



SANTA MARIA VALLEY HOUSING SUMMIT



Housing Summit

April 18, 2024

Planning and Development Department

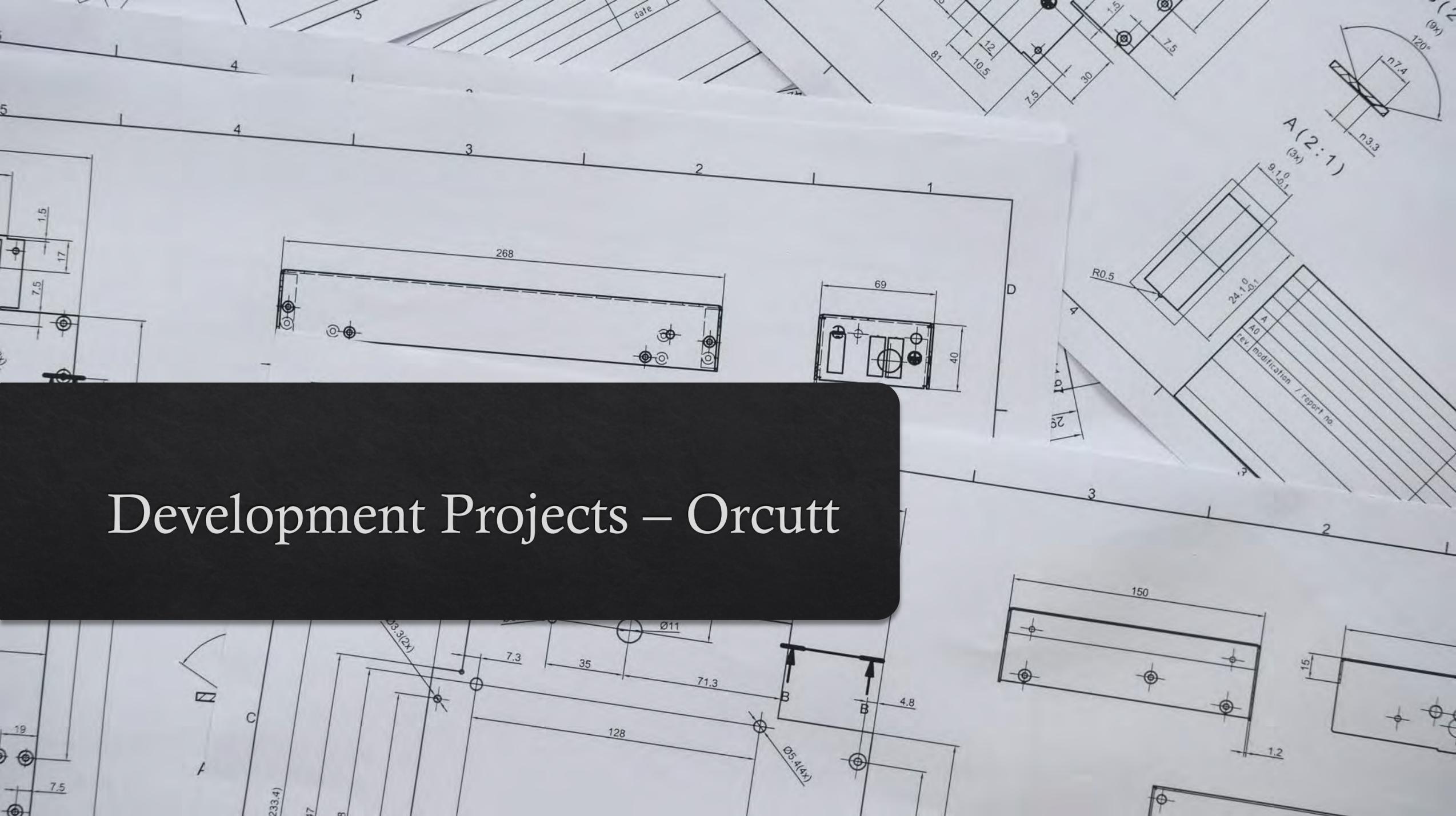
County of Santa Barbara

Housing Projects Update and Overview

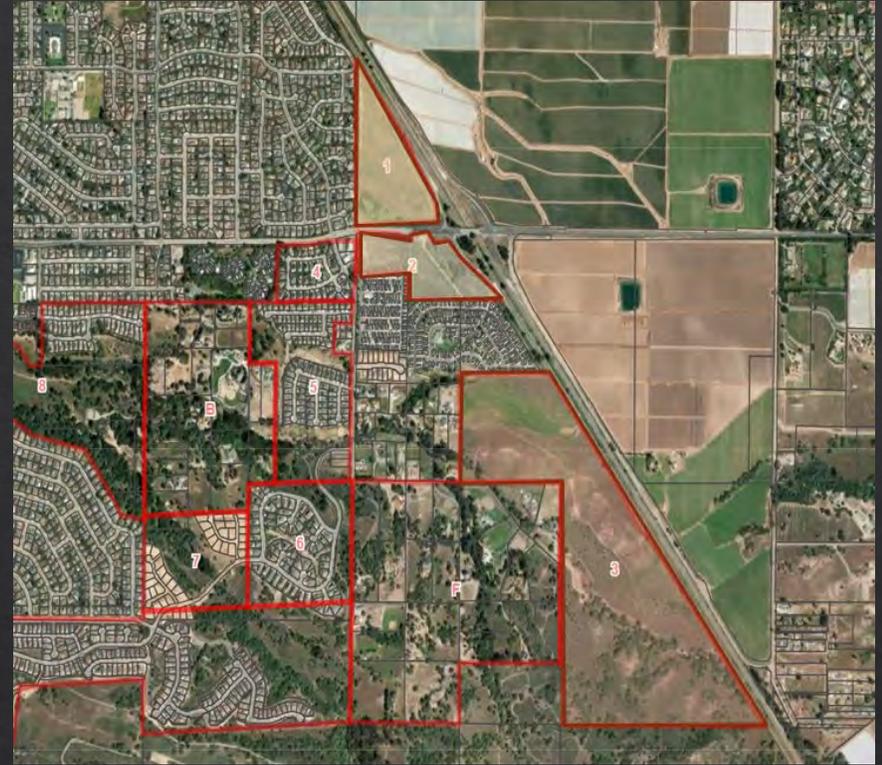
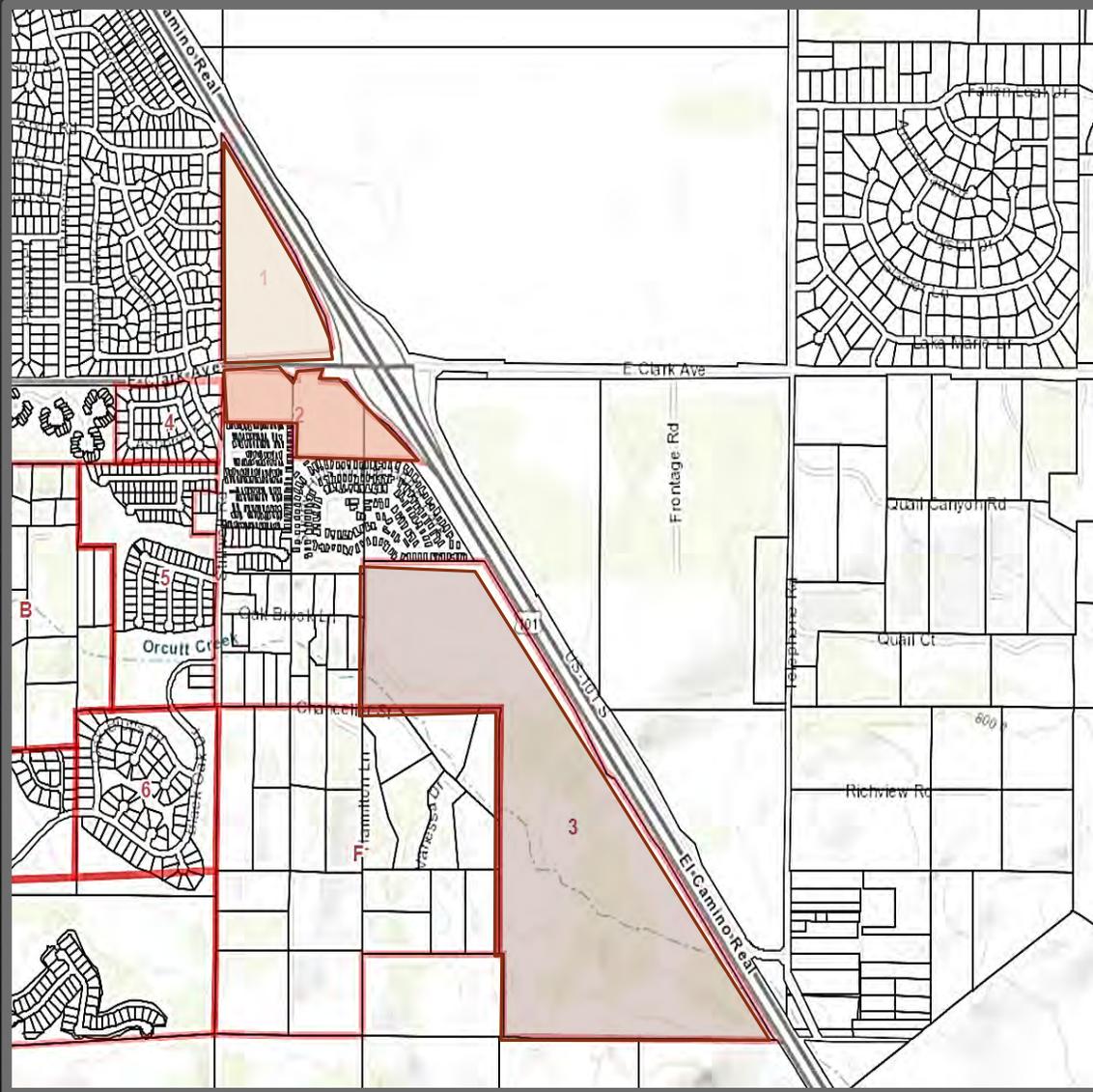




Development Projects

The background consists of several overlapping technical drawings. One drawing shows a long rectangular component with a length dimension of 268 and a width of 40. Another drawing shows a similar component with a length of 150 and a width of 12. There are also smaller detail drawings and a table with columns for 'rev', 'modification', and 'report no'.

Development Projects – Orcutt



Key Sites – 1 and 3

Key Site 1

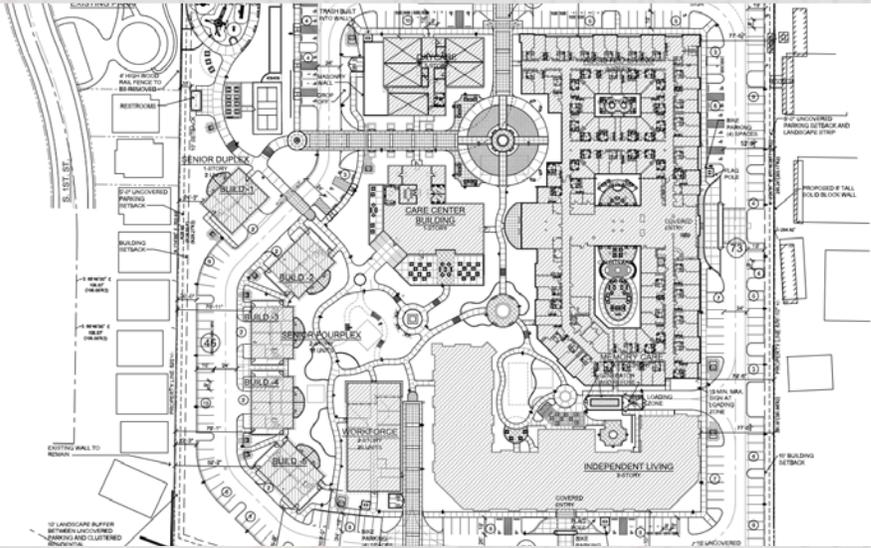
- ◇ The proposed Orcutt Marketplace project is a request to construct 248,144 square feet of commercial development and 211,264 square feet of mixed-use residential development (252 apartments) for a total of 422,304 square feet of gross floor area on Orcutt Key Site 1.
- ◇ Proposed commercial uses include a new hotel, gas station with carwash, four restaurants (three with a drive-through), a pharmacy with a drive-through, and a bar/tavern.
- ◇ Status – awaiting resubmittal from applicant

Key Site 3

- ◆ The project proposes to develop 119 single-family residential units with a small lot, detached cluster home product on the northern portion of the site. Approximately 113.5 acres (82% of the 138.6 acres subject to the proposed DVP) of the site are proposed as public and private open space.
- ◆ The open space area includes the upper mesa bluff area, Orcutt Creek, private parks and trails, public multi-use trails, landscaped basins, and natural and restored habitat on hillsides and along the creek.
- ◆ Status – Discretionary entitlements approved

Key Site 3





KS 17





ORCUTT COMMONS SENIOR HOUSING DEVELOPMENT



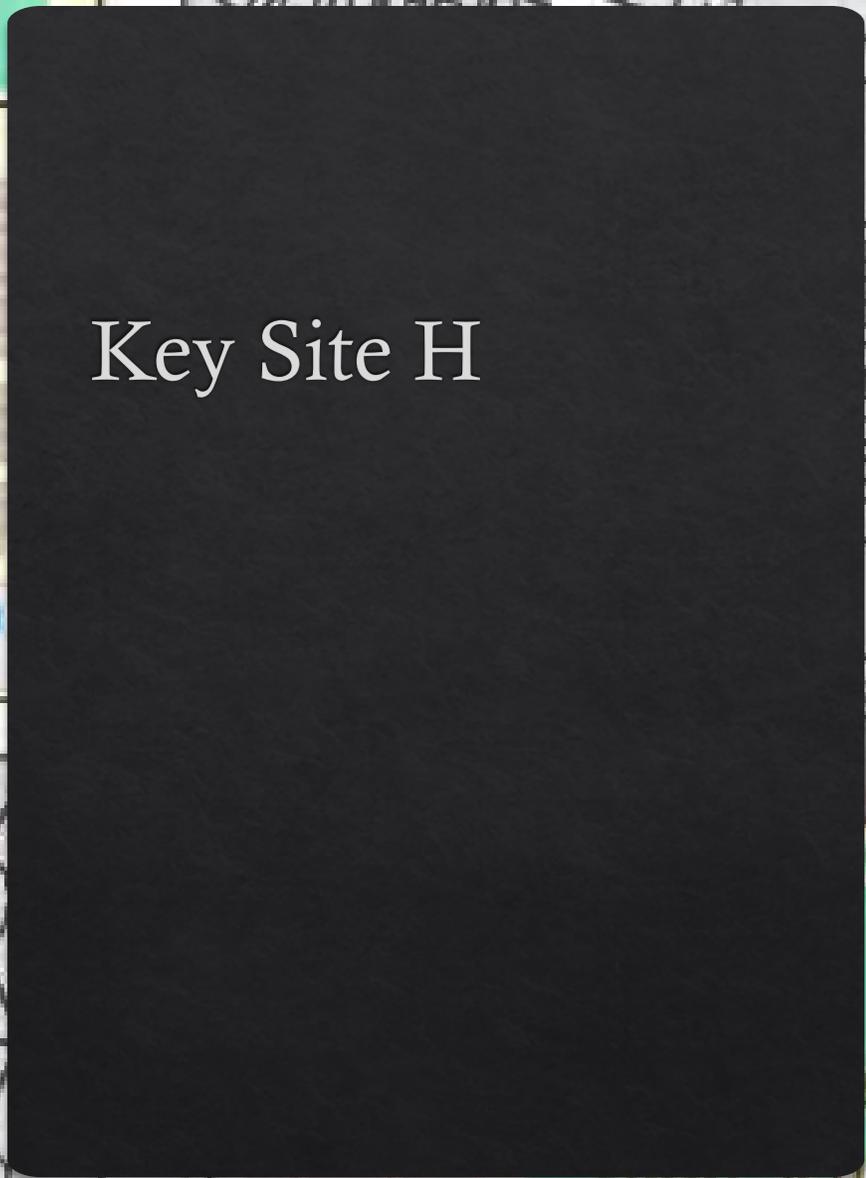
Key Site 17

- ◆ Rice Ranch Road; 115-bed, 103-room senior assisted living facility. 86 dwelling units including 48 senior independent units, 18 senior dwelling units, and 20 employee dwelling units.
- ◆ Status – Discretionary entitlements approved

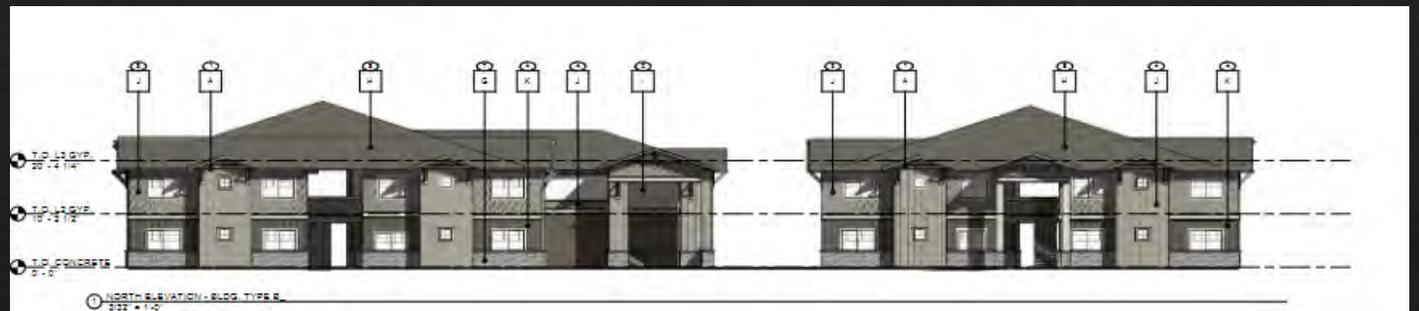
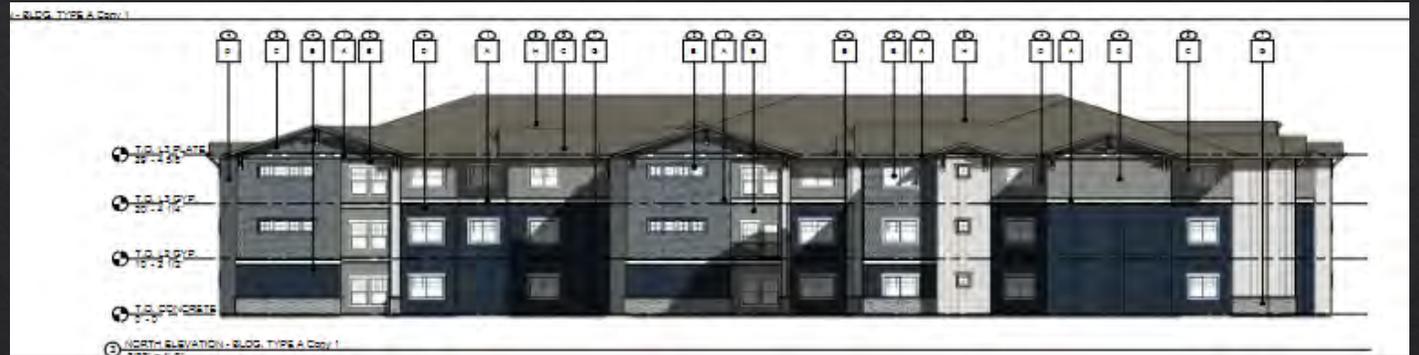
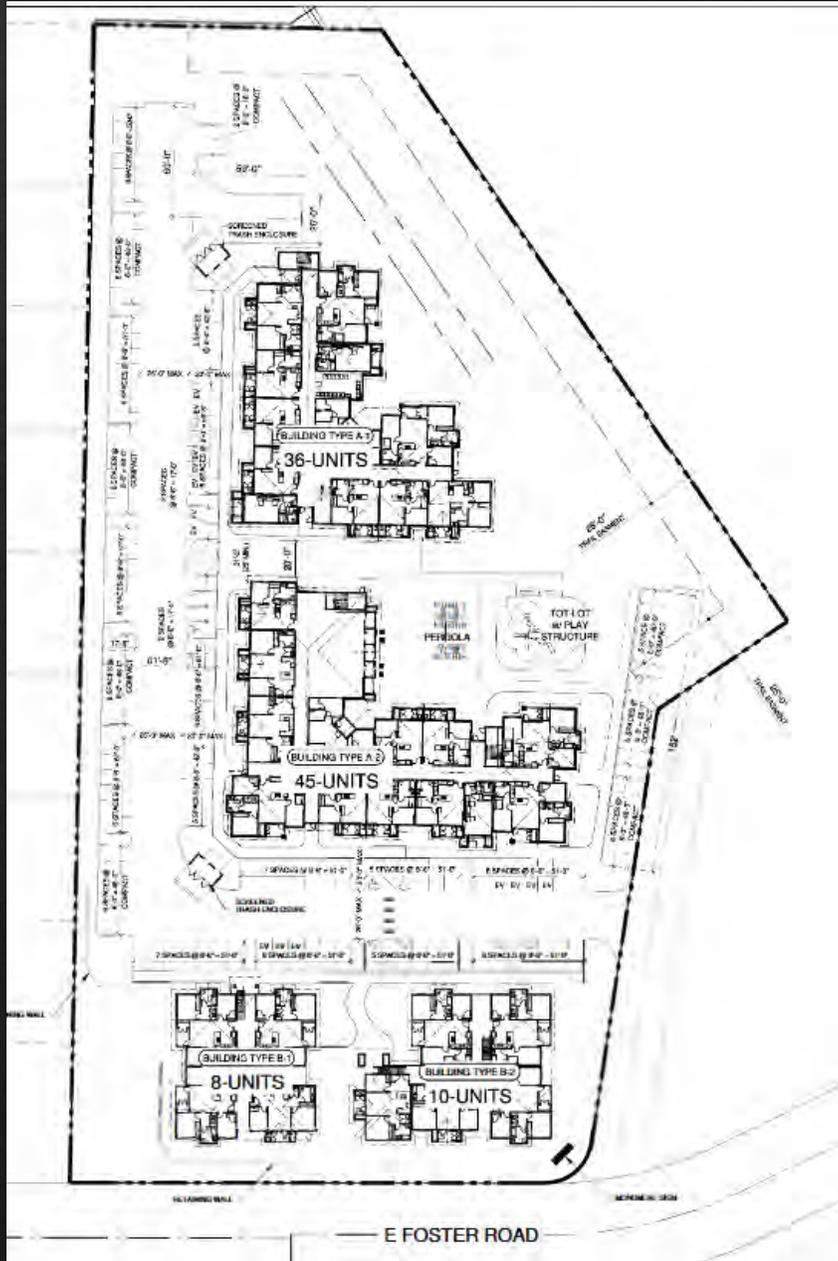
- ◆ The Developer has an approved entitlement for a 61-unit affordable multi-family development in a single three-story structure under the provisions of Senate Bill 35.
- ◆ Recently approved Development Agreement includes provisions at the request of the Developer, primarily the provision to process a future 99-unit affordable project with a Development Plan on an expedited basis, subject to a maximum of two Planning Commission hearings.
- ◆ Status – Awaiting application submittal

Key Site H

Key Site H



Key Site H



Key Site 26 – Richards Ranch



RICHARDS RANCH
Neighborhood Mixed-Use Community

Annexation



- ◇ Mixed Use
- ◇ 750 units (156 affordable)
- ◇ Status – SB 330/BR application submitted/in process



Vintage Ranch and Rice Ranch

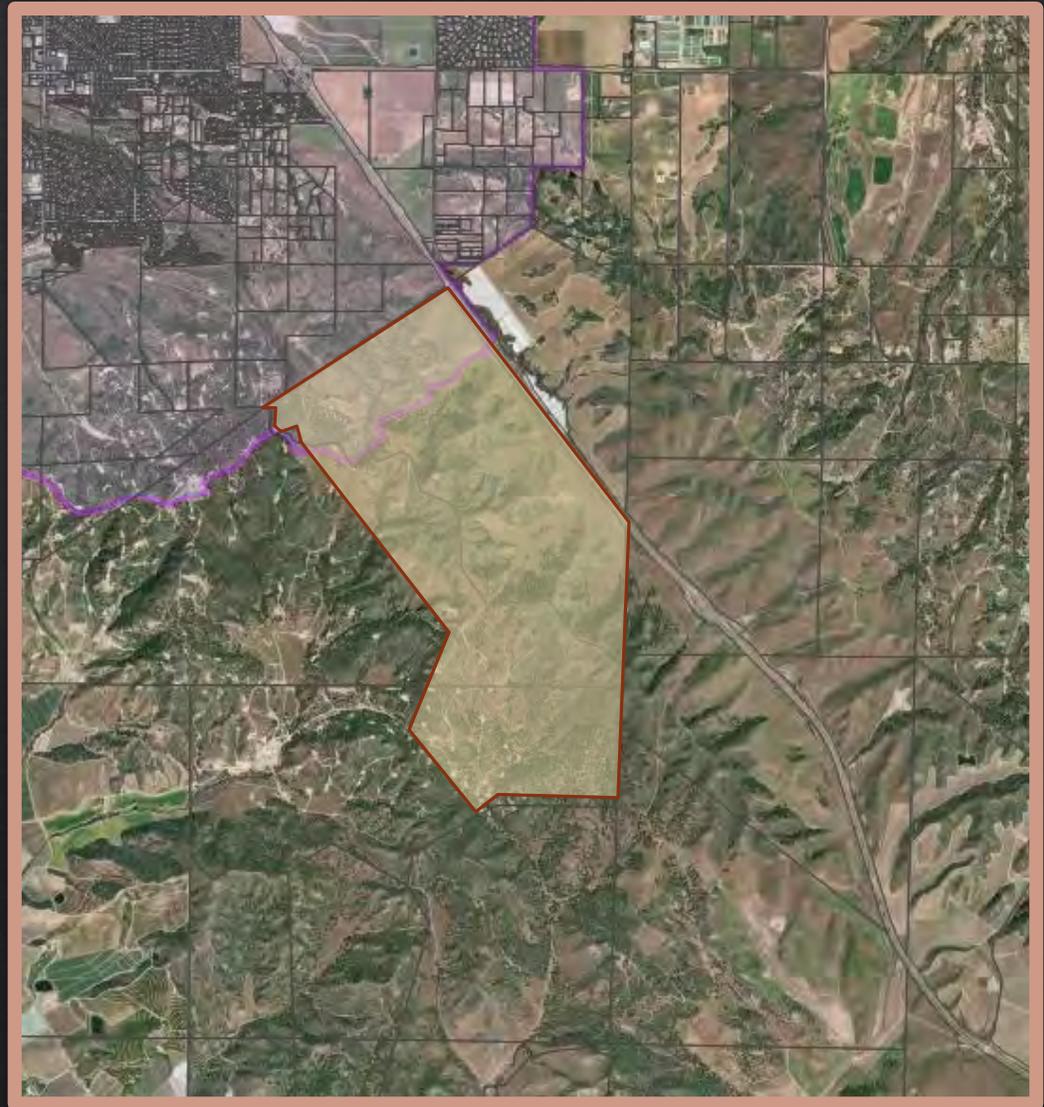
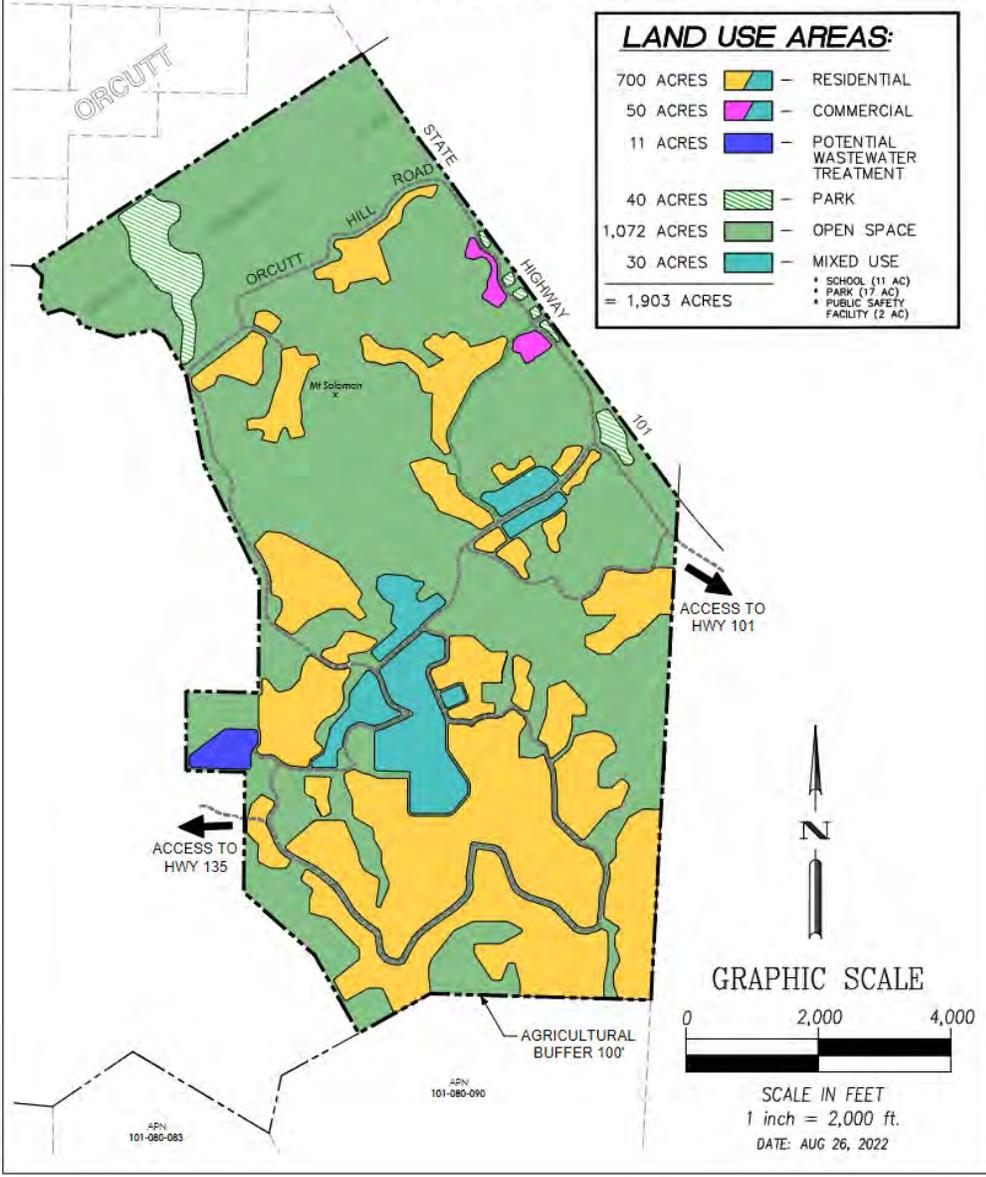


- ◇ Vintage Ranch – 28 units finished or under construction
- ◇ Rice Ranch – last two neighborhoods under construction

Solomon Hills

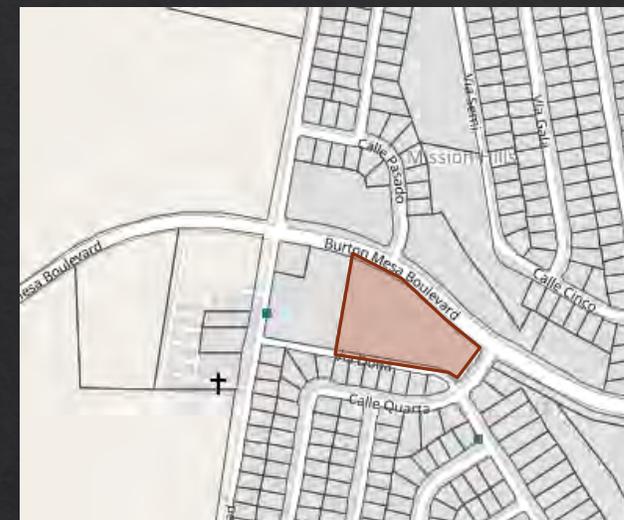
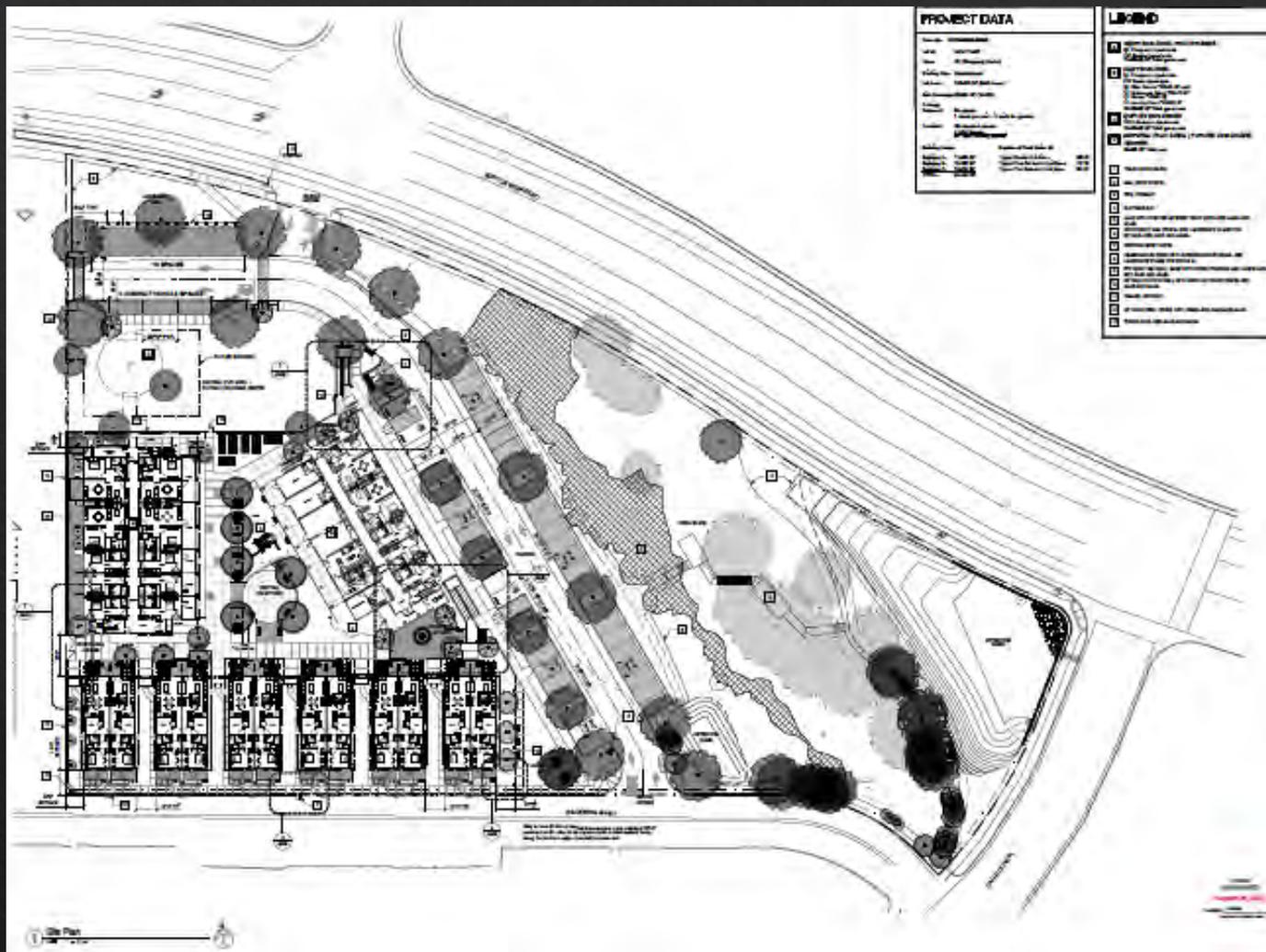
- ◆ 22GPA-00007, 22PRE-00006; South of Key Site 3, west of Highway 101 (Portions of APNs 101-020-085, 101-020-086, 101-020-087; 4,000 residential units, a Village Center with traditional retail uses to serve daily needs of the community, an estimated 500,000 to 600,000 sq. ft. of office campus, and between 1,000 to 1,200 acres of open space, conservation easements, parks, and trails.

**SOLOMON HILLS
PROPOSED SITE PLAN / LAND USE**
SANTA BARBARA COUNTY, CA

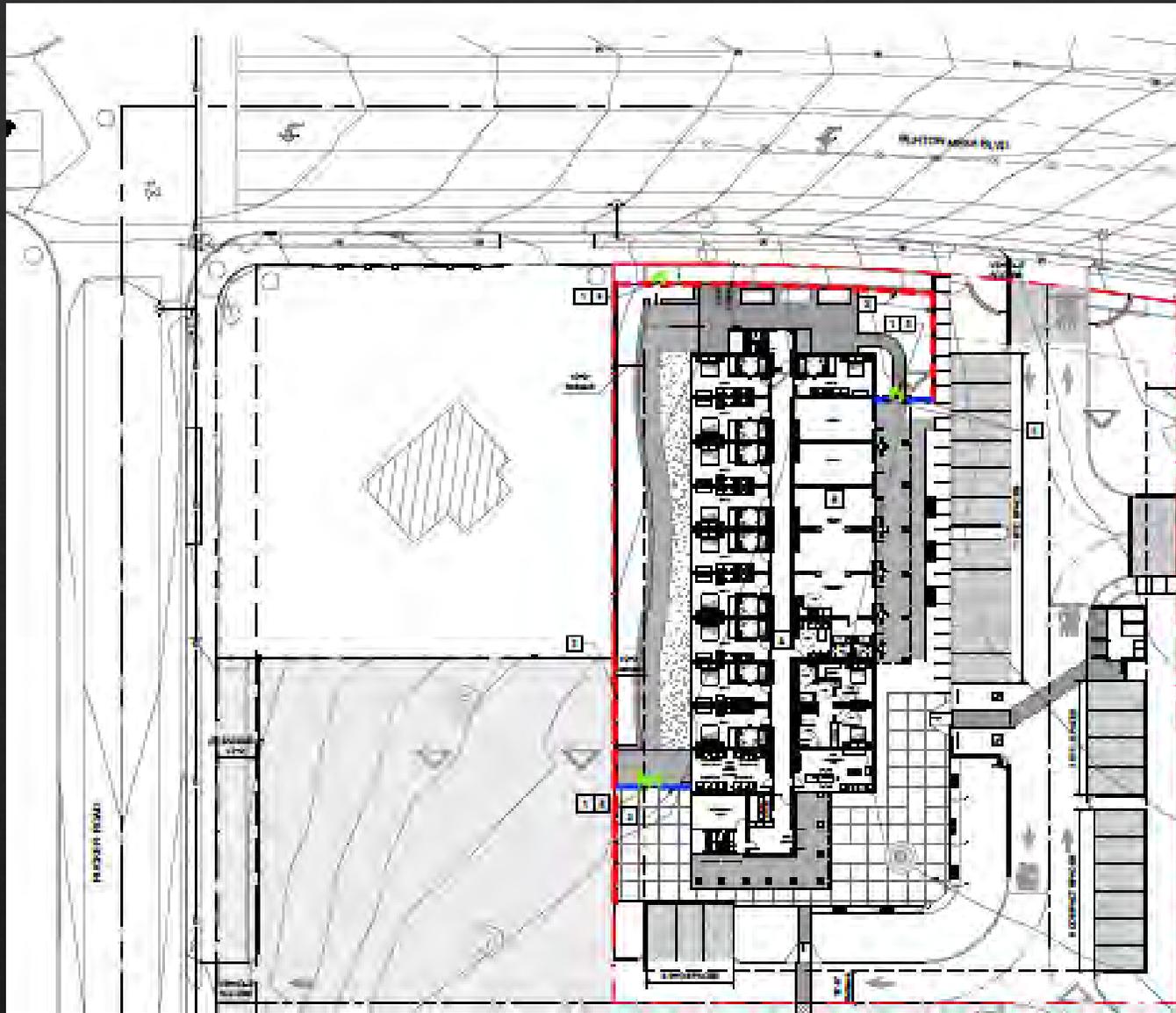


Development Projects

– Lomnoc



◆ Brisa Encina (49 units): AB 2162 for 49 affordable dwelling units approved on 8/26. Applicant planning on submitting an LUP for a student day care center onsite pursuant to the new ordinance.



- ◆ Plaza de la Bandera (47 units): 47 affordable units at 1426 Burton Mesa Blvd; Development on the lot adjacent to Brisa Encina. Housing for homeless veterans.
- ◆ Status – In process - awaiting resubmittal



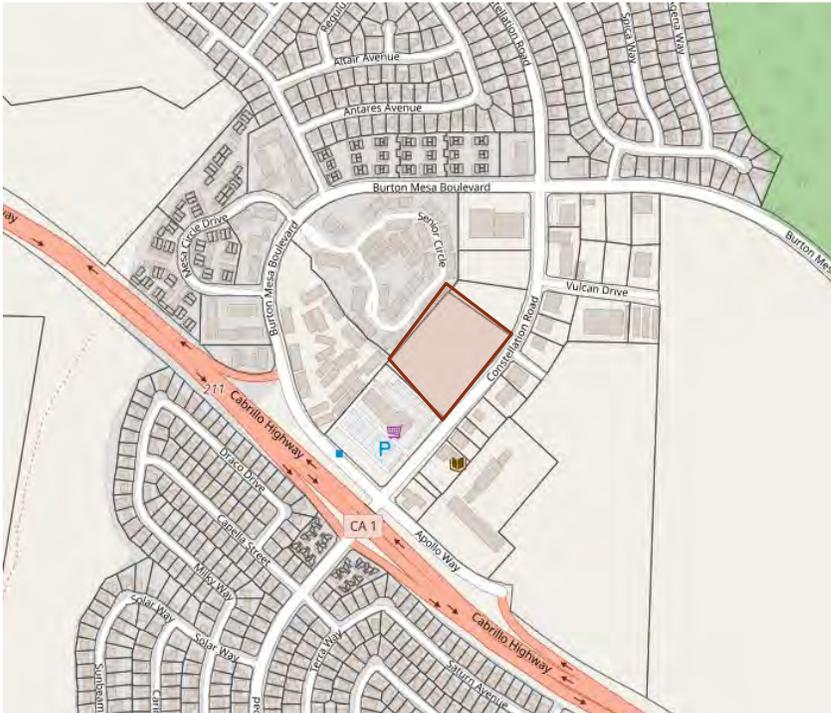
Constellation Road

Vandenberg Village, CA



Constellation Road Project (Hotel and 60 Townhomes)

- ◆ GPA, RZN, DVP, and TPM for a 5.16-acre parcel located off Constellation Road in Vandenberg Village to allow for a hotel and residential development project.
- ◆ TPM will split the parcel into two parcels of 2.56 acres (Parcel 1) and 2.60 acres (Parcel 2). DVP will include a new 3-story extended-stay hotel; 87 rooms; approximately 49,820 sq. ft (Parcel 1).
- ◆ DVP will also include a residential development project consisting of 60 townhomes and a clubhouse (Parcel 2).



Constellation Road

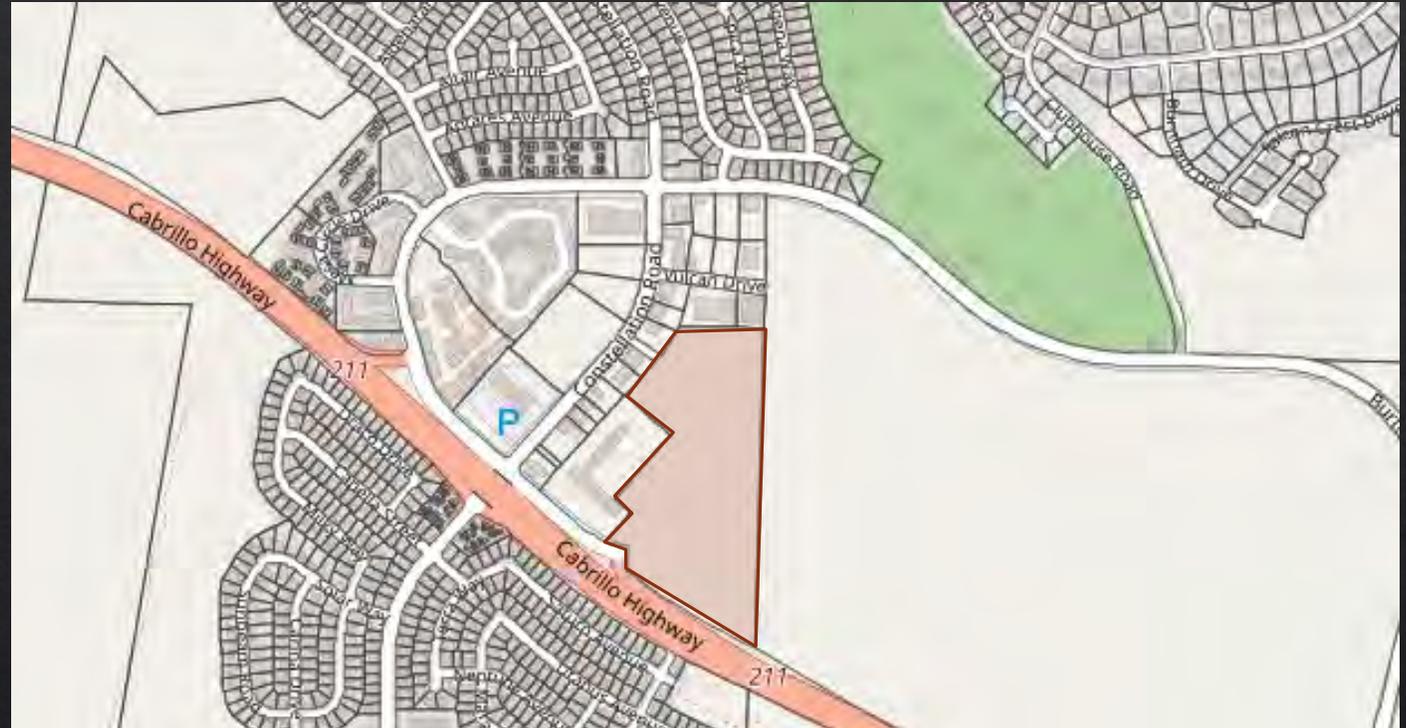
Vandenberg Village, CA



Apollo Way Housing Development Project (302 units)

23GPA-00005, 23RZN-00004; 3965 Apollo Way (APN: 097-371-075); Comprehensive Plan Amendment, a Zoning Map Amendment, and a Development Plan for approval of a 302-unit residential development project.

The 302 residential units will be distributed among 32 two-story buildings. The project will include two residential clubhouses. The property is a 26.11-acre parcel.



Development Review – Los Alamos



Development Review – Los Alamos

- ◆ **Legacy Estates/Village Square (59 units)**: New 59-unit residential development project that has been approved as part of the Village Square Tract Map (formerly known as Legacy Estates) under case number 02TRM-00000-00007 and 15TEX-00000-00012.
- ◆ Status - Tract improvements/grading has commenced. Individual lot ZCIs for dwellings within in process.

Price Ranch (Los Alamos Investments, LLC) Development Project (69 units)

- ◇ Tract map and Development Plan (SB 330) for a new 69-unit housing project on land zoned PRD-46, located west of Price Ranch Road/east of HWY 101.
- ◇ The new dwelling units will be a mix of single-family dwellings and duplex-style townhomes. Access is proposed off of Frontage Road and Price Ranch Road.
- ◇ Status – In process – awaiting resubmittal



Development
Review -
Cuyama



Perkins Place (33 units)



- ◇ 33 low income units at 0 Perkins Road, New Cuyama; 22DVP-00027/22CUP-00023
- ◇ Status – In process

Housing Element RHNA and Rezones

Sub-Region/Method of Meeting the RHNA	Units by Income Level		
North County	Lower	Moderate	Above Moderate
RHNA	807	229	486
RHNA + 15% Buffer	928	263	486
Current Capacity (Vacant Sites, ADUs, and Pending Projects)	441	520	1,730
Surplus (+)/Shortfall (-) ¹	-487	+257	+1,244

Housing Element RHNA and Rezones

Next Steps

- ◆ PC Recommended 8 rezone sites to meet RHNA
- ◆ BOS hearings on 4/30 and 5/3 for final approval

Sub-Region/Method of Meeting the RHNA	Units by Income Level		
	Lower	Moderate	Above Moderate
North County			
RHNA	807	229	486
RHNA + 15% Buffer	928	263	486
Current Capacity (Vacant Sites, ADUs, and Pending Projects) and Recommended Rezone Sites	1,203	679	1,392
Surplus (+) ¹	+275	+416	+906



SANTA MARIA VALLEY HOUSING SUMMIT





CITY OF SANTA MARIA

Housing Summit

April 18, 2024



City of Santa Maria

Housing Needs and Progress



SBCAG RHNA 6th Cycle Allocation

For the 6th Cycle planning period, Santa Maria's RHNA target is **5,418 units**.

	Santa Maria	
Income	Number of Units	Percent
Total	5,418	100.0%
Extremely Low and Very Low ¹	1,032	19.0%
Low	536	9.9%
Moderate	731	13.5%
Above Moderate	3,119	57.6%



Site Inventory

The RHNA represents the anticipated demand for additional housing units for *all income levels*

The Site Inventory documents the residential development *opportunities* within the City to accommodate RHNA - *Housing Development Capacity*

The Inventory may include

- Vacant sites under existing zoning
- Pending projects
- Projected Accessory Dwelling Units (ADUs)



Available Sites

Table III-1: Residential Development Potential and RHNA

	Extremely Low	Very Low	Low	Moderate	Above Moderate	Total
RHNA	See Very Low	1,032	536	731	3,119	5,418
ADUs	See Very Low	-	1,058	303	151	1,512
Approved/Entitled Projects ¹		-	447	147	1,379	1,973
Remaining RHNA	See Very Low	32	31	281	1,589	1933
Site Inventory ¹	See Very Low/Low	204		330	1,800	2,334
Total		1,709		780	3,330	5,819
Surplus		141		49	211	401

Source: See Appendix B

¹. Net new units



2023 Residential Building Permit Activity

Issued Residential Permits

Building permits issued for 454 new residential units:

- 3 mobile homes
- 28 single-family
- 415 accessory dwelling units, and
- 8 multi-family units.

Completed Residential Units

Certificates of occupancy issued for 308 completed units:

- 4 single-family
- 301 accessory dwelling units, and
- 3 multi-family units



City of Santa Maria

Residential Projects Under Construction



Gateway Mixed Use





Centennial Square Apartments





Centennial Gardens Apartments





Santa Maria Studios





Northman Subdivision (Skyview Estates)



PLAN 2 ELEVATION - COLOR SCHEME 1



PLAN 1 ELEVATION - COLOR SCHEME 2



PLAN 4 ELEVATION - COLOR SCHEME 3

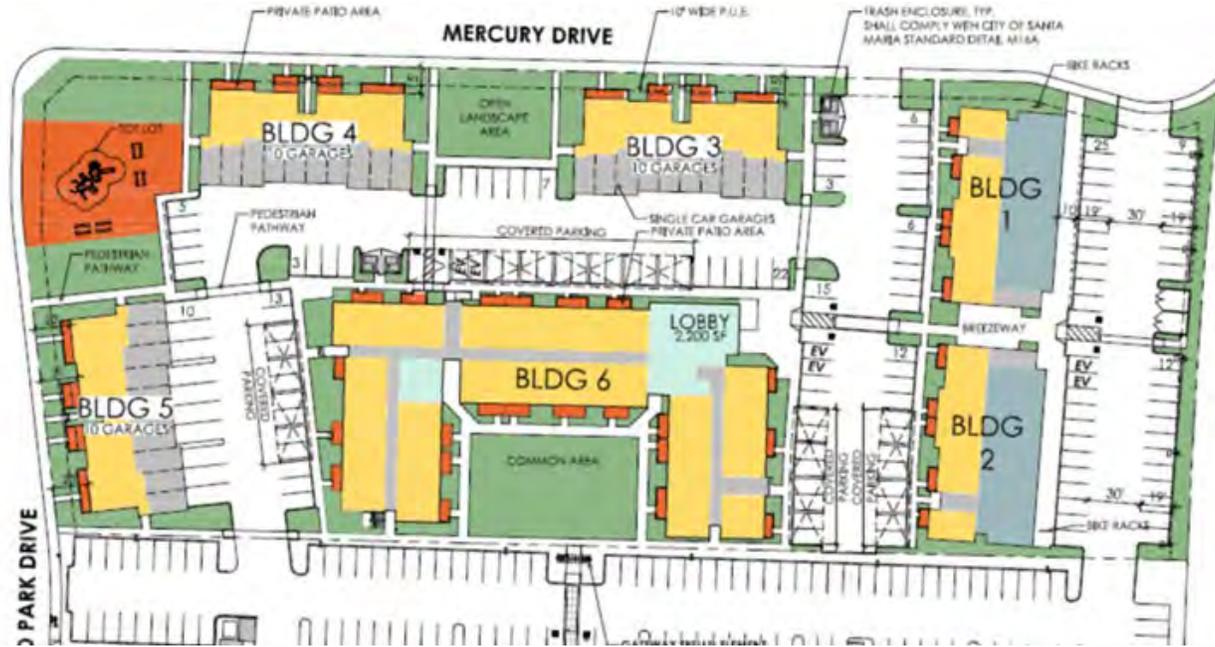


PLAN 3 ELEVATION - COLOR SCHEME 4





Lakeview Mixed Use / Elements Apartments





Pending Residential Projects

PROJECT	UNITS	LOCATION
309 Mill Apartments	23 units	309 E Mill St
200 Mill Apartments	20 units	200 W Mill Street
Vino Bella Apartments	32 units	120 W Chapel St
Bellecrest Residences	142 senior units	1571 E Main Street
Alvin Newton Apartments	82 units and 5,760 sq. ft. retail	SWC Main St. and Broadway
Heritage Walk Lofts	102 units	201 Town Center West
Cook Street Apartments	114 units	N of Cook St and E of McClelland St
Heritage View	119 affordable units	124 S College Dr
Oakley Court Apartments	30 units	600 S Oakley Ct
Blosser Ranch	338 single-family, 329 ADUs 832 apartment units	NE/c of S Blosser Rd and W Battles Rd
Barcellus Senior Apartments	80 senior units	502 E. Barcellus Ave
Westgate Village	126 units and 16,000 sq. ft. retail	NWC S. Blosser Rd and W Battles Rd
Avante Apartments	86 units	SWC Carmen Lane and S Blosser Rd
Park Edge Apartments	140 units and 5,435 sq. ft. retail	2770 Santa Maria Way
Skylight Homes	49 single family units	3170 Santa Maria Way



City of Santa Maria

Thank You



SANTA MARIA VALLEY HOUSING SUMMIT

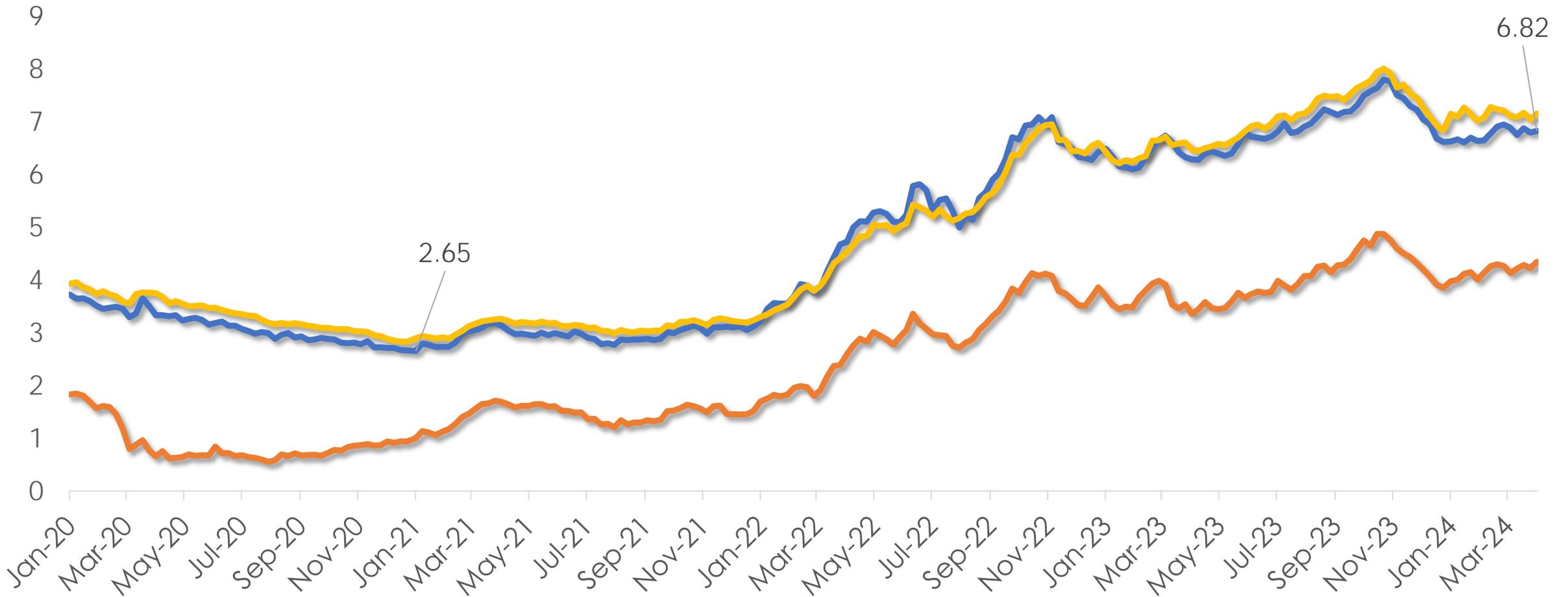


California Housing Market Update

The “5% right around the corner” forecasts are wrong

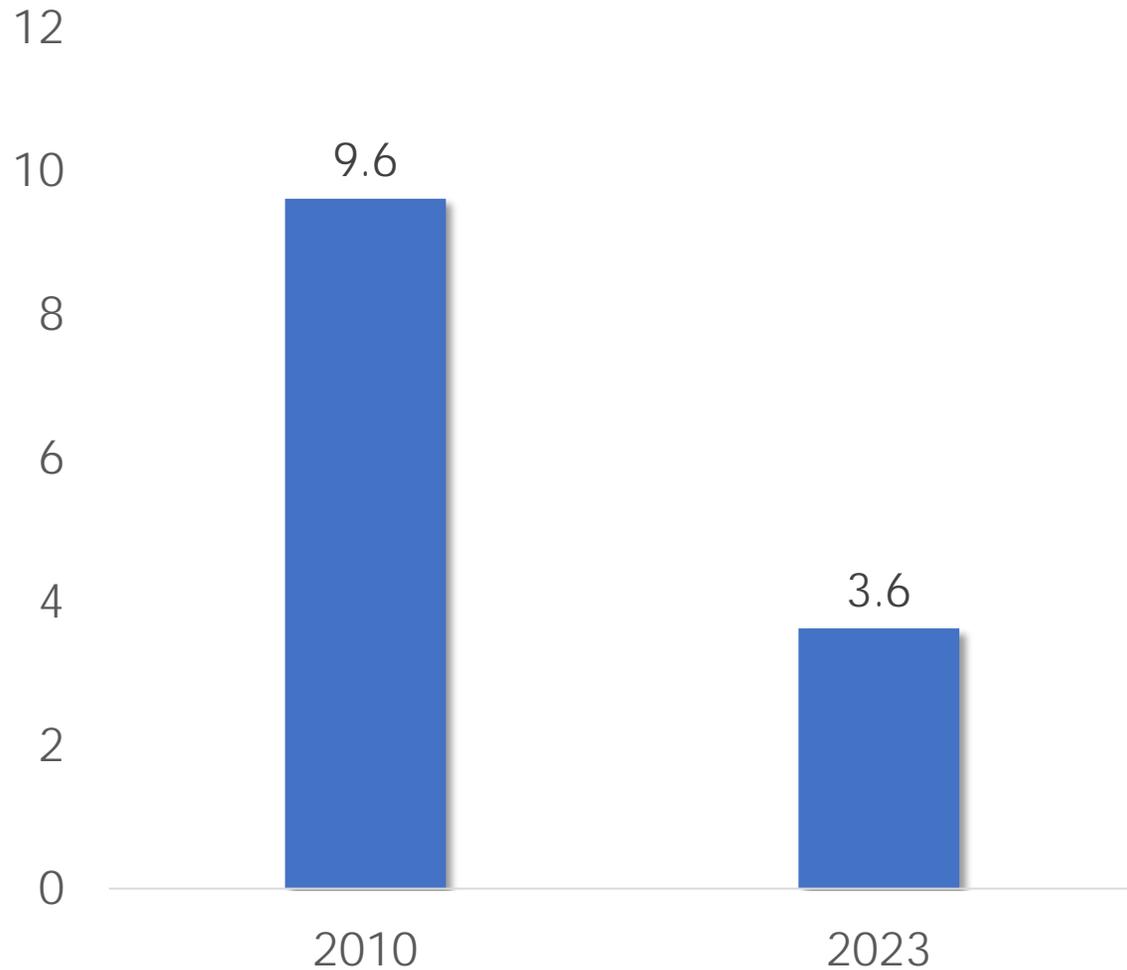
Selected Interest Rates

10-Yr Treasury 30-Yr FRM 30-Yr Jumbo

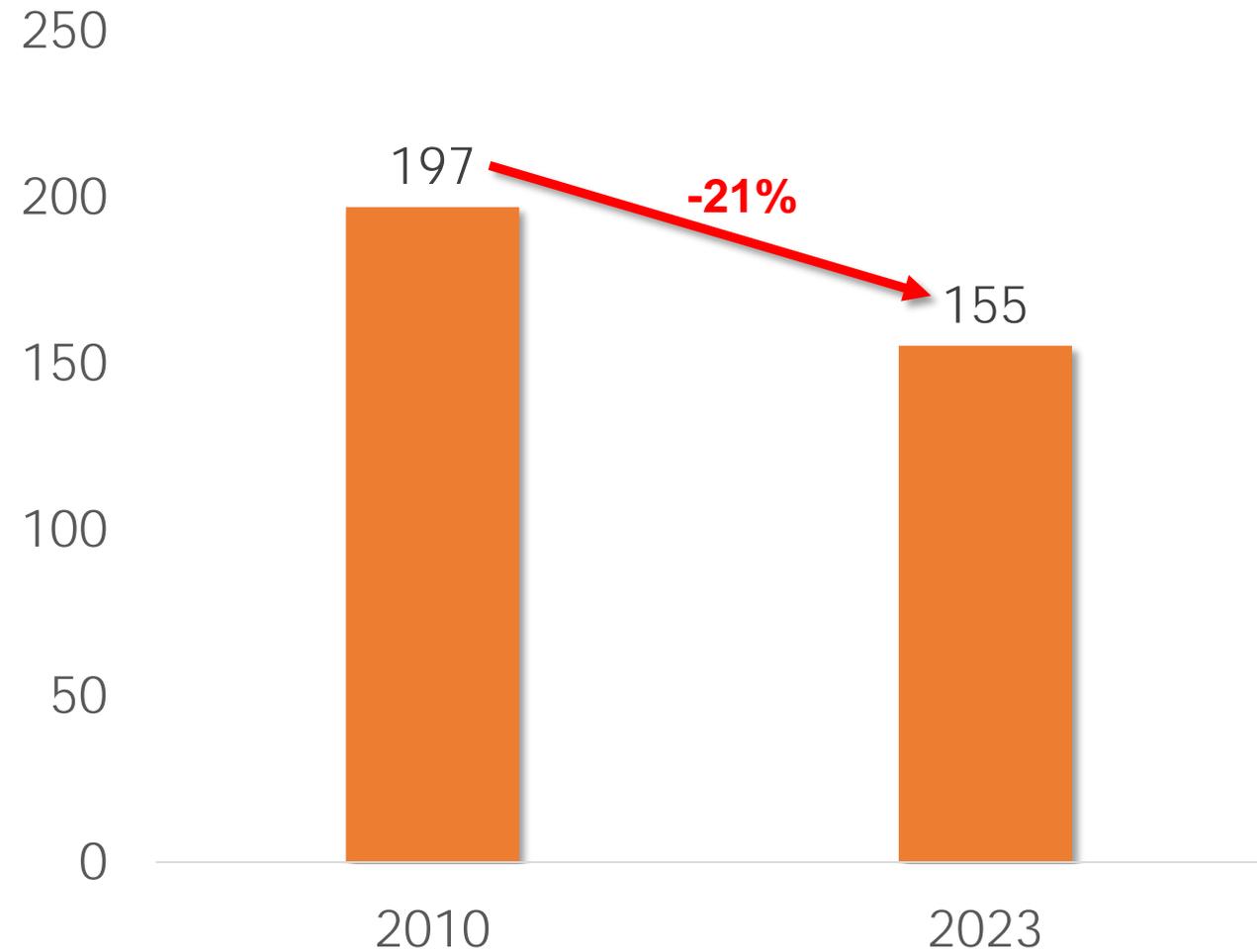


Evidence of the brother-in-law effect

U.S. Unemployment Rate

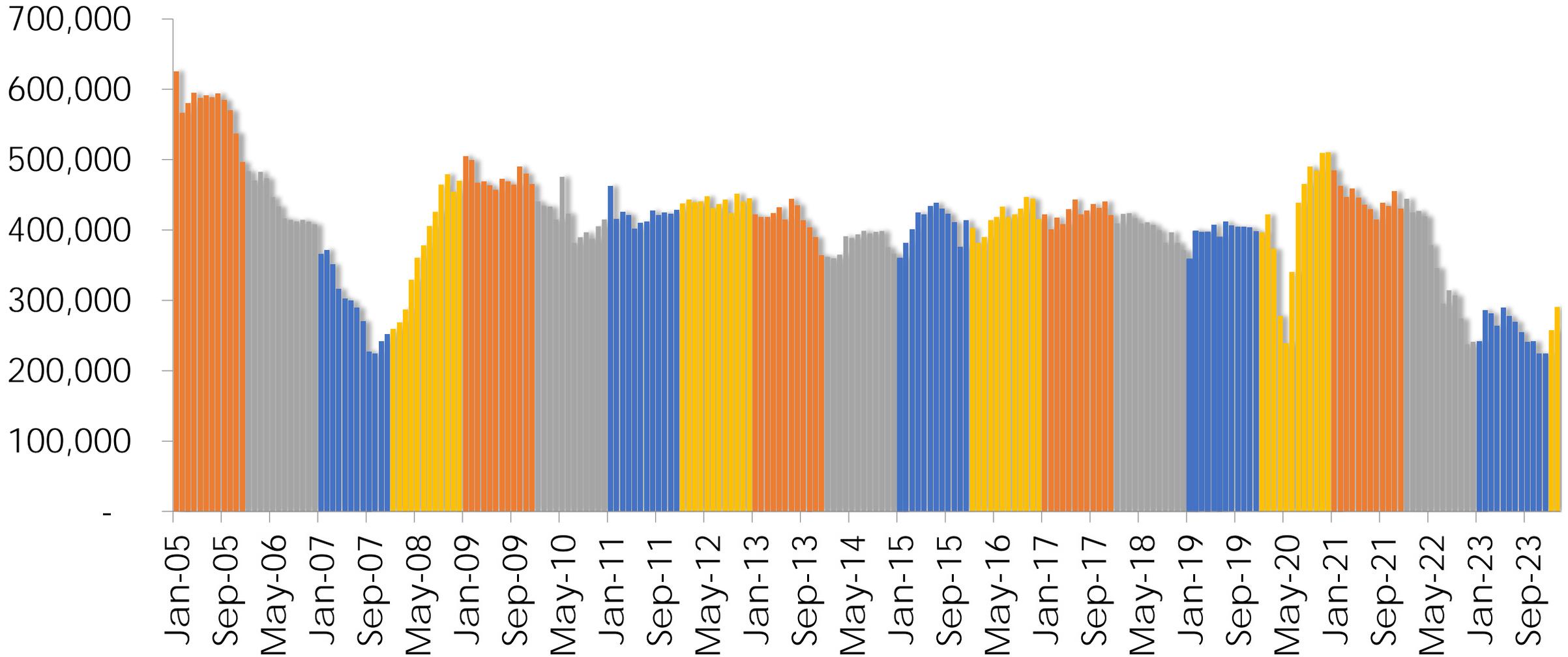


Mortgage Purchase Applications



Sales are starting to bounce back already in 2024

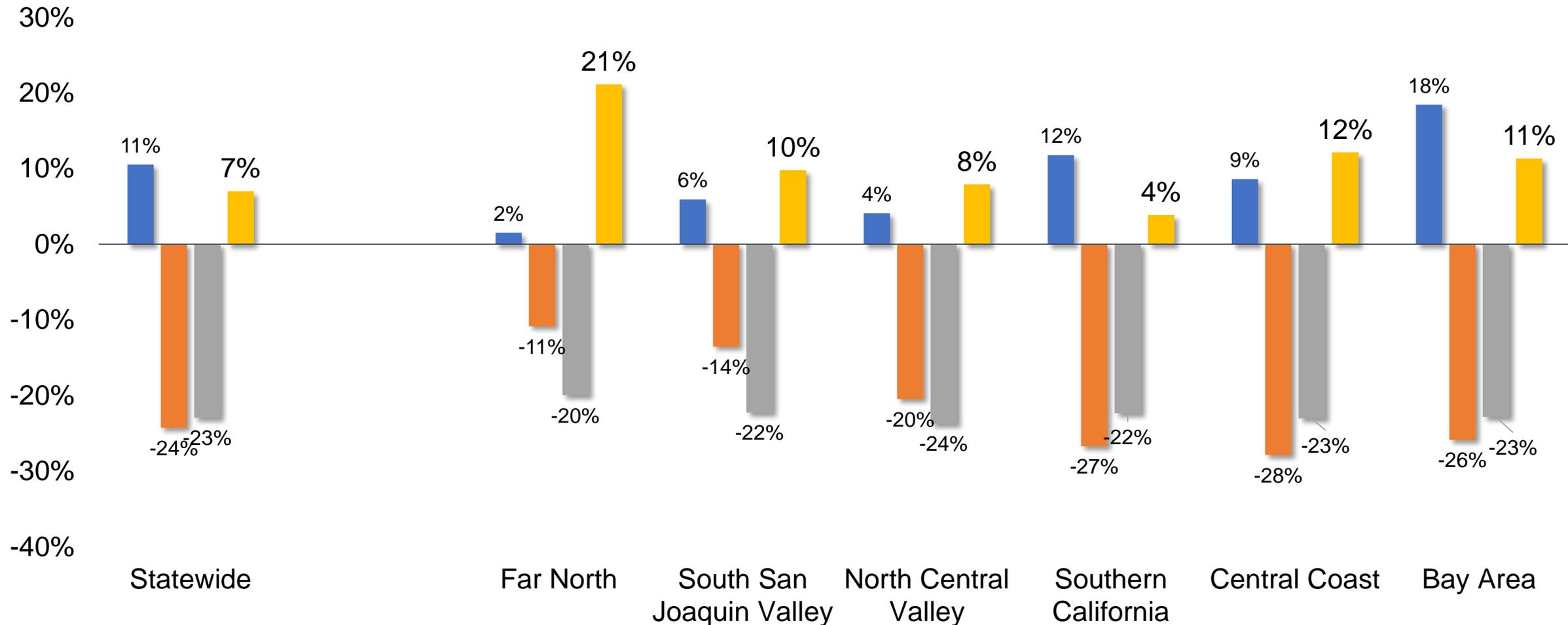
California, February 2024 Sales: 290,020 Units, +1.3% YTY, +12.8% MTM



All of California starting off on a positive note

Annual Existing SFR Home Sales Growth by Region

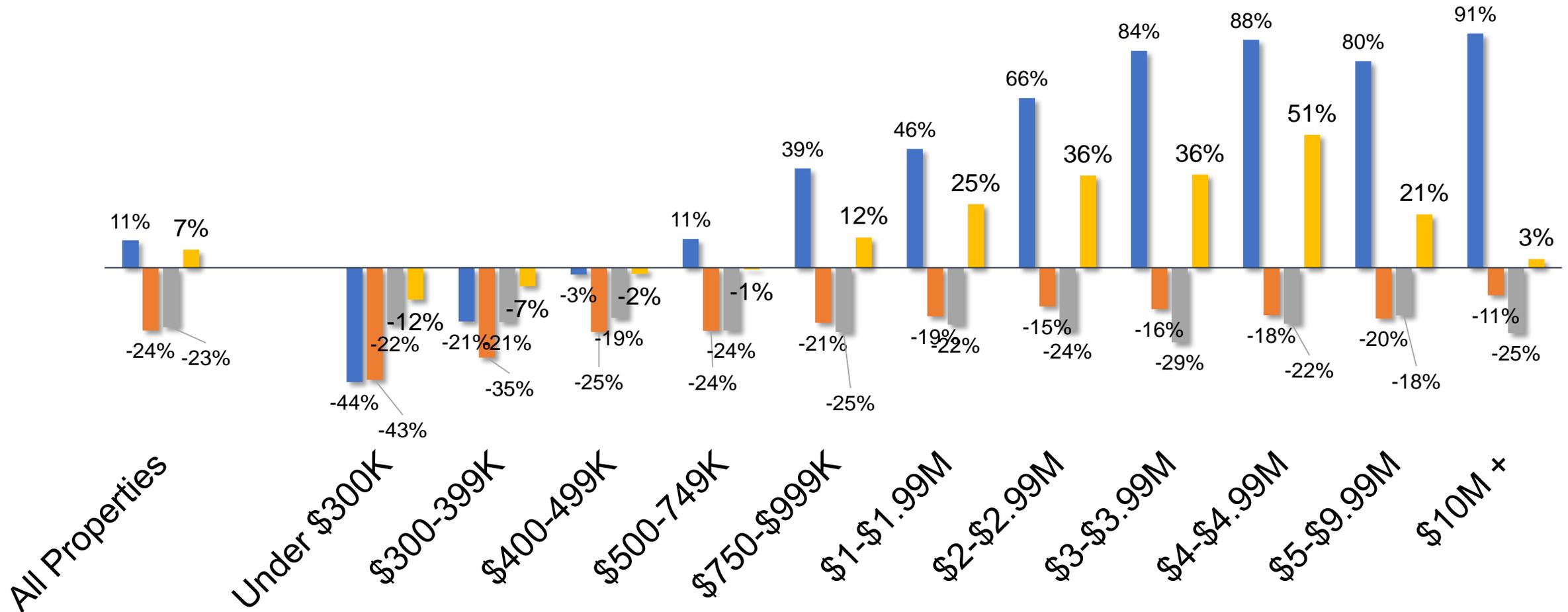
■ 2021 ■ 2022 ■ 2023 ■ 2024 YTD



Top end rebounding more quickly again

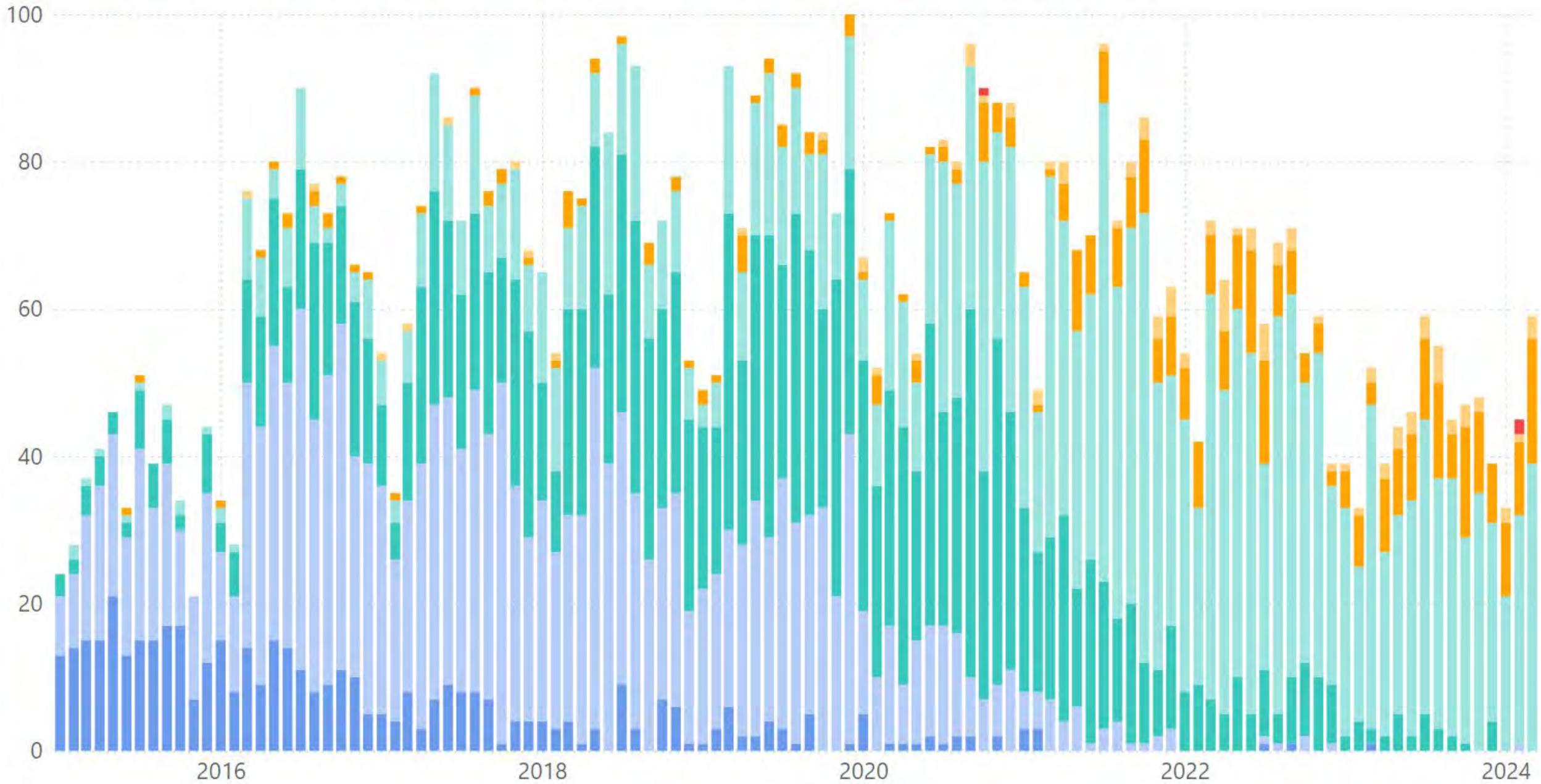
California Existing SFR Home Sales Growth

■ 2021 ■ 2022 ■ 2023 ■ 2024 YTD

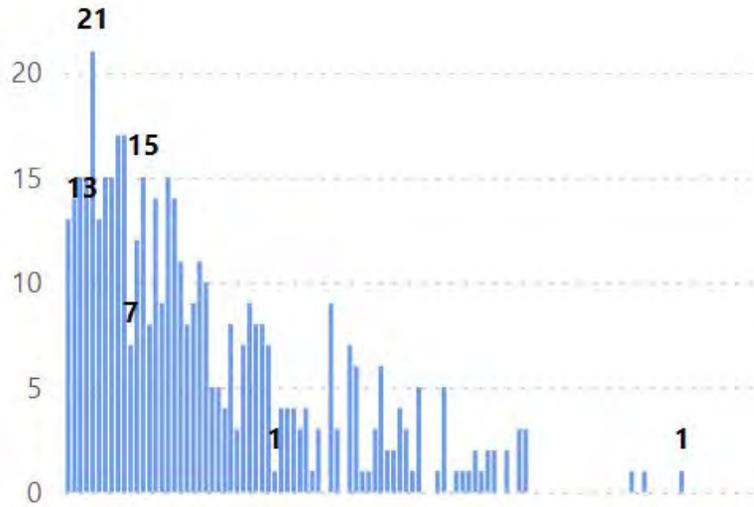


Santa Maria Existing SFR Home Sales by Price Segment

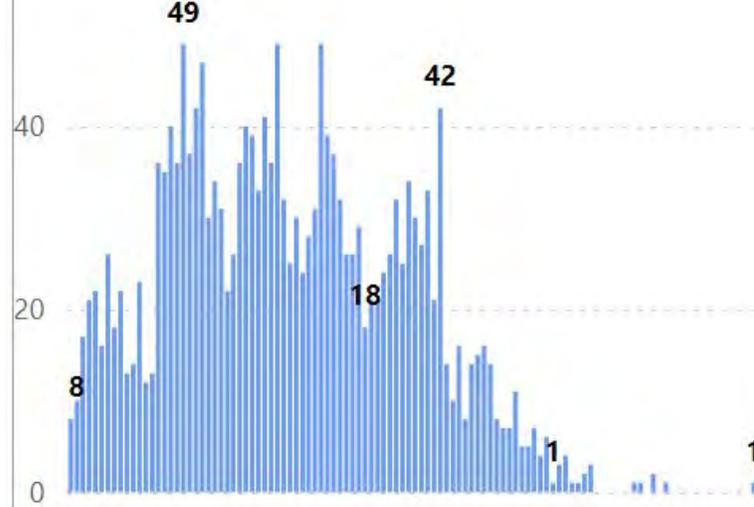
Segment ● Under \$300K ● \$300-\$399K ● \$400-\$499K ● \$500-\$749K ● \$750-\$999K ● \$1-\$1.99M ● \$2M +



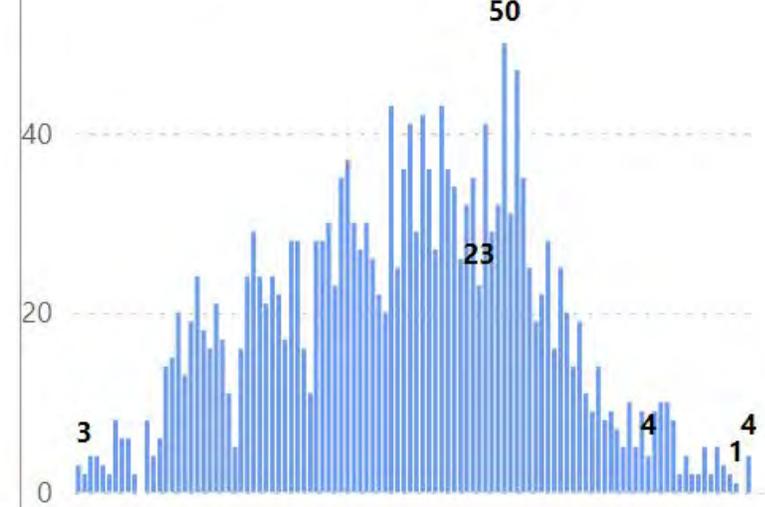
Under \$300K



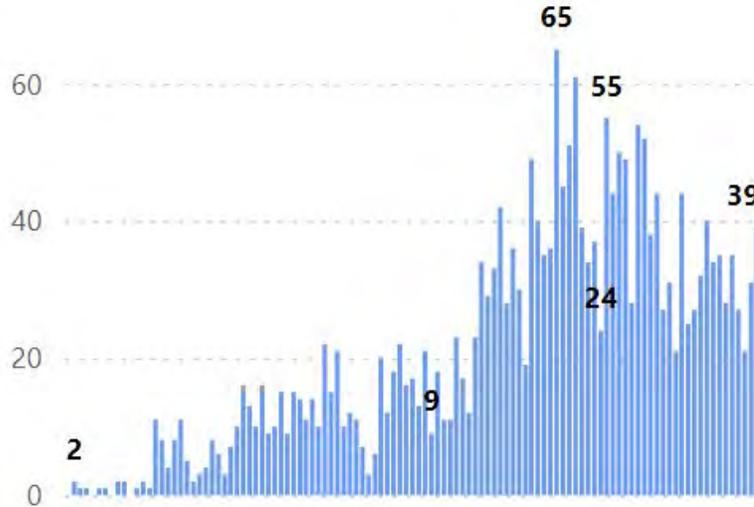
\$300-\$399K



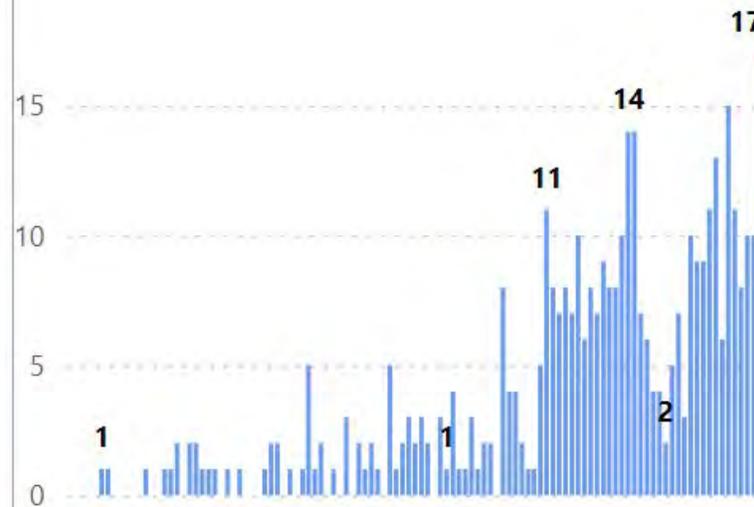
\$400-\$499K



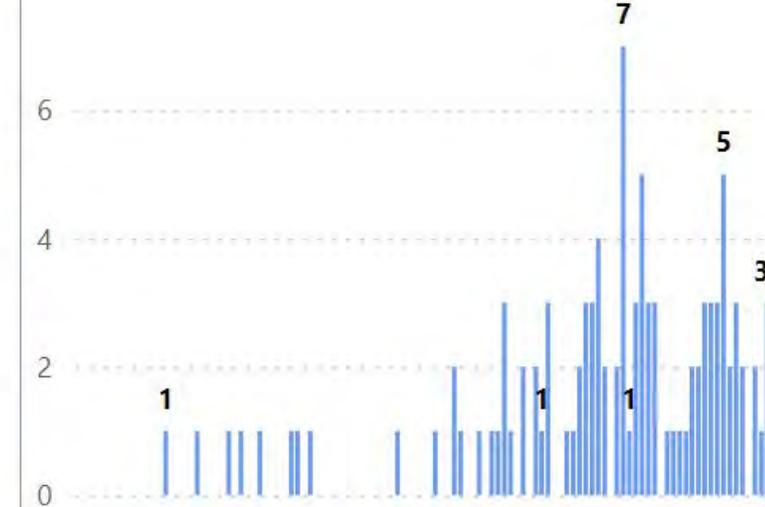
\$500-\$749K



\$750-\$999K



\$1-\$1.99M



2015

2020

2015

2020

2015

2020

monthly
market
report
February
2024

Santa Maria, California

Median Price



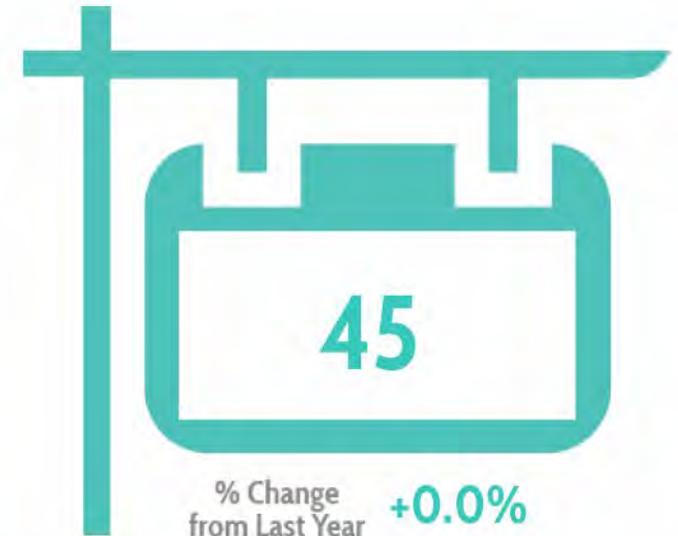
% Change
from Last Year **+11.6%**

Home Sales



% Change
from Last Year **+36.4%**

Active Listings



% Change
from Last Year **+0.0%**

Market Competition

Median
Days on
Market

27

Sales to
List Price %

100.0%

% of Active
Listings with
Reduced Prices

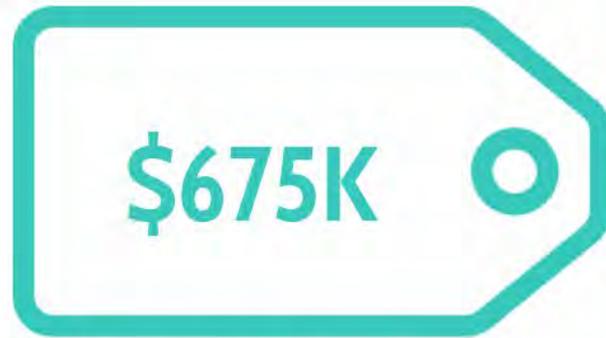
15.6%



monthly
market
report
February
2024 YTD

Santa Maria, California

Median Price



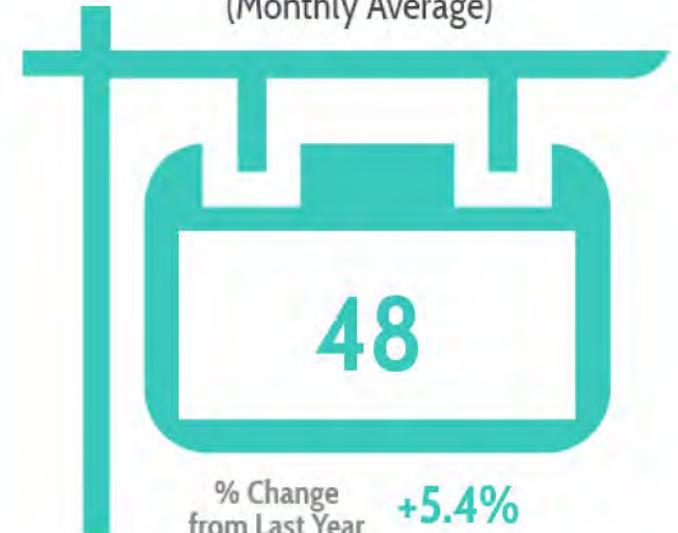
% Change
from Last Year **+12.6%**

Home Sales



% Change
from Last Year **+8.3%**

Active Listings (Monthly Average)



% Change
from Last Year **+5.4%**

Market Competition

Median
Days on
Market

18

Sales to
List Price %

100.0%

% of Active
Listings with
Reduced Prices

20.6%





Buyer's Guide to Santa Maria, CA February 2024



■ with 20% down
□ with 3% down

Current Interest Rate: 6.78%

Last Month's Interest Rate: 6.64%

Last Year's Interest Rate: 6.26%



**1
Bedroom**

Median Price:	Monthly Payment	Down-payment
N/A	■ N/A	■ N/A
	□ N/A	□ N/A

Homes for Sale: 0



**2
Bedroom**

Median Price:	Monthly Payment	Down-payment
\$330K	■ \$2,096	■ \$66K
	□ \$2,461	□ \$10K

Homes for Sale: 11



**3
Bedroom**

Median Price:	Monthly Payment	Down-payment
\$672K	■ \$4,269	■ \$134K
	□ \$5,012	□ \$20K

Homes for Sale: 23



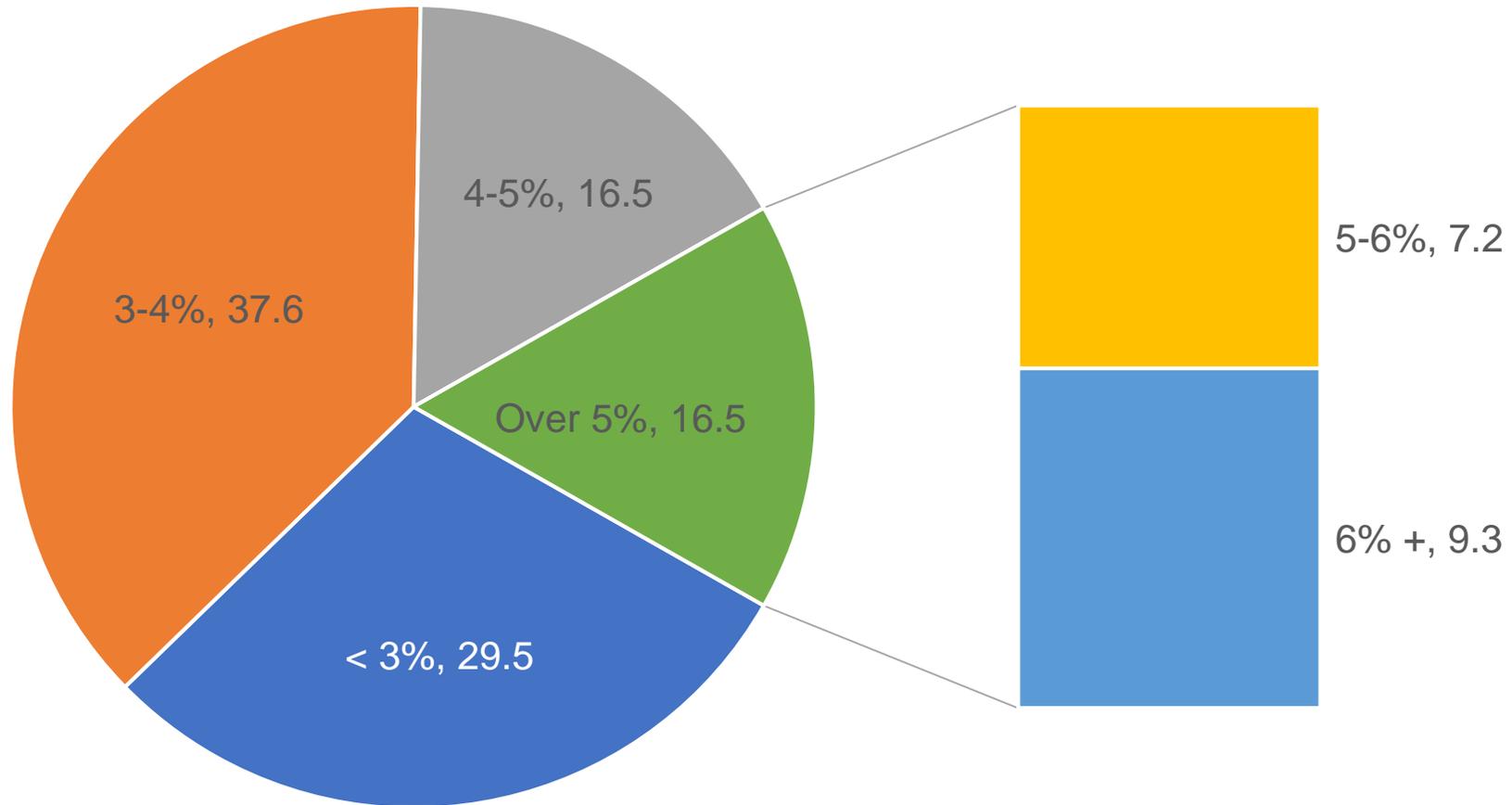
**4+
Bedroom**

Median Price:	Monthly Payment	Down-payment
\$750K	■ \$4,764	■ \$150K
	□ \$5,594	□ \$22K

Homes for Sale: 21

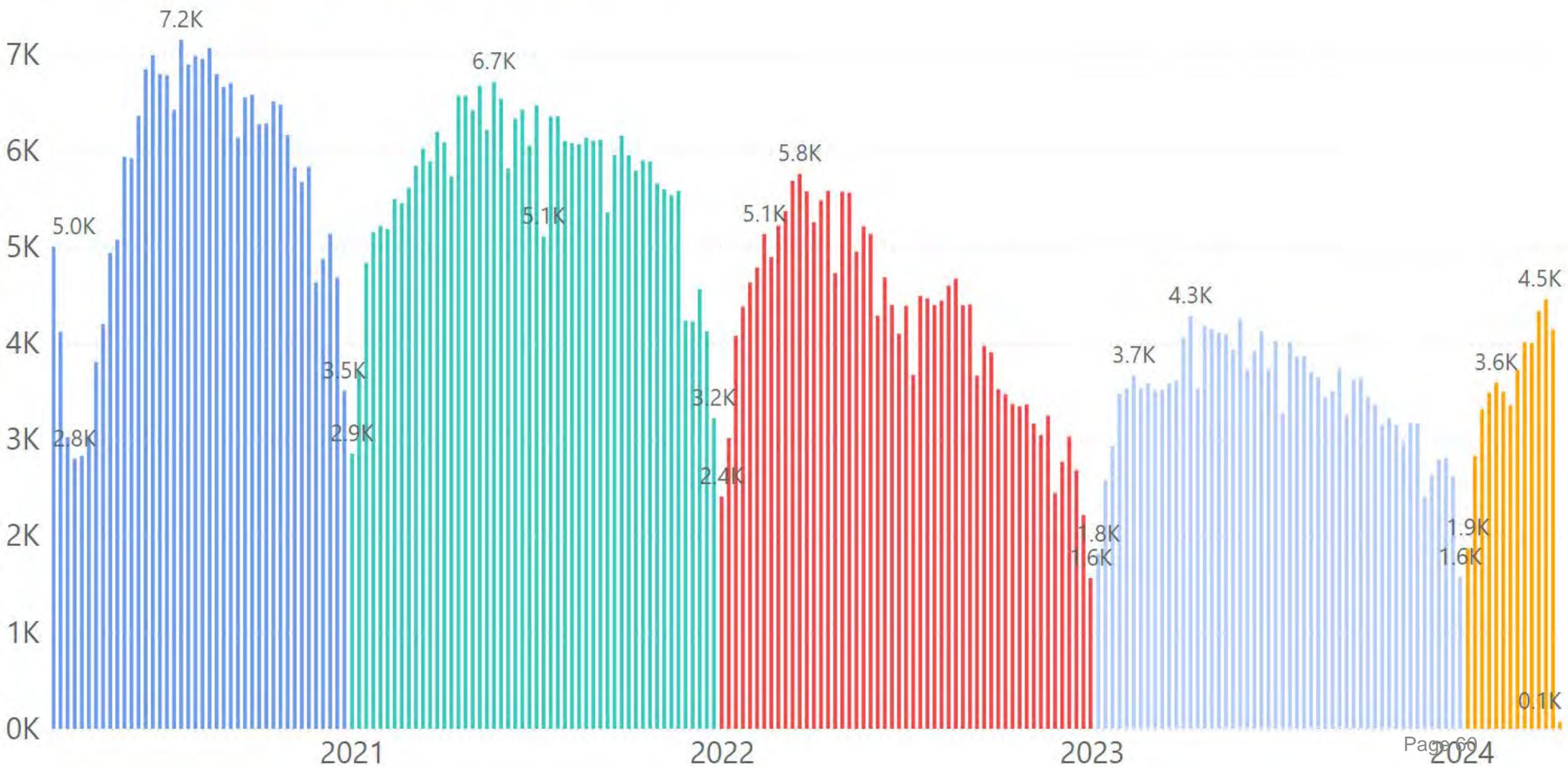
Lock-in effect on current owners from interest rates

California Mortgages by Current Interest Rate, 2023Q4



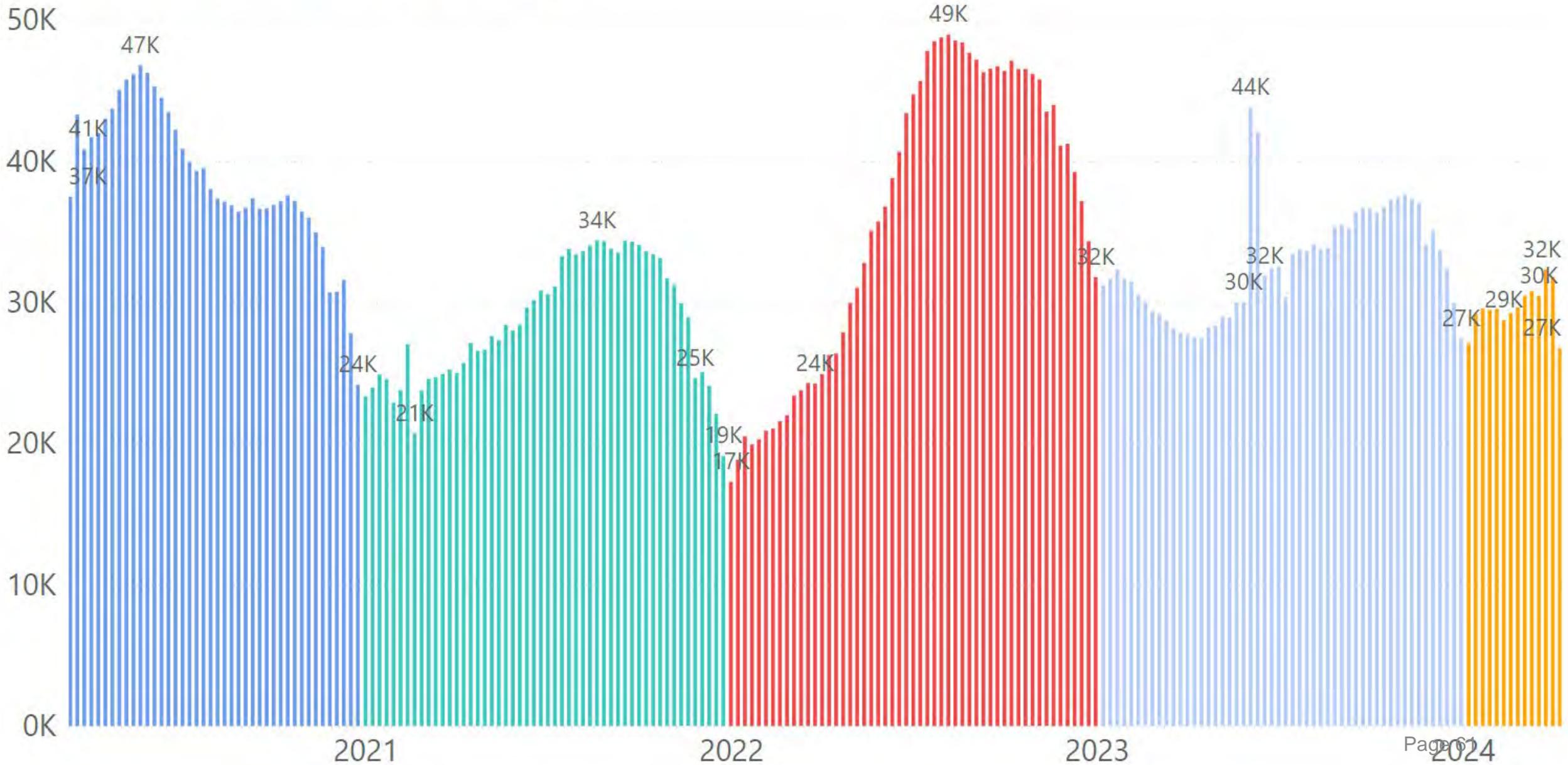
Existing SFR Pending Sales

Year ● 2020 ● 2021 ● 2022 ● 2023 ● 2024



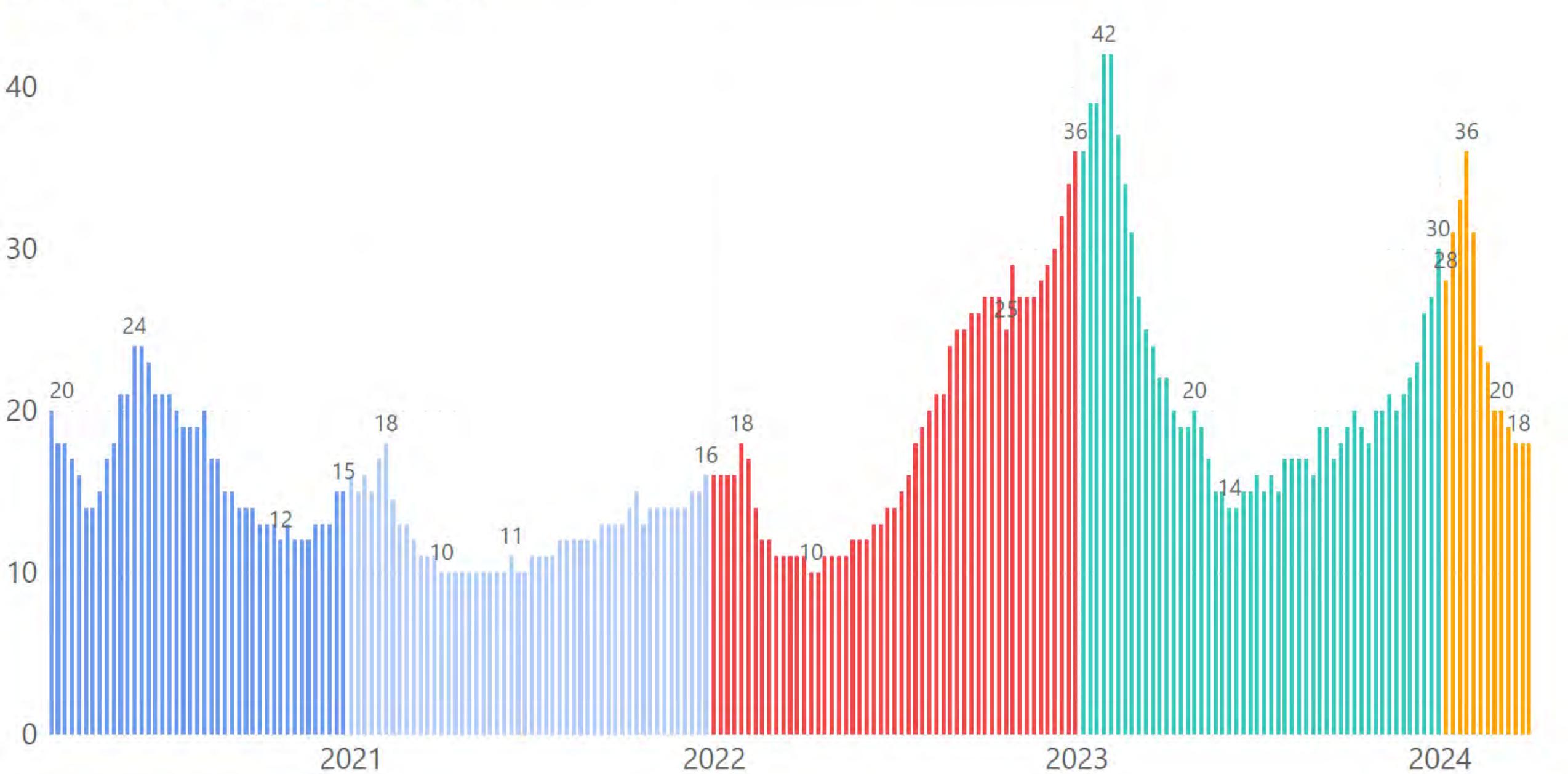
Existing SFR Active Listings

Year ● 2020 ● 2021 ● 2022 ● 2023 ● 2024



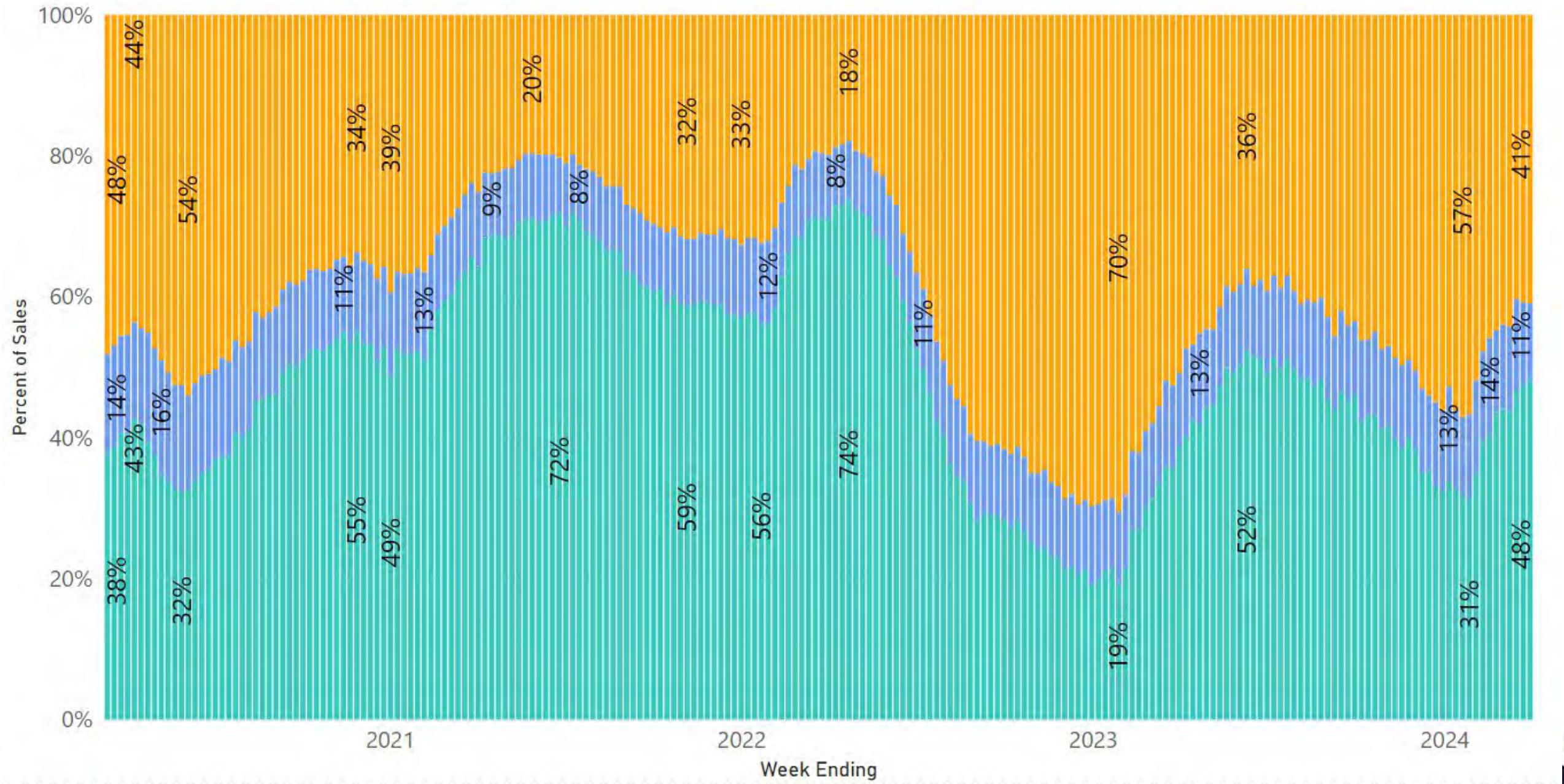
Median Days on Market for Closed Sales (Month-to-Date for Current Month)

● 2020 ● 2021 ● 2022 ● 2023 ● 2024



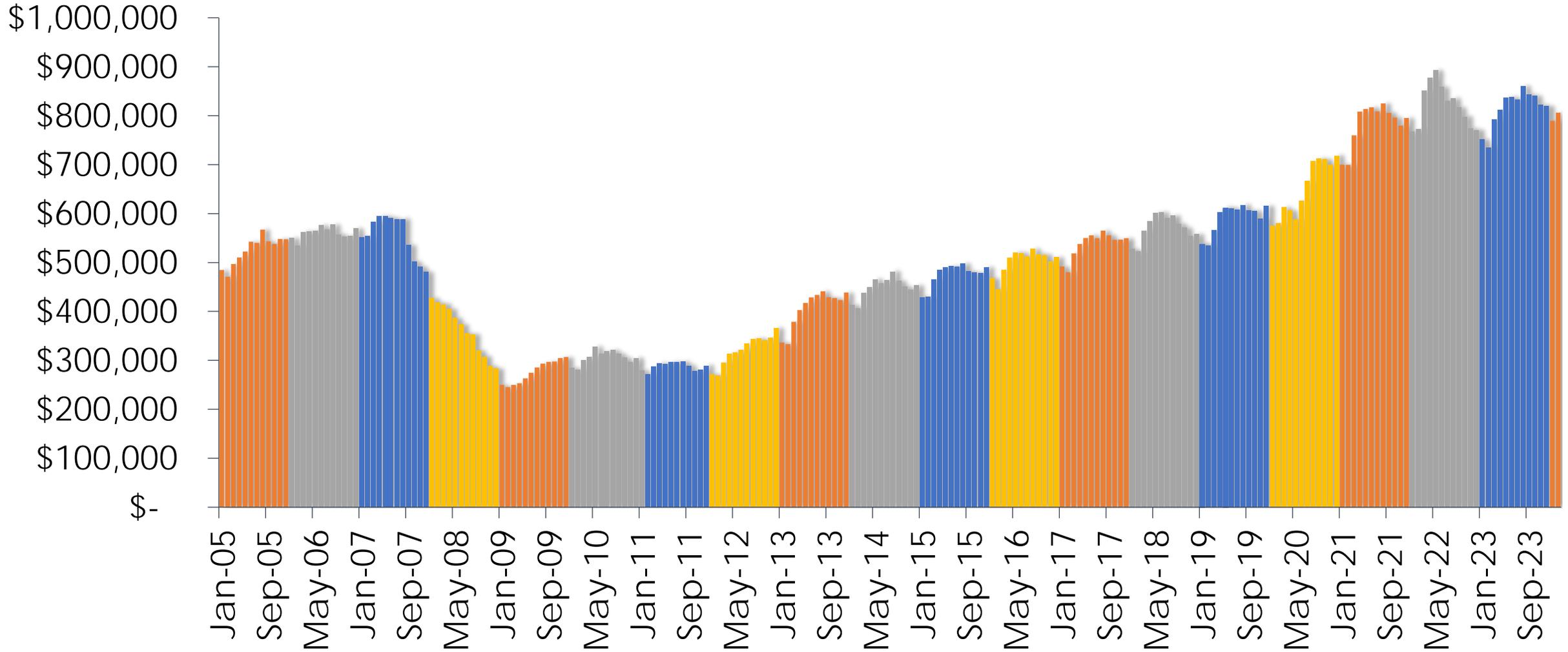
Existing SFR Closed Sales by Selling Price Compared to Listing Price

● Increased Price ● Original Price ● Reduced Price



California price increases for 8th month in a row

California, February 2024: \$806,490, +2.2% MTM, +9.7% YTY



The Forecast for 2024

U.S. economic outlook

	2016	2017	2018	2019	2020	2021	2022	2023	2024f
US GDP	1.8%	2.5%	3.0%	2.5%	-2.2%	5.8%	1.9%	2.5%	0.7%
Nonfarm Job Growth	1.8%	1.6%	1.6%	1.3%	-5.8%	2.9%	4.3%	2.3%	0.2%
Unemployment	4.9%	4.4%	3.9%	3.7%	8.1%	5.4%	3.6%	3.6%	4.4%
CPI	1.3%	2.1%	2.4%	1.8%	1.2%	4.7%	8.0%	4.1%	2.6%
Real Disposable Income, % Change	1.9%	3.1%	3.6%	3.1%	6.4%	3.1%	-5.9%	4.2%	2.1%

California housing market outlook

	2016	2017	2018	2019	2020	2021	2022	2023	2024p
SFH Resales (000s)	417.7	424.9	402.6	398.0	411.9	444.5	342.5	257.6	327.1
% Change	2.0%	1.7%	-5.2%	-1.2%	3.5%	7.9%	-22.9%	-24.8%	27.0%
Median Price (\$000s)	\$502.3	\$537.9	\$569.5	\$592.4	\$659.4	\$784.3	\$818.9	\$814.0	\$860.3
% Change	5.4%	7.1%	5.9%	4.0%	11.3%	18.9%	4.4%	-0.6%	5.7%
Housing Affordability Index	31%	29%	28%	31%	32%	26%	19%	17%	17%
30-Yr FRM	3.6%	4.0%	4.5%	3.9%	3.1%	3.0%	5.3%	6.8%	6.3%

Thank you!!





SANTA MARIA VALLEY HOUSING SUMMIT



Santa Maria Valley Housing Summit
April 18, 2024



How Sharp Is Your Pencil?
The True Cost of Real Estate Development

Presented by:

Craig Minus



Wes McRae



Purpose



- Demystify the complexities of a real estate development pro-forma, addressing the challenges faced when building much-needed housing throughout California.
- Provide clarity on the critical questions surrounding housing development in the current economic environment.
- Highlight the challenges faced by every developer throughout the development process, including tough decisions to be made to balance the risk with the potential return.
- Discuss the economics of real estate development to help shed light on the challenges and concerns we face as a community.

Proforma – 20 UNITS (100% Market Rate)



UNITS		COSTS		Per Unit
A # of Units	20	A Land	\$ 1,000,000	
B SF of Unit	1,000	B Design Consultants		
C Total Square Footage	20,000	Entitlement	\$ 70,000	
		Construction Drawings	\$ 110,000	
		TTL Design	\$ 180,000	\$ 9,000
D Cost per Square Foot	\$ 370	C Permits and Fees		
		Staff Processing	\$ 25,000	
		Impact Fee Permit	\$ 200,000	
		Building Permit Fee	\$ 80,000	
		Inclusionary Housing		
		TTL Permits & Fees	\$ 305,000	\$ 15,250
		D Construction Costs		
		Site Work/Utilities	\$ 250,000	
		Slab Up	\$ 7,000,000	
		Landscape	\$ 150,000	
		TTL Construction Costs	\$ 7,400,000	\$ 370,000
		TTL COSTS	\$ 8,885,000	\$ 444,250

PROFORMA		
A	Cost to Build	\$ 8,885,000
B	Market Financing	
	Leverage	65%
	Amount Financed	\$ 5,775,250
	Interest Rate	6.50%
C	Monthly Payment	\$ (31,283)
D	Equity Requirement	\$ 3,109,750
E	Market Rent/Month	\$ 70,000
F	Operating Expenses	\$ (24,500)
G	Net Income	\$ 45,500
H	Less Debt Service	\$ (31,283)
I	Cash Flow after Debt Service	\$ 14,217
J	Return on Equity Invested	5.49%

Proforma – 40 UNITS (100% Market Rate)



UNITS		COSTS		Per Unit
A # of Units	40	A Land	\$ 1,000,000	
B SF of Unit	1,000	B Design Consultants		
C Total Square Footage	40,000	Entitlement	\$ 120,000	
		Construction Drawings	\$ 200,000	
		TTL Design	\$ 320,000	\$ 8,000
		C Permits and Fees		
		Staff Processing	\$ 30,000	
		Impact Fee Permit	\$ 300,000	
		Building Permit Fee	\$ 120,000	
		Inclusionary Housing		
		TTL Permits & Fees	\$ 450,000	\$ 11,250
		D Construction Costs		
		Site Work/Utilities	\$ 350,000	
		Slab Up	\$ 12,000,000	
		Landscape	\$ 150,000	
		TTL Construction Costs	\$ 12,500,000	\$ 312,500
		TTL COSTS	\$ 14,270,000	\$ 356,750

PROFORMA		
A	Cost to Build	\$ 14,270,000
B	Market Financing	
	Leverage	65%
	Amount Financed	\$ 9,275,500
	Interest Rate	6.50%
C	Monthly Payment	\$ (50,242)
D	Equity Requirement	\$ 4,994,500
E	Market Rent/Month	\$ 140,000
F	Operating Expenses	\$ (49,000)
G	Net Income	\$ 91,000
H	Less Debt Service	\$ (50,242)
I	Cash Flow after Debt Service	\$ 40,758
J	Return on Equity Invested	9.79%

Proforma – 40 UNITS (20% Affordable)



UNITS		COSTS		Per Unit
A # of Units	40	A Land	\$ 1,000,000	
B SF of Unit	1,000	B Design Consultants		
C Total Square Footage	40,000	Entitlement	\$ 120,000	
D Cost per Square Foot	\$ 313	Construction Drawings	\$ 200,000	
		TTL Design	\$ 320,000	\$ 8,000
		C Permits and Fees		
		Staff Processing	\$ 30,000	
		Impact Fee Permit	\$ 300,000	
		Building Permit Fee	\$ 120,000	
		Inclusionary Housing	See Below	
		TTL Permits & Fees	\$ 450,000	\$ 11,250
		D Construction Costs		
		Site Work/Utilities	\$ 350,000	
		Slab Up	\$ 12,000,000	
		Landscape	\$ 150,000	
		TTL Construction Costs	\$ 12,500,000	\$ 312,500
		TTL COSTS	\$ 14,270,000	\$ 356,750

PROFORMA			
A	Cost to Build		\$ 14,270,000
B	Market Financing		
	Leverage		65%
	Amount Financed		\$ 9,275,500
	Interest Rate		6.50%
C	Monthly Payment		\$ (50,242)
D	Equity Requirement		\$ 4,994,500
E	Market Rent/Month	Market Rent	Affordable Rent
		3,500	2,500
F	Operating Expenses		\$ (49,000)
		37%	
G	Net Income		\$ 83,000
H	Less Debt Service		\$ (50,242)
I	Cash Flow after Debt Service		\$ 32,758
J	Return on Equity Invested		7.87%

Proforma – 40 UNITS (Market & 20% Affordable)



UNITS	
A # of Units	40
B SF of Unit	1,000
C Total Square Footage	40,000
D Cost per Square Foot	\$ 313

COSTS		Per Unit
A Land	\$ 1,000,000	
B Design Consultants		
Entitlement	\$ 120,000	
Construction Drawings	\$ 200,000	
TTL Design	\$ 320,000	\$ 8,000
C Permits and Fees		
Staff Processing	\$ 30,000	
Impact Fee Permit	\$ 300,000	
Building Permit Fee	\$ 120,000	
Inclusionary Housing		
TTL Permits & Fees	\$ 450,000	\$ 11,250
D Construction Costs		
Site Work/Utilities	\$ 350,000	
Slab Up	\$ 12,000,000	
Landscape	\$ 150,000	
TTL Construction Costs	\$ 12,500,000	\$ 312,500
TTL COSTS	\$ 14,270,000	\$ 356,750

UNITS	
A # of Units	40
B SF of Unit	1,000
C Total Square Footage	40,000
D Cost per Square Foot	\$ 313

COSTS		Per Unit
A Land	\$ 1,000,000	
B Design Consultants		
Entitlement	\$ 120,000	
Construction Drawings	\$ 200,000	
TTL Design	\$ 320,000	\$ 8,000
C Permits and Fees		
Staff Processing	\$ 30,000	
Impact Fee Permit	\$ 300,000	
Building Permit Fee	\$ 120,000	
Inclusionary Housing	See Below	
TTL Permits & Fees	\$ 450,000	\$ 11,250
D Construction Costs		
Site Work/Utilities	\$ 350,000	
Slab Up	\$ 12,000,000	
Landscape	\$ 150,000	
TTL Construction Costs	\$ 12,500,000	\$ 312,500
TTL COSTS	\$ 14,270,000	\$ 356,750

PROFORMA	
A Cost to Build	\$ 14,270,000
B Market Financing	
Leverage	65%
Amount Financed	\$ 9,275,500
Interest Rate	6.50%
C Monthly Payment	\$ (50,242)
D Equity Requirement	\$ 4,994,500
E Market Rent/Month	\$ 140,000
F Operating Expenses	\$ (49,000)
G Net Income	\$ 91,000
H Less Debt Service	\$ (50,242)
I Cash Flow after Debt Service	\$ 40,758
J Return on Equity Invested	9.79%

PROFORMA	
A Cost to Build	\$ 14,270,000
B Market Financing	
Leverage	65%
Amount Financed	\$ 9,275,500
Interest Rate	6.50%
C Monthly Payment	\$ (50,242)
D Equity Requirement	\$ 4,994,500
E Market Rent/Month	\$ 132,000
F Operating Expenses	\$ (49,000)
G Net Income	\$ 83,000
H Less Debt Service	\$ (50,242)
I Cash Flow after Debt Service	\$ 32,758
J Return on Equity Invested	7.87%

Market Rent
\$ 3,500
35%

Market Rent
3,500
37%

Affordable Rent
2,500

Key Takeaways

1. Cost and Timeline Changes = major impact to development project feasibility
2. Legislation Impacts: May drive up consultant costs and construction cost
3. Project Feasibility is sensitive to capital availability and financing environment
4. RE project Return on Equity - must be attractive to take on level of risk
5. Project feasibility must understand financial impact of inclusionary/Affordable Housing requirements



SANTA MARIA VALLEY HOUSING SUMMIT



2024 CEQA & Housing Update

Speakers

Chris Guillen, Shareholder, Brownstein Hyatt Farber Schreck

Mack Carlson, Associate, Brownstein Hyatt Farber Schreck



*Where Are We & Where Are
We Headed*

The Current Conundrum

- **Broadly recognized that there is a housing shortage in California and on the Central Coast**
 - **City of Santa Maria** – 5,418 new units
 - **County of Santa Barbara** – 5,664 units (1,522 in North County)
- **BUT, controversy about *how* we solve shortage**
- **Continued conflict between: State's environmental laws (CEQA, the Coastal Act) and stated housing goals**



The Current Conundrum

“[W]e independently find a sufficient factual and policy basis for our Legislature’s repeated findings . . . **that the issue of assuring an adequate supply of affordable housing is one of statewide or regional concern . . . Thus, the rise in housing prices at every income level in California is logically linked to the insufficient supply of housing at all of those income levels.”**

“. . . the increase in housing prices at all levels reasonably supports the Legislature’s finding that there is a shortage of housing at *all* of those levels.”

AIDS Health Care Foundation v. Rob Bonta (3/28/2024)

The Current Conundrum

"Affordable" Housing

Who Qualifies?

- Teachers
- Government Employees
- Nurses
- Essential Workers
- WNBA Players

# of Person	1	2
Acutely Low	\$11,250.00	\$12,900.00
Extremely Low	\$31,050.00	\$35,500.00
Very Low Income	\$51,800.00	\$59,200.00
Low Income	\$82,950.00	\$94,800.00
Median Income	\$75,100.00	\$85,850.00
Moderate Income	\$90,150.00	\$103,000.00

CAITLIN CLARK

#1, INDIANA FEVER

ROOKIE CONTRACT

4 years, \$338,056

2024: \$76,535

2025: \$78,066

2026: \$85,873

2027: \$97,582 (option)

[SPOTRAC.COM/WNBA](https://www.spotracc.com/wnba)



The Current Conundrum

- **Mixed bag in SB County area**– several have compliant housing elements for the 2023-2031 cycle, others do not
- **Challenges are the same however** – need to permit housing at rates never seen before

County	Jurisdiction	Planning Period	Record Type	Review Status	Date Received	Reviewed Date	Compliance Status
SANTA BARBARA	BUELLTON	6R	ADOPTED	IN	6/2/2023	8/1/2023	IN
SANTA BARBARA	CARPINTERIA	6R	ADOPTED	OUT	1/24/2024	3/21/2024	OUT
SANTA BARBARA	GOLETA	6R	ADOPTED	IN	12/7/2023	2/5/2024	IN
SANTA BARBARA	GUADALUPE	6R	INITIAL DRAFT	OUT	7/21/2023	10/19/2023	OUT
SANTA BARBARA	LOMPOC	6R	ADOPTED	OUT	12/1/2023	1/29/2024	OUT
SANTA BARBARA	SANTA BARBARA	6R	ADOPTED	IN	12/21/2023	2/13/2024	IN
SANTA BARBARA	SANTA BARBARA COUNTY	6R	ADOPTED	IN	12/8/2023	1/22/2024	IN
SANTA BARBARA	SANTA MARIA	6R	ADOPTED	IN	12/12/2023	1/2/2024	IN
SANTA BARBARA	SOLVANG	6R	ADOPTED	IN	12/14/2023	2/12/2024	IN

2024 Housing Hot Topics

Housing Element Compliance/Builder's Remedy Developments

- ***Martinez v. City of Clovis*** – Court overturned HCD certification of housing element for failure to rezone
- **HCD continuing authority over implementation of housing element (Gov. Code, § 65585(i))**
- **Several Trial Court Builder's Remedy Cases**
 - *600 Foothill Owner LP v. City of La Canada Flintridge*
 - *Californians for Homeownership v. City of Beverly Hills*
 - *Janet Jha v. City of Los Angeles*
- **Settlements . . .**
- **AB 1893 (Wicks) . . .**



Housing & the Coastal Act

- **SB 423**
 - Extends SB 35 into portions of the coastal zone in 2025
 - Softens labor standards, especially for smaller projects
- **Housing Accountability Act/Builder's Remedy**
 - *Dornin vs. City of Laguna Beach*
 - *New Commune DTLA LLC v. City of Redondo Beach*
- Trend toward removing Coastal Act as a barrier to housing?



Housing & CEQA

- **AB 1633** – incentivizing expedited environmental review for certain housing projects; disincentivizes NIMBY lawsuits
- **AB 1307** – Legislature declared that noise from residential project occupants is not an environmental impact
- ***Hilltop Group v. County of San Diego*** – overturning County denial of CEQA exemption for project consistent with general plan



Other New Bills

- **Changes to Density Bonus Law**
 - Stackable Density Bonus for projects that provide more very-low (up to 10%) and/or moderate income (up to 15% above current maximums)
 - Potential for 138.75% density bonus (50% plus 38.75% plus 50%)
- **Replacement Housing (AB 1218)**
- **Streamlining Approvals and Incentivizing Higher Density Development**
 - AB 1490 (Adaptive Reuse); SB 4 (YIGBY); AB 894 (Shared Parking Agreements)
- **Accessory Dwelling Units**
 - AB 976, AB 1033, AB 1332
- **State Housing Laws: Inspections (AB 548)**



Looking Forward – What to watch?

2024 Legislation

2024 California Housing Legislation Highlights Bill Tracker | by Alfred Twu | Apr, 2024 | Medium



California Housing Legislation Highlights as of April 9, 2024

EMERGENCY PREPAREDNESS

- AB 2416 Insurance discounts for home hardening.
- AB 2084 General plans to factor in extreme heat.
- AB 2996 Bonds to fund high wildfire risk insurance.
- AB 3150 Defensible space incentives / regulations.

UTILITIES

- AB 990 Reduces on-site stormwater capture costs.
- AB 2592 Water/sewer utilities to plan for more housing.
- SB 1210 Requires utilities to list all fees online.

FASTER APPROVALS

- AB 1886 Allows the Builder's Remedy (building larger than what zoning allows in cities that don't zone for enough housing) to be used sooner.
- AB 1893 Limits the size of Builder's Remedy projects but makes them cheaper and easier to build.
- AB 2087 Discloses who's funding CEQA lawsuits and what their financial interests are.
- AB 2117 Extends expiration date of building permits.
- AB 2433 Speeds up building department plan review.
- AB 2649 Allows state to approve permits for large projects.
- AB 3122 Limits on applying new design standards on projects that have already filed an application.
- SB 393 Discloses who's funding CEQA lawsuits, bans appealing project that's part of an approved plan.
- SB 1037 Fines for cities that break state housing law.
- SB 1227 Faster approvals in downtown San Francisco.
- SB 1259 Discloses who's funding CEQA lawsuits, requires cases for major projects to be resolved in a year.

HOMEOWNERSHIP

Mortgages / Foreclosure

- AB 1043 Protects homeowners from shady foreclosure consultants.
- AB 2424 More protections against foreclosures and short sales.
- AB 3100 Mortgages with multiple borrowers to allow any of them to assume one of the other owners' share of the loan.

Restrictions on Corporate Ownership

- AB 1333 Bans bundled sales of new houses to investors.
- AB 2584 Bans investors from buying over 1,000 houses.
- SB 1212 Bans investors from buying houses & duplexes.

Taxes and Subsidies

- AB 1865 Tax break for saving for a downpayment.
- AB 1867 Tax break for home insurance.
- AB 1868 Maintains lower property taxes for low income ownership housing.
- AB 2616 Ends mortgage interest tax deduction for second homes.
- SB 1007 Homeownership assistance for descendants of enslaved African Americans.
- SB 1013 Lower tax for descendants of enslaved African Americans.

HOMELESSNESS

- AB 1082 Bans towing or booting of vehicles due to unpaid parking tickets.
- AB 2479 Allows Housing First funds to be used for sober recovery housing. Eviction only if tenant is disruptive, not if tenant only relapses.
- AB 2893 Funds Housing First recovery housing.
- SB 1011 Bans being homeless near a park, school, or major transit stop, or if a city has shelter space available.
- SB 1361 Faster approvals of contracts to provide homelessness services.
- SB 1395 Easier to build low-barrier navigation center housing.
- SB 1438 Allows Housing First programs to evict for drug/alcohol use if children live at the same location.

TENANT APPLICATIONS / FAIR HOUSING

- AB 653 Incentives to rent to Section 8 voucher users.
- AB 2230 Allows antitrust law to be used against anti-competitive housing practices, such as price fixing of rents or restricting new development.
- AB 2493 No new application fee if applying within 30 days for another unit owned by the same landlord.
- AB 2785 Caps application fees at \$50 and refunds fee if tenant is not selected. Tenants earn interest on security deposit.
- SB 611 Rental ads must include all monthly fees as well as any

GENERAL PLAN HOUSING ELEMENTS

- AB 2023 Strengthens enforcement of housing element law.
- AB 2361 Allows cities in Orange and San Diego county to that don't want to update to pay others to do it.
- AB 2580 Analyzes impact of historical preservation.
- AB 2667 More oversight of general plan process and whether cities are allowing homes in rich areas.
- AB 2728 Encourages housing on religious org land.
- SB 968 Allows cities that exceed homebuilding goals in an 8-year cycle to upzone less in the next cycle.

COASTAL HOUSING PRODUCTION

- AB 2560 Allows Density Bonus to be used.
- SB 1077 Easier approval of coastal ADUs.
- SB 1092 Speeds up the appeals process.
- SB 1234 Allows minor changes to a project to be made faster.

ACCESSORY DWELLING UNITS

- AB 2533 Easier to legalize an unpermitted ADU built before 2020.
- AB 2825 Cities can inspect ADUs to check if they're used as housing.
- SB 1055 Allows cities that have met RHNA housing goals to lower the height limit for an attached ADU from 25 to 16 feet.
- SB 1164 New ADUs exempt from property tax for 15 years.
- SB 1211 More flexibility with adding ADUs to lot with 2+ homes.

UPZONING

- AB 2243 Housing allowed in more commercial zones.
- SB 450 Easier to build up to 4 homes on a single family zone.
- SB 1123 Up to 10 homes on vacant single family zoned lots.

PARKING & TRANSIT

- AB 2553 Expands definition of a Major Transit Stop, also lowers car trip mitigation fees near one.
- AB 2712 / SB 834 People living in buildings that 2022's AB2097 exempted from building parking cannot get curbside Residential Parking Permits.
- AB 2898 Allows section 8 vouchers to cover parking, even if building otherwise has unbundled parking.

COST REDUCTION

- AB 1820 Transparency on permit fees.
- AB 2430 Bans inclusionary housing monitoring fees.
- AB 2729 Delays all school, park, road, etc. fees until the home is complete.
- AB 2934 Studies allowing 3-10 unit buildings to be built using the lower cost Residential Code.
- AB 3177 Reduces traffic mitigation fees near future transit, limits mandatory road widening.
- SB 937 Allows permit fees to be paid after instead of before construction. Extends permit validity.
- SB 1462 Allows developers to spend money from condo pre-sale deposits.
- SB 1470 Improves "right to repair" for condos to reduce risk of construction defect lawsuits.

ADAPTIVE REUSE / COMMERCIAL HOUSING

- AB 2488 Financing districts for office to residential conversion.
- AB 2909 Property tax break for converting older buildings.
- AB 2910 Allows building code changes to encourage conversion.

STUDENT & SCHOOL EMPLOYEE HOUSING

- AB 1818 Allows college students to live in vehicles on campus.
- AB 1835 Clarifications and flexibility for renting of low-income units in school district housing.
- AB 2005 Authorizes CSU to build employee housing.
- AB 2076 Revolving loan fund for student housing.
- AB 2507 Interest free loans for students at risk of homelessness.
- AB 2530 Technical help for school districts building housing.
- AB 2967 Nonprofit childcare workers working on district property can also live in school employee housing.
- AB 3116 Student housing density bonus.
- AB 3210 Approves housing for school employees as long as it meets local height limit, or 35 feet, which is higher.
- SB 312 Faster approvals for student housing that meets LEED Platinum (the highest LEED green building standard).

BALLOT MEASURES

- ACA 10 Creates right to housing in CA constitution.
- AB 1657 \$10 billion affordable housing bond.

DATA

- AB 2904 Inform's owners when their land is rezoned.
- AB 3012 Creates online permit fee estimator tools.
- AB 3086 Requires cities and counties to report amount of affordable housing with expiring affordability, as well as rent controlled units removed from market.
- LLC Transparency - disclosure of owners of 10% or more of an LLC.

AFFORDABLE HOUSING STREAMLINING

- AB 3068 Faster approval of conversion of commercial buildings to affordable housing.

AFFORDABLE HOUSING: PROPERTY TAX

- AB 430 Expands tax exemption for community land trusts.
- AB 2353 Improves access to exemptions, waives interests and penalties once owner has applied.
- AB 2897 Expands tax exemption for subsidiaries of community land trusts.
- SB 588 Removes cap on amount of assessed value that can be exempt from property tax.

FUNDING

- AB 515 Allow prepayment of loans for housing under the Multifamily Housing Program.
- AB 578 Limits loan payment costs for permanent supportive housing in the No Place Like Home program.
- AB 930 Allows creation of RISE districts that use taxes from that district for housing & infrastructure.
- AB 1053 Expands state loan program to cover construction loans, in addition to regular loans.
- AB 2638 More flexibility for loan programs, also bans changes that cause rent increases.
- AB 2665 Mixed income housing revolving loan fund.
- AB 3160 Extends \$500 million a year of LIHTC funding.
- SB 440 Allows local governments to join together and create regional housing finance agencies.
- SB 1032 Forgives state loans if the loans are a barrier to keeping rents affordable.
- SB 1140 Makes it easier to form an Enhanced Infrastructure Financing District. EIFDs can spend on more things.

AFFORDABLE HOUSING TENANTS

- AB 2396 Centralized portal to find and apply for affordable housing.
- SB 1500 Reduces paperwork for tenants to qualify for Extremely Low Income housing.
- SB 1512 Lowers rent in housing authorities for households with 3+ people. Small increase for 1-person households.

PRESERVING AFFORDABLE HOUSING

- AB 1789 Prioritizes funding for rehabbing and extending affordability of housing that's at least 15 years old.
- AB 2926 If affordability restrictions are about to expire and an offer to buy is made that will maintain affordability, owner must either sell, or hold the property and maintain affordability themselves.
- SB 225 Fund for preserving affordability in buildings where it is about to expire.

SOCIAL HOUSING

- AB 2881 Creates state agency to build social housing, as well as a social housing revolving loan fund.
- SB 584 Taxes short term rentals (Airbnb) to fund low and moderate income housing.

SENIOR HOUSING

- AB 1993 Increases maximum size of a residential care facility from 6 to 10 residents.
- AB 2694 Density Bonus for residential care facilities.
- SB 37 Subsidies for seniors & adults with disabilities.

VETERANS

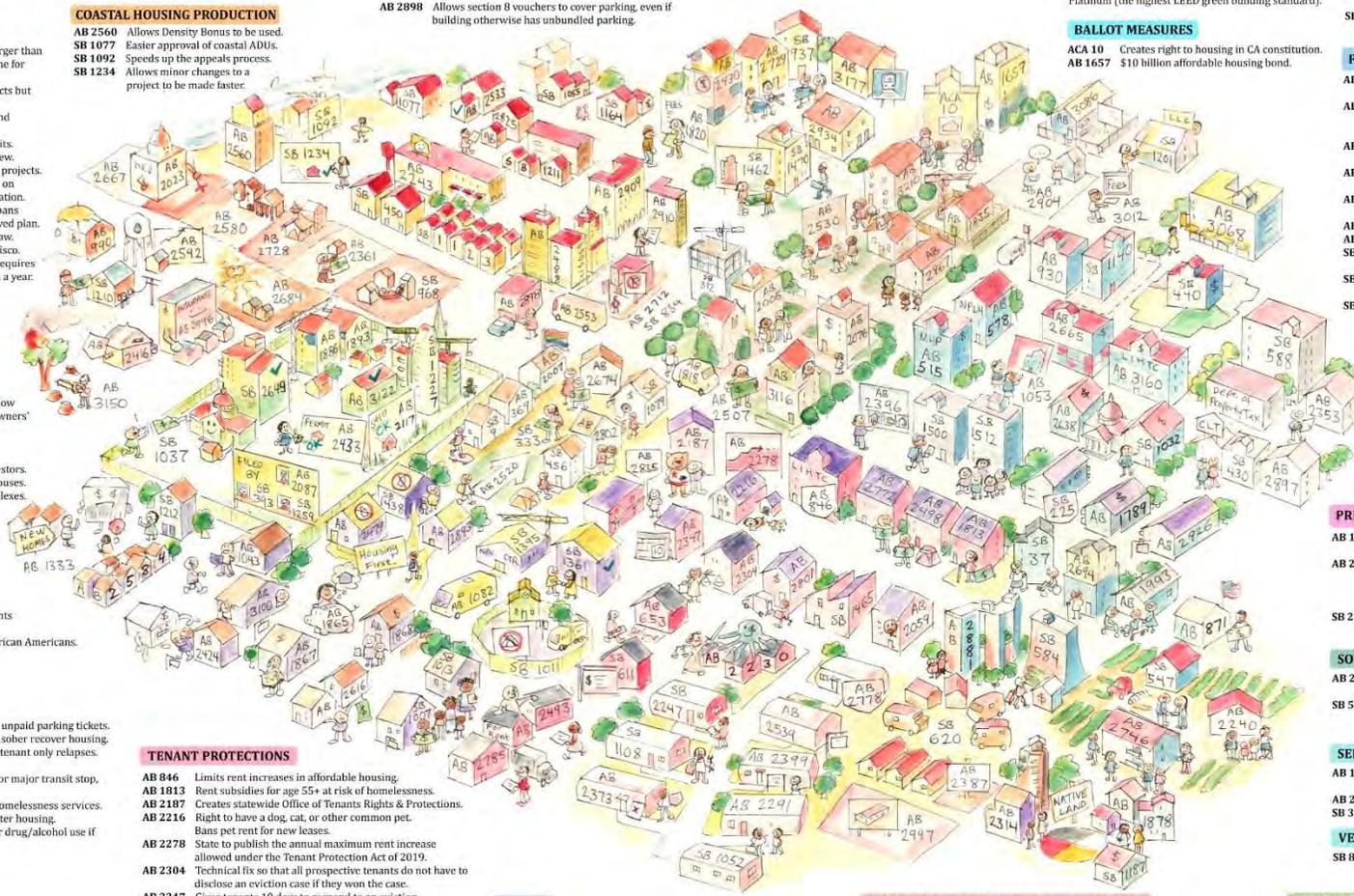
- SB 871 / SCA 6 Expands property tax exemption for veterans.

FARMWORKER HOUSING

- AB 2240 Allows farmworkers and families to live year round in a farm labor center, instead of being limited to 275 days a year.
- AB 2746 Expands max size of employee housing to 50 beds or homes.
- SB 547 District ag associations can build & run affordable housing.

TRIBAL HOUSING

- AB 1878 Tribes have more flexibility on use of housing funding.
- AB 2314 Enables Tribes to build denser than local zoning allows.
- SB 1187 Funds Tribal housing and helps tribes get additional funds.



TENANT PROTECTIONS

- AB 846 Limits rent increases in affordable housing.
- AB 1813 Rent subsidies for age 55+ of homelessness.
- AB 2187 Creates statewide Office of Tenants Rights & Protections.
- AB 2216 Right to have a dog, cat, or other common pet.
- Bans pet rent for new leases.
- AB 2278 State to publish the annual maximum rent increase allowed under the Tenant Protection Act of 2019.
- AB 2304 Technical fix so that all prospective tenants do not have to disclose an eviction case if they won the case.
- AB 2347 Gives tenants 10 days to respond to an eviction.
- AB 2498 Rent subsidy pilot for people at risk of homelessness.
- AB 2772 Rent subsidies for low income tenants.
- AB 2801 More documentation needed to deduct money from security deposit when tenant moves out.
- AB 2835 Extends loan enabling motel/hotel shelter programs.
- SB 1465 Expands code enforcement and tenants rights in nonresidential buildings used for housing anyway.

REMOVING TENANT PROTECTIONS

- AB 2059 Landlord liable for habitability problems only if tenant complains and work not started within 30 days.

YOUTH

- AB 369 Extends Independent Living Program to cover all foster youth up to age 23.
- AB 2007 LGBTQ youth age 18-24 transitional housing.
- AB 2520 Coordinated process for serving youth.
- AB 2674 Loan fund for families with foster youth and youth aging out.
- AB 2802 Allows transitional housing residents to share room with friend, partner, or family member.
- Raises max age for foster care benefits from 21 to 22.
- SB 933 Guaranteed income for homeless youth.
- SB 456 Housing for homeless youth or at risk of homelessness.
- SB 1079 Bond measure for youth centers and youth housing.

MOBILE HOMES / MANUFACTURED HOUSING

- AB 2247 Extends law protecting mobilehome residents from 2025 to 2030.
- AB 2291 More oversight of legal services nonprofits for mobile home residents, reduces funding of a dispute resolution fund.
- AB 2373 Bans evictions if mobilehome park owner's permit is suspended.
- AB 2387 No fees required for mobilehome park to expand by up to 10%.
- AB 2399 Adds info to rental agreements on where to seek help in the event of complaints.
- AB 2539 Residents get opportunity and time to put together a deal to buy a mobilehome park if owner decides to sell.
- AB 2778 Rent increase cap: 3% + inflation, or 5%, whichever is less.
- AB 2997 Easier to build new mobile home parks.
- SB 676 Easier to raise rents for mobile home parks.

Early Days, But We Expect Another Full Slate of Housing Bills in 2024

- **AB 2560 (Alvarez)** – Density Bonus in the Coastal Zone
- **SB 1470 (Glazer)** – Construction Defect Reform
- **SB 1212 (Skinner) / AB 1333 (Ward) / AB 2584 (Lee)** – Limits on Institutional Investors
- **AB 2934 (Ward)** – Cost Reductions for New Residential Development
- **AB 1893 (Skinner)** – Builder’s Remedy Reform



Questions

Chris Guillen, cguillen@bhfs.com

Mack Carlson, mcarlson@bhfs.com



SANTA MARIA VALLEY HOUSING SUMMIT

