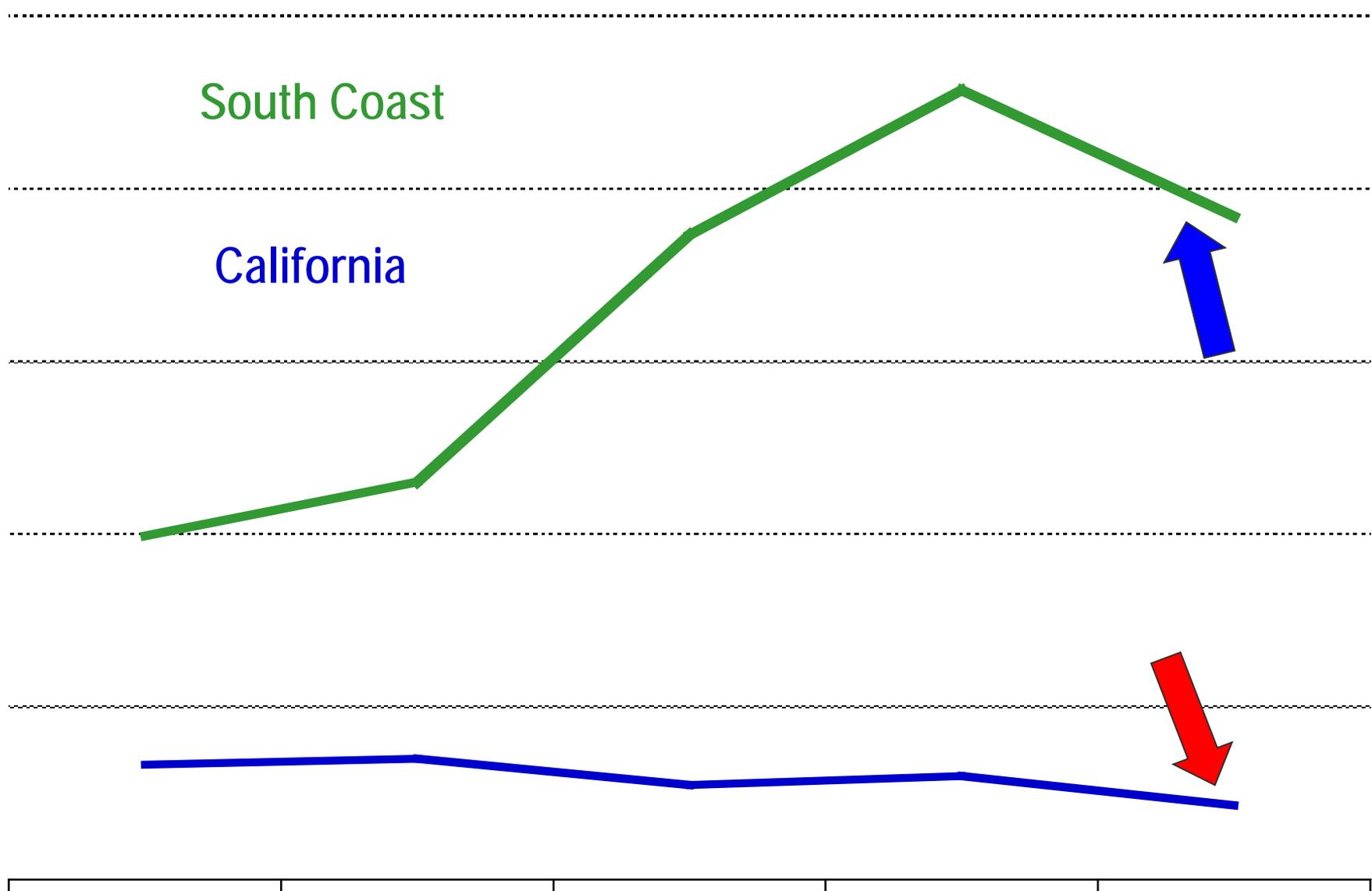
1980

1990

2000

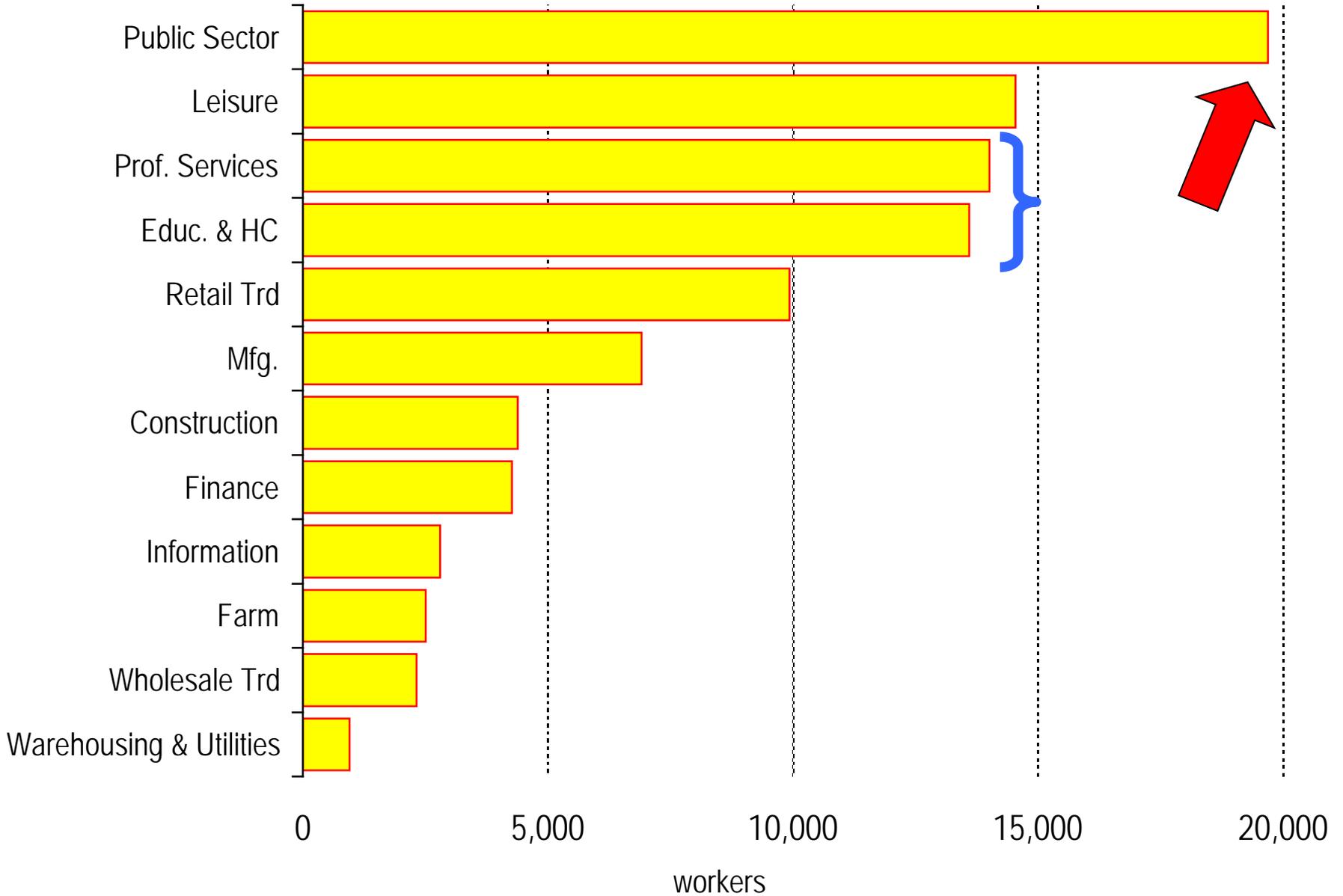
2010

2012



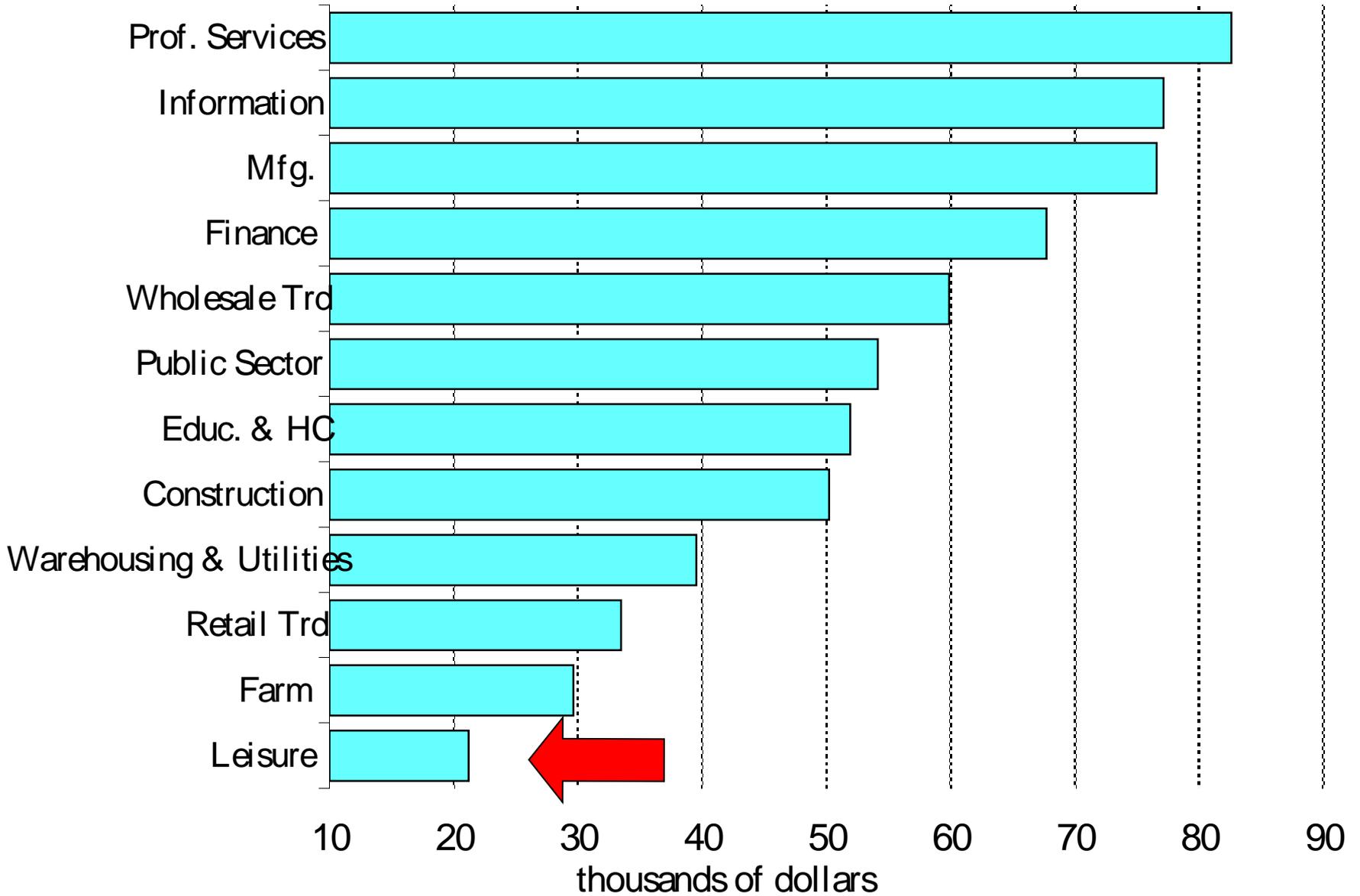
# Employment by Industry / South Coast

2010



# Average Salary by Selected Industry

2010



# Commuting / South Coast

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- Commuting has increased since 1990
- Not outflow but inflow
- The number of commuters from SLO and Ventura Counties has doubled in the past 20 years
- Commuting to Ventura County has declined
- North County commuting to the South Coast was previously (2008) estimated at 8,800

# Key Finding: 7

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- The South Coast rental market has the lowest vacancy rate in years
- Average monthly rents are high and are rising again

# The Rental Market / South Coast

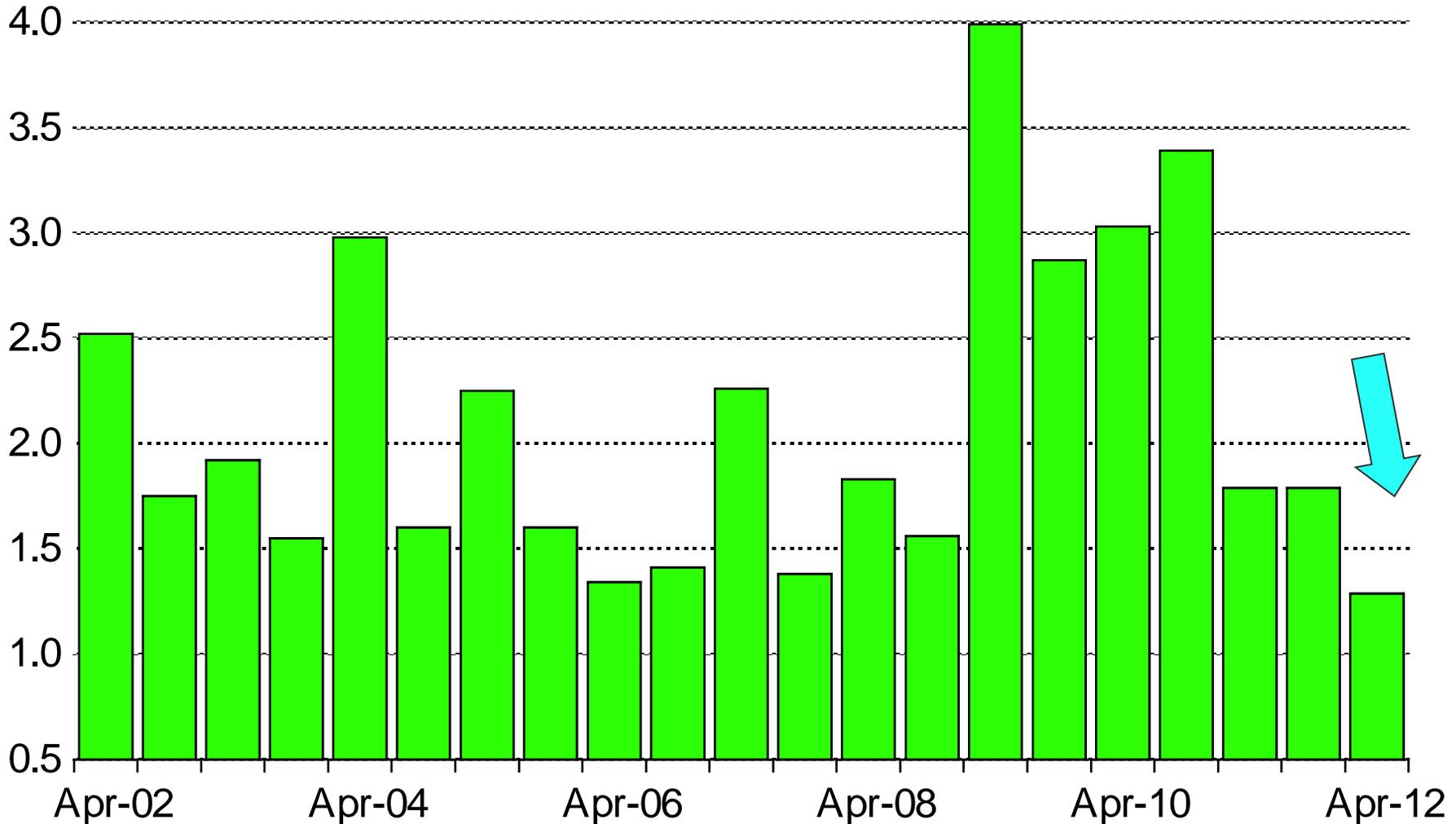
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- Very tight rental market, vacancy under 2%
- Very high average monthly rents
- Rents now rising again in Santa Barbara and Carpinteria
- 3 bedroom apt rents close to all time high
- Renters are staying longer in rental housing in Santa Barbara over time, (compared to California)

# Average Apartment Vacancy Rate Southern Santa Barbara County

April 2002 - April 2012

percent  
vacant



Source: Dyer Sheehan Group, Inc.

# Key Finding:

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- Homeowners are overwhelmingly in the older age cohorts
- Residents aged 55+ own nearly all of the housing stock
  - Younger age households are forced to rent or move out of the area and commute or don't commute and leave the area
- The housing stock is old. Most of it is 42+ years old and is small, averaging 2 bedrooms.

# Homeowners / South Coast

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- Ownership rates are lower today than in 1980
- Ownership rates are much lower in the South Coast, compared to California
- In the 93101 zipcode, renters account for 80 percent of all households
- Only 14 percent of 25 to 34 year olds own housing
- Since 2000, home ownership rates have fallen for all age groups except 65+

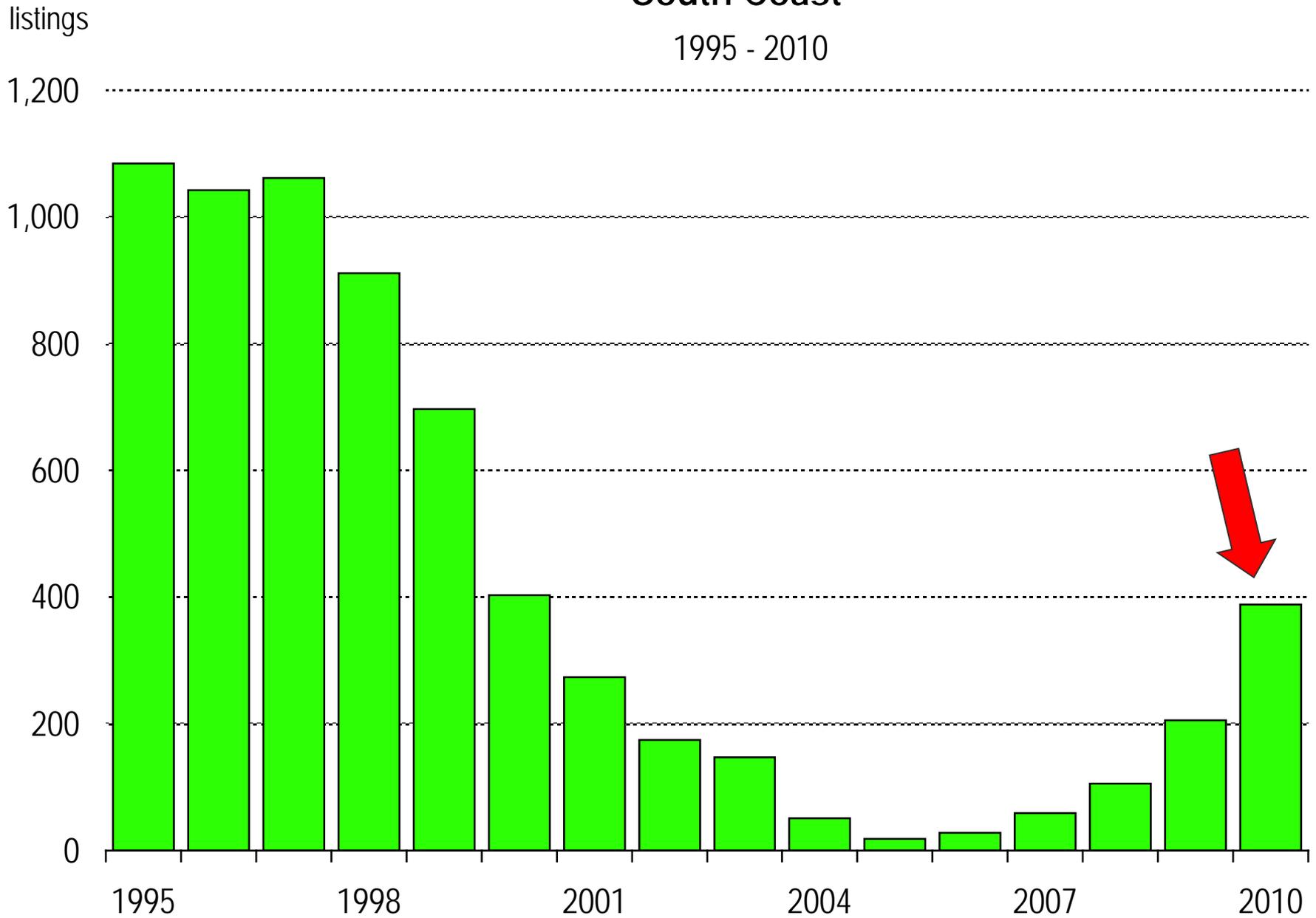
# Affordability: Two Big Problems

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- Homes are less expensive, interest rates are low, and incomes are relatively high. However .....
- There is a serious lack of affordable inventory
- Current credit conditions are still tight: obtaining a loan for the median priced home is an arduous and uncertain process

# Total Affordable Home Listings for Median Household Income South Coast

1995 - 2010



# Summary / Demographics & Housing

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- The population is still growing
- The population is growing older faster than the rest of California
- Total employment is lower today than in 2000
- Commuting from Ventura County and Los Angeles continues to increase
- Home ownership rates are low, and declining, especially among the middle age groups
- The housing stock is old
- There is a dearth of family-suitable housing
- Rentals are tight and prices remain high

# Summary / Demographics & Housing

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- Most of the housing stock is owned by populations aged 55 and older
- Home prices have declined, interest rates are at record lows, and affordability has improved some
- But inflation adjusted incomes have declined by more than home prices since 2000
- And it's much more difficult to obtain mortgage financing
- Furthermore, there is much less inventory of homes that meet affordability standards

# (Stark) Implications

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- Based on the commuting patterns to or from Ventura and Oxnard, it is clear that the high cost of housing in Southern Santa Barbara County is driving employees to move out of the area.
- Across the state there has been a trend toward longer tenure in owner occupied housing, but it has become especially pronounced in the South Coast market, where 23 percent of all owners have lived in their home since at least 1980, 38% for 22+ years

# (Stark) Implications, continued

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- Because there are very few affordable homes to purchase along the South Coast, and as workers retire and they remain in their homes, the trend clearly points to an insufficient supply of housing for the future South Coast workforce
- The trend implies a continued increase in commuting.
- A suitable workforce may not be locally available to fill needed positions within South Coast businesses, especially as workers retire.
- Consequently, firms will expand elsewhere or relocate altogether outside the region.

Changing Demographic and  
Housing Trends  
Santa Barbara County

**Thank you**

# POSSIBLE TOOLS

- Employer sponsored housing
- Limited equity housing cooperatives
- Preferences for local employees
- Compact development
- Second units – made legally feasible
- New financing opportunities – “team effort” by financiers, employers & govt.

# COMMUNITY NEEDS

- Housing to give Seniors downsizing opportunity
- Affordable housing for the local workforce
- Housing types that appeal to the younger generation
- Increased rental housing opportunities