



KEYSER MARSTON ASSOCIATES

SUMMARY, CONTEXT MATERIALS AND RECOMMENDATIONS

Potential Affordable Housing and Parking Requirements
Average Unit-Size Density Incentive Program (AUD)

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City of Santa Barbara

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I. INTRODUCTION

This Summary, Context Materials, and Recommendations report (“Summary Report”) provides a concise summary of the Economic Feasibility Study and Residential Nexus Study prepared by Keyser Marston Associates, Inc. (KMA) and presents analyses designed to provide context for policy decisions regarding potential affordable housing and parking modifications to the City of Santa Barbara’s Average Unit-Size Density Incentive Program (AUD Program).

The following summarizes KMA’s scope of work for this assignment:

- *Nexus Study*
To determine the quantitative relationship between housing units developed through the AUD Program and the resulting increased need for affordable housing in Santa Barbara.
- *Feasibility Study*
To evaluate the extent to which affordable housing fees or inclusionary housing requirements would help to address the housing needs of the City’s Low and Moderate Income households while not significantly constraining the feasibility of new projects.
- *Recommendations*
 - To determine the appropriate level of affordable housing fees.
 - To assess potential modifications to the parking incentives imbedded in the current AUD Program.

A. Summary of AUD Program

In 2013 the City of Santa Barbara adopted the Average Unit-Size Density Incentive Program with the intent of stimulating development of smaller, relatively more affordable units in Downtown Santa Barbara and its vicinity. Among the stated goals of the AUD Program were to:

- Support the construction of smaller, more affordable residential units near transit and within easy walking and biking distance to commercial services and parks.
- To produce rental, employer-sponsored, and limited equity housing cooperative units that provide housing opportunities to the City’s workforce.

The AUD Program incentivizes housing development by allowing higher densities and lower parking ratios than would otherwise be permitted by City regulations, both of which are economically advantageous for new development projects.

In combination with improved real estate market conditions in recent years, the AUD Program has proven to be very effective is stimulating new development activity in Santa Barbara. To

date, six AUD projects have completed construction and received their Certificates of Occupancy and over 60 projects, representing over 1,000 units, are in the development pipeline.

B. Current Affordable Housing Requirements

The City of Santa Barbara has an existing Inclusionary Housing program that applies to all for-sale residential projects in the City, including the AUD areas. For projects of 10 units and larger, the Inclusionary Housing requirement is 15% of on-site units at “Middle Income” (sale prices affordable to households earning 120% to 160% of Area Median Income, or AMI) or payment of an in-lieu fee. The in-lieu fee varies depending upon the sizes of the units in the project. The current fee for projects of 10 units and larger with an average unit size of 1,000 square feet equates to approximately \$50/square foot. Projects smaller than 10 units pay a reduced fee closer to \$18/square foot.

Rental projects, which far outnumber for-sale projects in the AUD Program, are currently exempt from any affordable housing requirements.

C. Organization of this Report

This Summary Report is organized into the following sections:

- Section I provides an introduction
- Section II presents a summary of KMA’s findings of the Economic Feasibility Study and the Residential Nexus Study and provides additional context materials.
- Section III presents KMA’s preliminary recommendations
- Appendix A is the full Economic Feasibility Study report
- Appendix B is full the Residential Nexus Analysis report

II. SUMMARY OF FINDINGS

In this section, KMA provides a summary of the findings of the Economic Feasibility Study and the Nexus Analysis and provides additional contextual data regarding housing fees.

A. Economic Feasibility Study Findings

The purpose of the Economic Feasibility study was to analyze the economics of new AUD projects in order to quantify the extent to which new affordable housing or parking requirements could impact financial feasibility. The study analyzed both a rental apartment and a for-sale condominium prototype in each of the AUD program's three density tiers¹. The programmatic assumptions for the prototypes were primarily based upon the AUD projects in the pipeline (for reference, a master list of AUD projects is included in Attachment A). For comparison purposes, all prototypes assume a common 0.30-acre parcel size.

Summary of AUD Prototypes

	Priority Overlay Prototype	High Density Prototype	Medium-High Density Prototype
<i>Rental Apartment Prototypes</i>			
Acres	0.30 acres	0.30 acres	0.30 acres
Units	17 units	9 units	6 units
Density	57 du/acre	30 du/acre	20 du/acre
Average Unit Size	780 SF	800 SF	900 SF
<i>For-Sale Condominium Prototypes</i>			
Acres	0.30 acres	0.30 acres	0.30 acres
Units	13 units	7 units	5 units
Density	43 du/acre	23 du/acre	17 du/acre
Average Unit Size	1,000 SF	1,100 SF	1,200 SF

The analysis considered one economic variation of the Medium-High Density prototype, which was a project at this density in the CBD. This variation was added because land values would be higher for Medium-High Density projects in the CBD than outside the CBD. Programmatically, the Medium-High Density prototypes are the same inside or outside the CBD.

The feasibility analysis models the development economics of projects by utilizing a financial pro forma which estimates development costs, operating income or sale revenues, and profit margins. The analysis tests economics under a variety of scenarios including a base case, assuming current affordable housing and parking requirements, and sensitivities with a range of potential new requirements.

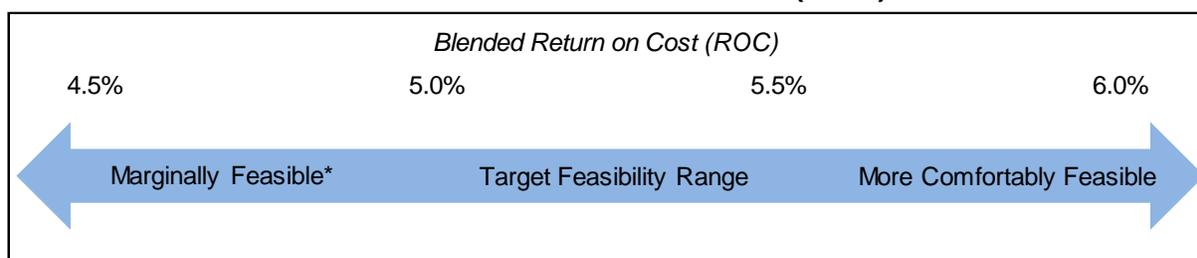
¹ Though it is not currently permitted, the analysis includes a for-sale condominium prototype in the Priority Housing Overlay in the event the City wishes to modify this limitation.

Since over 95% of current projects in the City’s AUD pipeline are rental projects, and since for-sale condominium projects are already governed by the City’s existing Inclusionary Housing program, the primary focus of the feasibility analysis was on the economics of rental projects. For rental projects, the test of feasibility was a measure of profitability known as Return on Cost (ROC), which is the relationship, expressed as a percentage, between a project’s projected net operating income (NOI) and the project’s all-in development costs. If the returns fall within a target range of profitability the project is considered generally feasible. If the returns fall below the target range of profitability the project’s feasibility is more difficult without some further improvement in economics. Based on current market conditions, the target Return on Cost for AUD apartment projects is estimated in the range of 5.0% and 5.5%. It is noted that this is a blended return reflecting the lower returns on debt and the higher returns on equity².

It is important to note that pro formas involve forecasting of economic conditions, both of development costs and of income/revenues, sometimes several years into the future. As a result, pro formas rely upon both objective data inputs such as current construction cost data and comparable rent and sales data, as well as subjective judgments such as the future direction of the markets. For example, some developers may be bullish with regard to continued strengthening of apartment market conditions in Santa Barbara, while other developers may choose to be more conservative. These outlooks will have an impact on the returns at which developers will proceed with projects.

Furthermore, the target ROC of 5.0% to 5.5% should not be considered an absolute, as there will be some projects, because of their unique risk profiles, for which a return above or below this range is appropriate. For this reason, project returns and feasibility should be thought of less in black and white terms and more as a continuum, with projects in the 5.0% to 5.5% range being generally feasible and projects with returns further below this range being increasingly less feasible.

CONTINUUM OF FEASIBILITY (2017)



**Marginally feasible projects require moderate improvement in economics (e.g., lower land costs, continued rising rents, moderation of construction costs, etc.).*

² For example, the corresponding internal rate of return on equity for the Priority Housing Overlay prototype could be in the low- to mid-20’s depending upon the capitalization rate on the project’s sale.

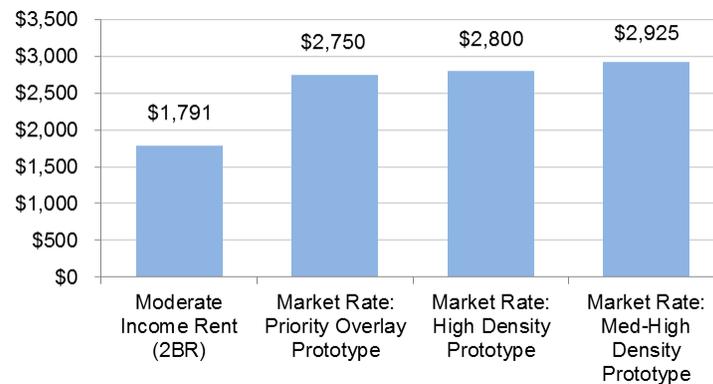
1) Affordable Housing Scenarios

The specific affordable housing scenarios tested in the analysis were:

- No affordable housing (Base Case);
- Affordable housing fee of \$20/square foot;
- Affordable housing fee of \$25/square foot;
- Affordable housing fee of \$30/square foot;
- On-site affordable housing of 5% at Moderate Income*;
- On-site affordable housing of 10% at Moderate Income;
- On-site affordable housing of 15% at Moderate Income;

*Qualifying income for Moderate Income households is 80% to 120% of Area Median Income (AMI), or up to \$83,300 for a household of three. As shown below, Moderate Income rents are considerably less than the estimated market rate rents for the AUD prototypes.

Monthly Rent Comparison



The following tables summarize the basic results of the feasibility analysis for the affordable housing scenarios alone (i.e. without the additional parking requirements). For simplicity, this table assumes that projects with returns in the target range of 5.0% to 5.5% are generally feasible, projects with returns between 4.9% and 5.0% are considered slightly marginal, projects with returns between 4.5% and 4.9% are marginal, and projects with returns below 4.5% are generally not feasible.

It is noted however that while feasibility may be more difficult for projects that fall below the target feasibility range, it does not necessarily mean that all such projects will not get built. For example, project returns can improve with continued strengthening of market rents, a moderation in construction cost increases, or a downward adjustment to land prices. The elasticity of land prices, or the willingness of property owners to sell land at somewhat reduced values, would help developers of future projects absorb the costs of new affordable housing requirements.

It is also noted that Medium-High Density projects in the CBD are projected to be infeasible under all scenarios because lower density projects (up to 27 units/acre for Medium-High Density) are not high enough to support the high land values prevalent in the CBD. As shown on the AUD map (Attachment B), the Medium-High Density areas of the CBD are located primarily within one block on each side of State Street.

Summary of Feasibility Analysis
Affordable Housing Scenarios w/o Additional Parking

	Priority Overlay	High Density	Medium-High (outside CBD)	Medium-High (CBD)
No Affordable Housing	Yes	Yes	Yes	No
\$20/SF Fee	Yes	Yes	Yes	No
\$25/SF Fee	Yes	Yes	S. Marg	No
\$30/SF Fee	Yes	S. Marg	S. Marg	No
5% On-Site at Mod	Yes	Yes	Yes	No
10% On-Site at Mod	Yes	Yes	Yes	No
15% On-Site at Mod	Yes	S. Marg	S. Marg	No

S. Marg = Slightly Marginal

See full Economic Feasibility Report for further detail (Appendix A).

2) Parking Scenarios

In addition to the affordable housing scenarios, the feasibility analysis also tested variations in project parking. The specific parking sensitivities tested were:

- Increased parking ratios outside the CBD with conventional side-by-side parking³;
- Increased parking ratios outside the CBD with parking lifts (stackers);
- For projects in the CBD only, flexibility to allow reduced on-site parking or even no on-site parking in exchange for payment of parking in-lieu fees and use of existing City parking facilities. Parking in-lieu fees for projects in the CBD are based on 1 space/unit for all unit sizes.

It is important to note that the feasibility analysis was undertaken in the absence of architectural or design input. For example, if additional parking is required in a project it is possible that the project would need to be redesigned in some way and could potentially lose residential units. It is also possible however that the project could be redesigned to accommodate the additional parking without losing units, such as adding an additional floor. Absent more detailed design considerations, this analysis makes the assumption that the additional parking scenarios do not result in a loss of housing units.

³ Increased parking ratios assume 1 space/unit for studio and one-bedroom units, 1.5 spaces/unit for two-bedroom units, and 2 spaces/unit for three-bedroom units.

In general, the use of parking stackers appears to have economic advantages over conventional side-by-side parking because stackers have lower construction costs, although these cost benefits will likely be offset to some degree by lower rental income due to renters' unfamiliarity of stacker systems.

The following tables summarize the project returns under these parking scenarios:

Summary of Feasibility

Additional Parking Scenarios – Outside CBD

Parking Type→	Priority Overlay		High Density		Medium-High	
	Side-by-Side	Stackers	Side-by-Side	Stackers	Side-by-Side	Stackers
No Afford. Housing	Yes	Yes	Yes	Yes	Yes	Yes
\$20/SF Fee	Yes	Yes	S. Marg	Yes	S. Marg	S. Marg
\$25/SF Fee	S. Marg	Yes	Marginal	S. Marg	Marginal	S. Marg
\$30/SF Fee	S. Marg	Yes	Marginal	S. Marg	Marginal	Marginal
5% On-Site at Mod	Yes	Yes	Yes	Yes	Yes	Yes
10% On-Site at Mod	Yes	Yes	S. Marg	Yes	S. Marg	S. Marg
15% On-Site at Mod	S. Marg	Yes	Marginal	S. Marg	Marginal	Marginal

S. Marg = Slightly Marginal

See full Economic Feasibility Report for further detail (Appendix A).

Summary of Feasibility

In-Lieu Fee Parking Scenarios – CBD Projects*

Pkg In-Lieu Fee→	Priority Overlay			Medium-High		
	\$10K/sp	\$15K/sp	\$20K/sp	\$10K/sp	\$15K/sp	\$20K/sp
No Afford. Housing	Yes	Yes	Yes	No	No	No
\$20/SF Fee	Yes	Yes	Yes	No	No	No
\$25/SF Fee	Yes	Yes	Yes	No	No	No
\$30/SF Fee	Yes	Yes	Yes	No	No	No
5% On-Site at Mod	Yes	Yes	Yes	No	No	No
10% On-Site at Mod	Yes	Yes	Yes	No	No	No
15% On-Site at Mod	Yes	Yes	Yes	No	No	No

See full Economic Feasibility Report for further detail (Appendix A).

**Note: The High Density areas of the CBD are also in the Priority Housing Overlay.*

KMA's recommendations stemming from the feasibility results are contained in Section III of this Summary Report.

B. Nexus Analysis Findings

The Residential Nexus Analysis quantifies the need for affordable housing created by development of new market rate units through the City's AUD Program. It does so by estimating the incomes of the households occupying the new units; estimating the expenditures of those households in the local economy which creates demand for new jobs, some of which are lower

paying; translating those new lower paying jobs to the need for new affordable housing units; and estimating the cost to the City to fully subsidize those new affordable units. The output of the analysis is a maximum impact fee that can be charged on new market rate AUD units to mitigate 100% of the affordable housing impacts they create.

The findings of the Nexus Analysis are summarized below, expressed on both a per unit and per square foot basis. The findings per square foot refer to net residential area of the building (exclusive of parking, hallways, lobbies, and other common areas).

Maximum Supported Residential Impact Fees – Santa Barbara AUD Program						
	Rental Projects			For-Sale Condo Projects		
	Priority Housing Overlay	High Density	Medium-High Density	Priority Housing Overlay	High Density	Medium-High Density
Per Market Rate Unit	\$49,600	\$50,500	\$52,700	\$83,500	\$88,700	\$95,700
Per Square Foot	\$63.60	\$63.30	\$58.50	\$83.50	\$80.70	\$79.80

See full Residential Nexus Analysis report for further detail (Appendix B).

In summary, the affordable housing fees supported by the feasibility analysis, in the range of \$20 to \$30/square foot, are well below the maximum fees derived from the Nexus Analysis.

C. Affordable Housing Fees in Other Jurisdictions

As affordability challenges throughout the state have continued to grow in recent years, an increasing number of jurisdictions are re-assessing their existing housing fees or adopting new fees to help address this mounting need. The following table summarizes affordable housing fees applicable to new market rate rental projects in a sampling of other California jurisdictions. As shown, many jurisdictions have fees in the range of \$15 to \$25/square foot, with comparatively fewer jurisdictions with fees higher than \$30/square foot.

Housing fees in other jurisdictions do not necessarily have direct applicability to Santa Barbara but they can nonetheless provide general benchmarks for practices in other locales. Many of these jurisdictions have had affordable housing fees for years, and consequently these local markets have been able to adjust over time and continue to experience development activity.

In addition to housing fees, some jurisdictions allow rental projects to satisfy affordable housing obligations with on-site affordable units as an alternative to paying the fee. While there are fewer jurisdictions that allow this option, most jurisdictions that do set the on-site requirement at 10% to 15% of total units and most have some element of their requirement at Very Low and Low Income.

Comparison of Affordable Housing Fees - Rental Projects

Select California Jurisdictions

>\$30/SF Fee	
Berkeley.....	\$37.78 /SF*
Santa Monica.....	\$31.25 /SF
>\$20-\$30/SF Fee	
Daly City.....	\$25.00 /SF
Cupertino.....	\$20.00 /SF - <35 du/acre
	\$25.00 /SF - >35 du/acre
East Palo Alto.....	\$22.70 /SF
Emeryville.....	\$22.22 /SF*
Redwood City.....	\$20.00 /SF - multi-family apartments
Newark.....	\$20.00 /SF - first 1,000 SF
	\$8.00 /SF - SF over 1,000 SF
<\$20/SF Fee	
Fremont.....	\$17.50 /SF
San Jose.....	\$17.00 /SF
Mountain View.....	\$17.00 /SF
Sunnyvale.....	\$17.00 /SF
Oakland.....	\$14.44 /SF* - Zone 1
	\$11.67 /SF* - Zone 2
Napa.....	\$3.75 /SF
Pleasanton.....	\$3.09 /SF*
Elk Grove.....	\$2.75 /SF*
Sacramento (City).....	\$2.67 /SF - <40 du/acre
	\$0.00 /SF - >40 du/acre
Sacramento (County).....	\$2.50 /SF
Santa Cruz (County).....	\$2.00 /SF - projects <2,000 SF

*These jurisdictions have a per unit fee. The per square feet fee shown assumes a 900 square foot average apartment unit size.

Source: Non-Profit Housing Association, KMA

III. PRELIMINARY RECOMMENDATIONS

This section summarizes KMA's preliminary recommendations for affordable housing and parking modifications under the City's AUD Program. These recommendations are based on local real estate market conditions, feasibility considerations, the nexus analysis results, and an effort to strike a balance between the City's goals of encouraging affordable housing while not significantly constraining development of market rate projects. While KMA believes these recommendations are reasonable, there is obviously potential for refinement based on further weighing of the City's policy objectives.

A. On-Site Affordable Units

Although workforce housing was one of the important original goals of the AUD Program, based on current pricing for these units, it is estimated households would need to earn approximately 160% to 190% of AMI to afford them, which is at the high end of the "workforce" income range in Santa Barbara⁴. In order to address this goal, the City could require a certain percentage of units within new AUD projects be affordable to Moderate Income households (80% to 120% of AMI). Based on financial feasibility considerations, KMA recommends an on-site Moderate Income requirement of 10% for all rental projects of 10 units and larger. Projects smaller than 10 units would be allowed to pay an affordable housing fee as an alternative to on-site units (see discussion below). The City will need to allow alternative means for satisfying the on-site affordable units such as production of off-site units, land dedication, etc., which is consistent with the City's existing Inclusionary Housing program for for-sale projects.⁵

On-Site Affordable Units: 10% at Moderate Income
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For projects larger than 10 units, the City could elect to round up or down in a manner consistent with the existing Inclusionary program – any decimal fraction of 0.5 or less is rounded down and any decimal fraction of 0.5 or more is rounded up.

B. Affordable Housing Fee

For projects with fewer than 10 units, KMA recommends the City consider an affordable housing fee in the range of \$20/square foot. Because the large majority of High and Medium-High

⁴ It is estimated that households need to earn in the rough range of \$110,000 to \$120,000 to afford AUD rental units based on current market pricing, which is roughly 160% to 170% of AMI for a three person household and roughly 180% to 190% of AMI for a two person household.

⁵ Alternative means to on-site units is a requirement of the recently enacted AB 1505, which allows inclusionary housing requirements for rental projects. It does not appear however that an in-lieu fee is required to be one of the alternative means offered.

Density AUD projects are smaller than 10 units, most of the proposed AUD projects in the current pipeline would be able to pay the fee and not provide on-site units.

In addition to small projects, the City could consider charging the housing fee on projects triggering a fraction of an on-site unit. For example, with a 10% on-site requirement, a 13 unit project's on-site requirement would be 1.3 units. Consistent with the rounding approach discussed above, the project would provide one on-site affordable unit and would pay the housing fee on the remaining 0.3 of a unit.

Affordable Housing Fee: about \$20/SF

C. Phase-In of Requirements

When adopting new affordable housing requirements, one issue to be addressed is whether to apply the requirements to all projects regardless of their status in the predevelopment process. Projects that have purchased land, are well along in planning and design, and have been underwritten without affordable housing requirements, may have more difficulty absorbing new costs than projects at earlier stages of development. In order to mitigate impacts on these projects, some jurisdictions adopt some form of phase-in or grandfathering provision for newly adopted requirements.

One option the City could consider is to exempt AUD projects that have submitted applications prior to a certain date. Another option is to phase-in the requirements incrementally over a specified timeframe. Of course, the longer the grandfather or phase-in provision, the longer it would take to produce affordable units. As it is, the City of Santa Barbara already has a significant need for Moderate Income units, as specified by the Regional Housing Needs Assessment (RHNA).

City of Santa Barbara RHNA

Very Low Income	Low Income	Moderate Income	Above Moderate	Total
962 units	701 units	820 units	1,616 units	4,099 units
23.5%	17.1%	20.0%	39.4%	100%

D. Medium-High Density Designation in CBD

As summarized in the feasibility analysis section, Medium-High Density projects in the CBD are determined to be generally infeasible based on current project economics. The reason for this is that the maximum density for Medium-High Density projects, up to 27 units/acre, is not sufficiently high to support the high land costs in the CBD. By contrast, most other AUD projects in the CBD are Priority Housing Overlay projects at densities up to 63 units/acre.

In the interest of promoting the City's goal of producing more housing in the CBD, the City may wish to consider allowing higher densities than are permitted in the Medium-High Density portions of the CBD.

E. Parking

In order to address perceived neighborhood parking impacts from AUD projects, the City could consider increasing minimum parking ratios for projects outside the CBD but continue to allow flexibility in the ways developers can satisfy those requirements, such as parking lifts.

For projects in the CBD, where access to existing public parking facilities is convenient, the City may wish to allow projects to satisfy some resident parking off-site and pay an in-lieu parking fee. The City could then use the fees to fund various parking and transportation improvements, such as improvements to City-owned parking garages, construction of bike lanes, or funding of transportation demand management (TDM) programs such as subsidized transit passes, car-sharing programs, etc. Due to the City's goal to incentivize housing projects in the CBD, it is recommended that the parking in-lieu fee be no higher than \$10,000/space.

Parking In-Lieu Fee: up to \$10,000/space

ATTACHMENT A. Master List of AUD Projects as of July 2017 (Active) ⁽¹⁾

City of Santa Barbara

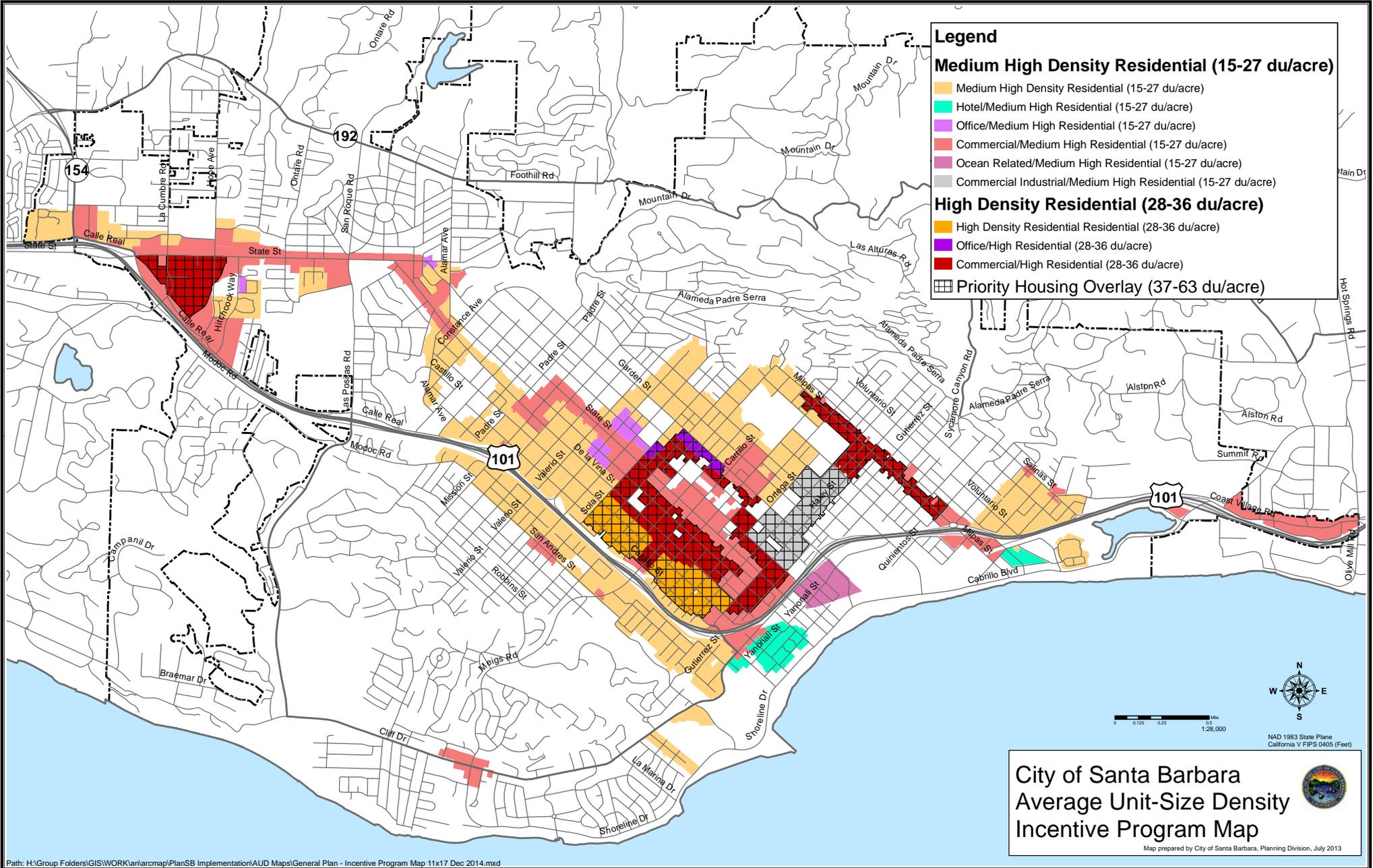
Address	Zoning	Acres	Units	DU/Acre	Avg Unit Sq.Ft.	Avg BR's ⁽²⁾	Max Height	Comm'l Sq.Ft.	Total Pkg	Resid Pkg	Spaces/Unit	Comm'l Pkg	Spaces/1,000SF	
Sorted by Density														
Priority Housing Overlay Projects 37-62 DU/Acre														
1	618 Castillo Street	R-4	0.17	4	23.2	1,091	1.75	23'	0	4	4	1.00	0	0.00
2	333 W Ortega Street	R-4	0.22	8	37.2	698	1.25	29'	0	8	8	1.00	0	0.00
3	1115 Garden Street	R-0	0.11	4	37.4	906	2.25	43'	0	5	5	1.25	0	0.00
4	510 E Ortega Street	C-M	0.11	5	43.6	961	1.80	37'	0	5	5	1.00	0	0.00
5	711 Bath Street	R-4	0.21	9	43.6	589	1.44	33'	0	10	10	1.11	0	0.00
6	325 W Anapamu Street	R-4	0.22	10	45.4	626	1.00	26'	0	10	10	1.00	0	0.00
7	1124 Castillo Street	R-4	0.24	11	45.6	835	1.64	35'	0	11	11	1.00	0	0.00
8	1032 Santa Barbara Street	C-2	0.17	8	46.5	970	1.88	43'	1,261	11	11	1.38	0	0.00
9	711 N Milpas Street	C-2	1.55	73	47.2	700	1.56	45'	6,656	91	73	1.00	18	2.70
10	809 De La Vina Street	C-2	0.67	34	50.4	647	1.26	44'	0	34	34	1.00	0	0.00
11	24 W Gutierrez Street	R-4	0.15	8	51.9	935	1.75	40'	0	10	10	1.25	0	0.00
12	800 Santa Barbara Street	C-2	0.43	23	54.0	779	2.00	35'	1,383	29	23	1.00	6	4.34
13	401 E Haley Street	C-M	0.52	29	56.1	775	1.48	44'	3,306	58	29	1.00	29	8.77
14	15 S Hope Avenue	C-2	0.78	46	59.1	794	1.07	45'	631	51	46	1.00	5	7.92
15	214 E De La Guerra Street	C-2	0.44	26	59.7	554	1.00	45'	4,843	41	32	1.23	9	1.86
16	116 E Cota Street	C-M	0.25	15	60.1	827	1.93	45'	738	16	15	1.00	1	1.36
17	414 Chapala Street	C-M	0.36	22	60.6	808	1.18	45'	1,324	25	25	1.14	0	0.00
18	604 E Cota Street	C-M	0.47	29	61.1	595	1.10	43'	2,028	37	29	1.00	8	3.94
19	113 W De La Guerra Street	C-2	0.37	23	61.6	725	1.78	43'	1,651	27	23	1.00	4	2.42
20	125 E Gutierrez Street	C-M	0.16	10	61.8	802	1.80	37'	0	10	10	1.00	0	0.00
21	219 E Haley Street	C-M	0.58	36	62.4	737	1.36	45'	2,077	44	36	1.00	8	3.85
22	835 E Canon Peridido Street	C-2	0.80	50	62.6	642	1.52	45'	0	50	50	1.00	0	0.00
23	3885 State Street	C-2	1.42	89	62.7	811	1.94	45'	4,469	145	127	1.43	18	4.03
24	825 De La Vina Street	C-2	0.34	21	62.0	801	1.24	45'	0	27	27	1.29	0	0.00
25	634 Anacapa Street	C-M	0.48	30	62.8	733	1.30	40'	4,705	32	30	1.00	2	0.43
Total			11.21	623	55.6	19,341	1.50		35,072	791	683	1.27	108	3.08
Average			0.45	25	52.7	774	1.50		1,403	32	27	1.08	4	1.66
Median			0.36	22	56.1	779	1.52		631	27	23	1.00	0	0.00
High Density Projects 28-36 DU/Acre														
1	810 Castillo Street (condos)	R-4	0.24	4	16.4	1,130	1.50	45'	0	4	4	1.00	0	0.00
2	610 Castillo Street	R-4	0.26	5	19.4	1,003	2.80	24'	0	6	6	1.20	0	0.00
3	715 Bond Avenue	C-2	0.11	3	26.1	516	1.67	12'	0	3	3	1.00	0	0.00
4	1330 Chapala Street	C-2	1.12	33	29.5	822	1.79	41'	895	35	33	1.00	2	2.23
Total			1.74	45	25.9	3,471	1.87		895	48	46	1.07	2	2.23
Average			0.43	11	25.9	868	1.87		224	12	12	1.05	1	0.56
Median			0.25	5	17.9	913	1.73		0	5	5	1.00	0	0
Medium-High Density Projects 15-27 DU/Acre														
1	1120 & 1122 Indio Muerto St	R-3	0.96	12	12.5	1,229	2.08	32'	0	19	19	1.58	0	0.00
2	11 W Pedregosa Street	C-2	0.43	6	14.1	1,213	2.00	26'	1,492	12	6	1.00	6	4.02
3	601 San Pascual Street	R-3	0.28	4	14.5	1,098	3.00	24'	0	8	8	2.00	0	0.00
4	1023 Cacique Street A	R-3	0.26	4	15.5	963	2.00	29'	0	4	4	1.00	0	0.00

Address	Zoning	Acres	Units	DU/ Acre	Avg Unit Sq.Ft.	Avg BR's ⁽²⁾	Max Height	Comm'l Sq.Ft.	Total Pkg	Resid Pkg	Spaces/ Unit	Comm'l Pkg	Spaces/ 1,000SF	
<i>Sorted by Density</i>														
5	810 E Canon Perdido St A	R-3	0.26	4	15.5	503	1.50	18'	0	6	6	1.50	0	0.00
6	1135 San Pascual St (condos)	R-3	0.26	4	15.7	1,221	3.00	25	0	4	0	1.00	0	0.00
7	909 Laguna Street	C-2	0.11	2	17.8	834	2.00	18'	0	2	2	1.00	0	0.00
8	1220 & 1222 San Andres St	R-3	0.67	12	17.8	1,044	2.75	37'	0	21	21	1.75	0	0.00
9	1703 Chapala Street	R-4	0.22	4	17.9	1,033	1.50	33'	0	4	4	1.00	0	0.00
10	1116 San Pascual Street	R-3	0.16	3	19.0	779	1.67	28'	0	3	3	1.00	0	0.00
11	226 S Voluntario Street	R-3	0.26	5	19.4	1,084	2.40	26'	0	5	5	1.00	0	0.00
12	422 E Figueroa Street	R-3	0.10	2	19.6	599	1.50	13'	0	2	2	1.00	0	0.00
13	321 E Micheltorena Street	R-3	0.15	3	19.6	1,032	2.33	23'	0	3	3	1.00	0	0.00
14	1810 San Pascual Street	R-3	0.20	4	20.5	1,040	2.00	24'	0	4	4	1.00	0	0.00
15	115 W Pedregosa Street	R-4	0.10	2	20.7	664	1.50	21'	0	2	2	1.00	0	0.00
16	130 S Alisos Street	R-3	0.38	8	20.9	1,040	2.50	25'	0	8	8	1.00	0	0.00
17	217 Voluntario Street	R-3	0.29	6	20.9	1,024	2.00	23'	0	6	6	1.00	0	0.00
18	228 Cottage Grove Avenue	C-P	0.14	3	20.9	734	1.67	25'	0	5	5	1.67	0	0.00
19	502 Vera Cruz Lane	C-M	0.23	5	21.5	1,000	2.00	32'	0	7	7	1.40	0	0.00
20	422 W Padre Street	R-3	0.13	3	22.7	953	2.00	23'	0	3	3	1.00	0	0.00
21	1005 N Milpas Street	R-3	0.17	4	23.0	895	2.50	34'	0	4	4	1.00	0	0.00
22	2118 Oak Park Lane	R-3	0.22	5	23.2	937	2.00	21'	0	5	5	1.00	0	0.00
23	1818 Castillo Street	R-4	0.29	7	24.1	944	2.71	35'	0	8	8	1.14	0	0.00
24	530 E Anapamu Street	R-3	0.28	7	25.1	642	1.29	23'	0	8	8	1.14	0	0.00
25	1105 N Milpas Street	R-3	0.23	6	25.6	648	1.17	25'	0	6	6	1.00	0	0.00
26	1623 De La Vina Street	R-4	0.12	3	25.6	788	2.00	25'	0	3	3	1.00	0	0.00
27	316 W Micheltorena Street	R-4	0.81	21	25.9	767	1.38	31'	0	21	21	1.00	0	0.00
28	915 E Anapamu Street	R-3	0.92	24	26.1	833	1.21	42'	0	28	28	1.17	0	0.00
29	414 & 420 E Carrilo Street	C-2	0.80	21	26.2	768	1.43	45'	0	57	57	2.71	0	0.00
30	522 Garden Street	C-M	0.08	2	26.2	718	1.00	34'	0	4	4	2.00	0	0.00
31	312 Rancheria Street	R-4	0.26	7	26.8	812	2.00	22'	0	7	7	1.00	0	0.00
Total			9.77	203	20.8	27,839	1.84		1,492	279	269	1.33	6	4.02
Average			0.32	7	20.8	898	1.84		48	9	9	1.37	0	0.13
Median			0.26	4	20.9	937	2.00		0	5	5	1.00	0	0.00
Affordable Projects														
1	510 N Salsipuedes Street	C-M	0.94	40	42.4	930	2.20	41'	0	46	46	1.15	0	0.00
2	813 E Carillo Street	R-3	0.34	17	49.4	357	1.00	34'	0	8	8	0.47	0	0.00
3	251 S Hope Avenue	E-3	1.76	90	51.1	347	1.00	43'	0	34	34	0.38	0	0.00
4	3869 State Street	C-2	1.04	58	55.9	489	1.00	38'	0	16	16	0.28	0	0.00
5	115 W Anapamu Street	C-2	0.39	46	117.9	360	1.00	47'	0	20	20	0.43	0	0.00
Total			4.48	251	56.1	2,483	1.19		0	124	124	0.49	0	0.00
Average			0.90	50	56.1	497	1.24		0	25	25	0.49	0	0.00
Median			0.94	46	51.1	360	1.00		0	20	20	0.43	0	0.00
65	Total All Projects (Active)		27.19	1,122	41.3	53,134	1.51		37,459	1,242	1,122	1.11	116	3.10
	Average All Projects		0.42	17	41.3	817	1.51		576	19	17	1.11	2	3.10

⁽¹⁾ Inactive/withdrawn projects include 3891 State Street, 418 N. Milpas, and 1118 Indio Muerto.

⁽²⁾ For bedroom count, studios are counted as one-bedroom.

ATTACHMENT B: AUD MAP





KEYSER MARSTON ASSOCIATES

APPENDIX A

ECONOMIC FEASIBILITY STUDY

Potential Affordable Housing and Parking Requirements
Average Unit-Size Density Incentive Program (AUD)

Prepared for:
City of Santa Barbara

Prepared by:
Keyser Marston Associates, Inc.

December 2017

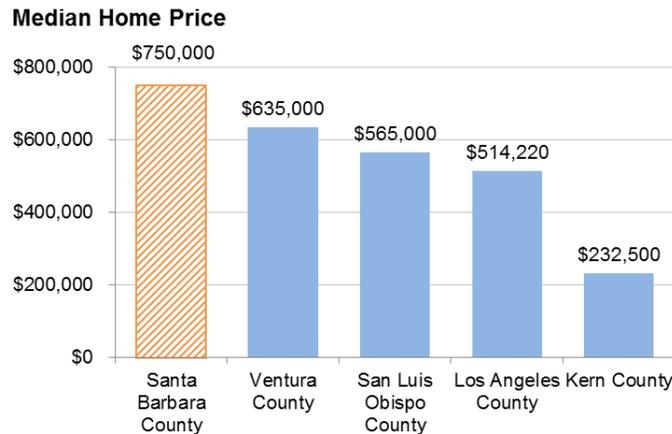
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I. INTRODUCTION & BACKGROUND

The City of Santa Barbara is located on California’s Central Coast, situated at the southern end of Santa Barbara County and north of Ventura County. The City has a population of about 90,000 and an average household size of 2.45. Roughly 60% of the City’s households are renters and 40% are homeowners. In terms of incomes, both median household incomes (about \$69,000) and per capita incomes (about \$41,000) are higher in the City of Santa Barbara than the county as a whole¹.

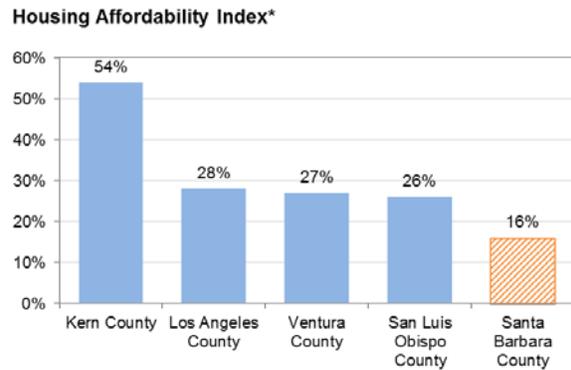
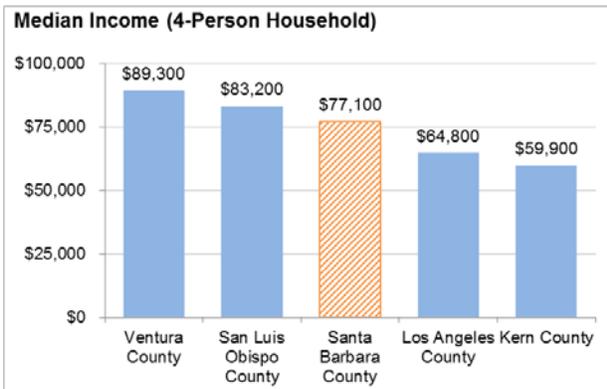
Real estate values in Santa Barbara are high owing to the area’s desirable natural setting, supply/demand imbalance, and other factors. The median home price in Santa Barbara County, at \$750,000, is about 20% higher than the median price in Ventura County and 30% higher than San Luis Obispo County.



Source: California Association of Realtors (Q2 2017)

While real estate values in Santa Barbara are on the high end of the region, median household incomes fall in the middle ground – higher than Kern and Los Angeles Counties but lower than Ventura and San Luis Obispo Counties. As a result of the disparity between real estate values and incomes, Santa Barbara is among the least affordable housing markets in the state of California. Further exacerbating Santa Barbara’s affordability challenges is the fact that real estate values, including apartment rents, have escalated in recent years at a more rapid pace than incomes.

¹ See Appendix A for additional demographic detail.



*Percentage of households that can afford the median priced home in the region.

Source: California Association of Realtors (Q2 2017)

Apartment Rents vs. Household Incomes



* Median apartment rent for 2-bedroom unit - City of Santa Barbara.

** Area median income for 3-person household - Santa Barbara County.

Source: Rent - Dyer Sheehan (note: 2011 data not available); Income - California HCD.

A. Adoption of AUD Program

In large part as a response to the City's affordability challenges, in 2013 the City of Santa Barbara adopted the Average Unit-Size Density Incentive Program (AUD Program) which was intended to stimulate development of smaller, relatively more affordable units in Downtown Santa Barbara and its vicinity. Among the stated goals of the AUD Program were to:

- Support the construction of smaller, more affordable residential units near transit and within easy walking and biking distance to commercial services and parks.
- To produce rental, employer-sponsored, and limited equity housing cooperative units that provide housing opportunities to the City's workforce.

Among the key development incentives imbedded in the AUD Program are higher housing densities and lower parking ratios than would be allowed under the City’s baseline development regulations, both of which are economically advantageous for new development projects.

AUD Development Incentives

	AUD Program		Variable Density	
Allowed Housing Density	Medium-High:	up to 27 du/ac	3-Bedroom:	16 du/ac
	High Density:	up to 36 du/ac	2-Bedroom:	19 du/ac
	Priority Overlay:	up to 63 du/ac	1-Bedroom:	24 du/ac
			Studio:	27 du/ac
Parking Requirements	3-Bedroom:	2.0 spaces/unit	3-Bedroom:	2.0 spaces/unit
	2-bedroom:	1.0 space/unit	2-bedroom:	2.0 spaces/unit
	1-bedroom:	1.0 space/unit	1-bedroom:	1.5 spaces/unit
	Studio:	1.0 space/unit	Studio:	1.25 spaces/unit
	Guests:	no requirement	Guests:	0.25 spaces/unit*

du/ac = Dwelling units per acre

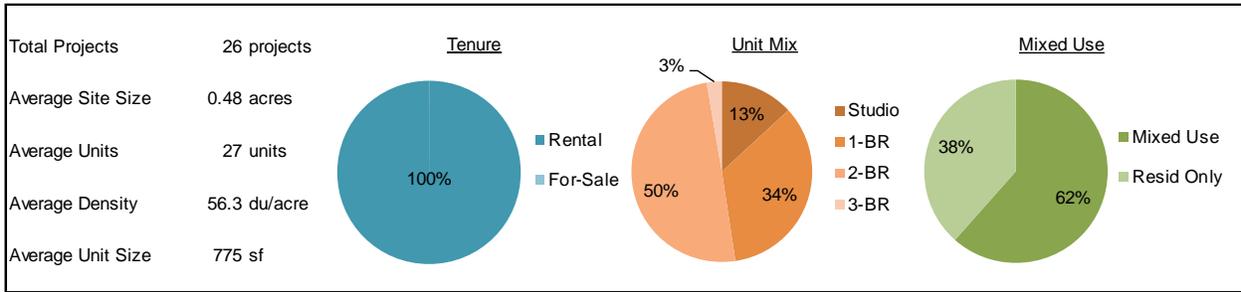
** Guest parking required for projects of six units and larger.*

B. Effectiveness of AUD Program

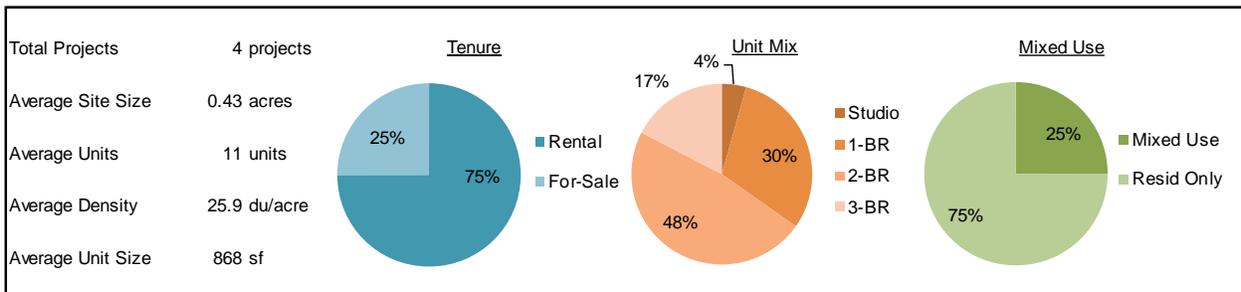
In combination with improved market conditions in general (rising rents, high occupancy rates, availability of low cost capital, etc.) the development incentives provided by the AUD Program have encouraged significant activity in new development projects. There are currently over 60 AUD projects in the City’s development pipeline representing over 1,000 housing units. The following charts summarize some of the key characteristics of the AUD projects. Among the characteristics are:

- Of all the AUD projects, only two are proposed for for-sale condominiums. The vast majority are rental apartments.
- AUD project sizes are generally small, with roughly 60% of the AUD projects smaller than ten units. Only 10% of the projects are 30 units or larger (excluding the 100% affordable projects). Medium-High Density projects are almost exclusively small projects.
- The predominant unit sizes are one- and two-bedroom units, with comparatively few studio and three-bedroom units.
- Mixed use projects (residential with ground floor commercial space) are common in Priority Housing Overlay projects but less so for High and Medium-High Density projects.

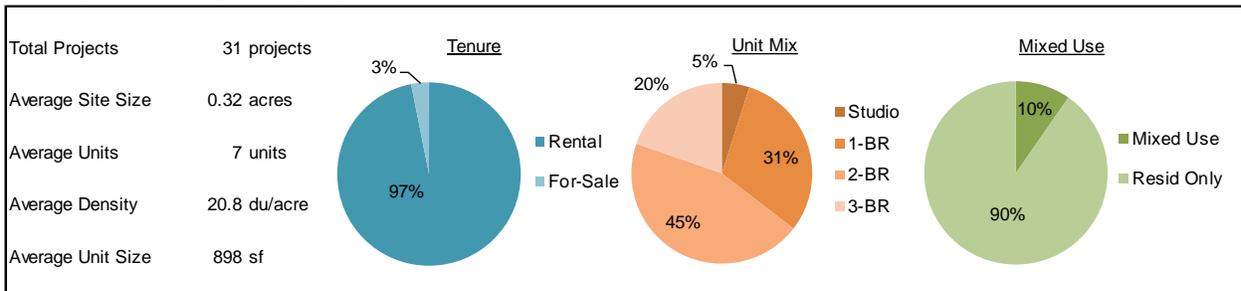
Summary of Priority Overlay Projects



Summary of High Density Projects



Summary of Medium-High Density Projects



To date, only six AUD projects have completed construction and received a Certificate of Occupancy:

Completed AUD Projects

Address	AUD Density	Units
1. 3885 State Street (The Marc)	Priority Overlay	85 units
2. 312 Rancheria Street	Medium-High	7 units
3. 810 E. Canon Perdido Street	Medium-High	4 units
4. 1623 De La Vina	Medium-High	3 units
5. 522 Garden Street	Medium-High	2 units
6. 1023 Cacique Street	Medium-High	2 units

The pipeline of 1,000+ AUD units is notable for its magnitude. Before adoption of the AUD Program in 2013, Santa Barbara had seen very little multi-family apartment development for many years. Reportedly, The Marc is the first large-scale market rate multi-family apartment development built in Santa Barbara in over 30 years.

In terms of affordability, the effectiveness of the AUD Program can be viewed as being somewhat mixed. On one hand, based on available data the rents in the new AUD projects are higher than can be afforded by Moderate Income or “workforce” income households. Asking rents at The Marc, for example, are in the rough range of \$2,500 to \$3,500/month for one- to three-bedroom units. In order to afford these rents, households would need to earn roughly \$100,000 to \$140,000/year assuming a 30% housing cost factor. With Area Median Incomes (AMI’s) for Santa Barbara in range of roughly \$62,000 to \$77,000 for two- to four-person households, a household would need to earn in the rough range of 160% to 180% of AMI in order to afford to rent new AUD housing units.

Maximum Qualifying Income by Affordability Category

Santa Barbara City and County

% of AMI	Affordability Category	Household Size			
		1-Person	2-Person	3-Person	4-Person
120%	Moderate Income	\$64,740	\$74,040	\$83,280	\$92,520
100%	Median Income	\$53,950	\$61,700	\$69,400	\$77,100
80%	Low Income	\$43,160	\$49,360	\$55,520	\$61,680
50%	Very Low Income	\$26,975	\$30,850	\$34,700	\$38,550
30%	Extremely Low Income	\$16,185	\$18,510	\$20,820	\$23,130

Source: California HCD (2017)

At the same time, production of new AUD housing units will help relieve the supply/demand imbalance that is a significant cause of the local affordability problems in the first place. An increase in the total number of housing units should have the effect of increasing affordability in the broader market somewhat, though the extent of this outcome is difficult to quantify. In addition, because the units being produced through the AUD Program are smaller in square footage than is typical in Santa Barbara, they are considered “affordable by design” and will naturally rent at a lower cost than would be the case if the units were larger, all else being equal. On average, AUD units are in the range of 800 to 900 square feet.

II. FEASIBILITY ANALYSIS

As the City of Santa Barbara considers potential modifications to the AUD Program, it can be important to understand the potential implications those modifications could have on the financial feasibility of new AUD projects. New affordable housing requirements or parking requirements will add costs to projects that would need to be absorbed into the economics of proposed projects. Depending upon the magnitude of these requirements, some projects will be able to absorb the costs and proceed as planned. Other projects, especially those that are marginally feasible to begin with, may have difficulty doing so and may ultimately need to be withdrawn. The feasibility analysis is a tool to help the City understand these impacts and to strike a balance between achieving important community benefits, such as affordable housing and parking, without significantly constraining new development projects.

The feasibility methodology used in this analysis is a financial pro forma which models the economics of prototypical AUD projects. The pro forma estimates the development costs to build a project, the operating income or sale revenues that can be achieved, and the development returns (profitability) supported. Pro formas are a standard tool utilized by developers and investors to analyze the feasibility of new projects.

A. Pro forma Scenarios & Sensitivities

A separate pro forma was run for each of the three density tiers in the AUD program – Priority Housing Overlay, High Density, and Medium-High Density, due to the fact that the project characteristics and economics will differ among these tiers. For comparison purposes, a common 0.30-acre parcel size is assumed for all the prototypes. Each prototype is run both as a rental project and as a for-sale condominium project². The pro formas were run under a base case scenario with no affordability requirements for rental projects, as is currently the case, and then tests scenarios with payment of an affordable housing fee or inclusion of on-site affordable units. Appendix B contains the programmatic assumptions for the prototypes.

The pro formas were also run with different assumptions around parking. For projects outside the CBD, the pro formas tested the impact on economics if additional parking is provided through: (1) additional on-site parking in a conventional side-by-side format, or (2) additional on-site parking through use of parking stackers. For projects in the CBD, the analysis assumed projects would have the ability to reduce on-site parking below the current 1 space/unit minimum and instead pay a parking in-lieu fee and utilize existing City-owned Downtown parking facilities.

² Even though it is not currently allowed in the AUD Program, a for-sale condo scenario was run for the Priority Housing Overlay in the event the City wishes to reconsider this limitation.

B. Pro forma Inputs & Assumptions

The development pro formas include estimates of all-in development costs including land acquisition costs, direct construction costs (labor and materials), and all indirect (soft) costs of development including architecture and engineering, municipal fees and permits, taxes, insurance, legal, general administrative, and financing costs.

The development cost estimates for this analysis have been derived from a variety of sources including other development projects in the Santa Barbara market as well as similar projects in other urbanized areas of California. KMA also discussed pro forma inputs with several active Santa Barbara developers.

One of the key inputs for the pro formas is land acquisition costs. In general, the cost of purchasing development sites in the AUD areas is high, which corresponds with high real estate values in general. The table below summarizes land sale comparables researched for this assignment including recently closed sales and current listings. As shown, high density project sites are selling in the range of \$107,000/unit (on average), or \$150/square foot of land area. Sites for lower density projects are transacting at a higher per-unit value but a lower per-square foot value, which is typical in most high value markets.

Residential Land Sale Comparables

Santa Barbara AUD Projects

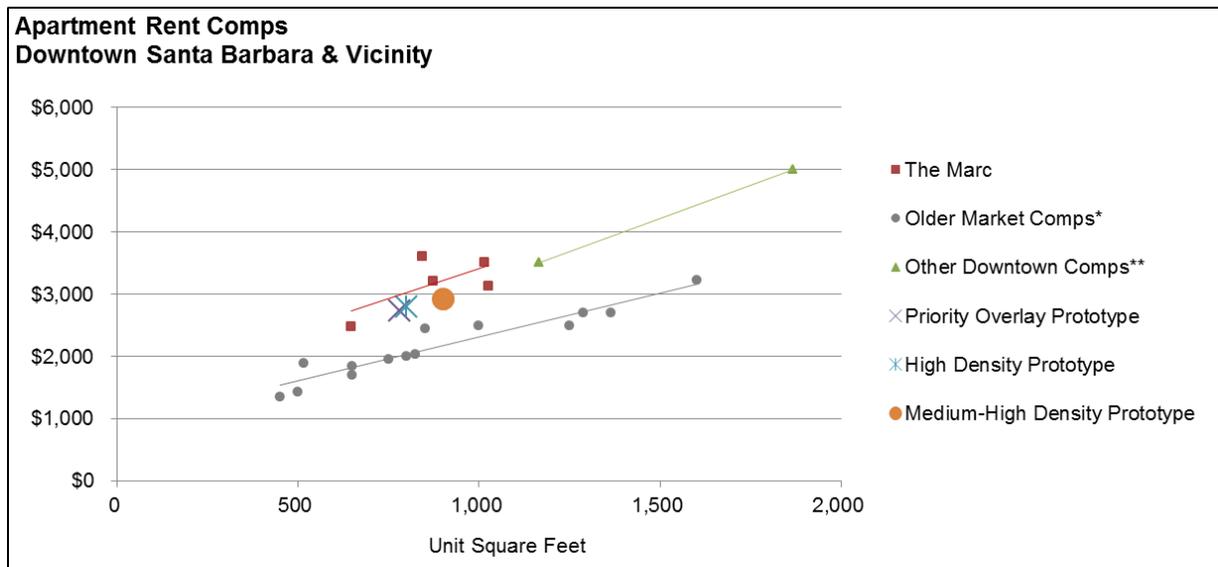
Location	Land SF	Acres	Units ⁽¹⁾	DU/Acre	Sale Date	Sale Price	\$/Unit	\$/SF
Higher Density Projects								
630 and 634 Anacapa Street	21,190	0.49	30	61.7	Jan-16	\$1,917,000	\$63,900	\$90
517 Chapala Street	11,500	0.26	16	60.6	May-16	\$2,100,000	\$131,250	\$183
421 E Haley Street	10,151	0.23	14	60.1	Listing	\$1,600,000	\$114,286	\$158
320-322 E Cota Street	15,244	0.35	22	62.9	Listing	\$2,600,000	\$118,182	\$171
Averages							\$106,904	\$150
Lower Density Projects								
915 East Anapamu Street	40,055	0.92	24	26.1	Jan-16	\$2,950,000	\$122,917	\$74
2912-2916 De La Vina	17,859	0.41	11	26.8	Listing	\$2,495,000	\$226,818	\$140
Averages							\$174,867	\$107
Older Comps								
3885 State Street	62,291	1.43	89	62.2	Jan-14	\$7,600,000	\$85,393	\$122
604 East Cota Street	20,670	0.47	29	61.1	Jan-14	\$1,400,000	\$48,276	\$68
825 De La Vina Street	14,793	0.34	21	61.8	Sep-15	\$2,500,000	\$119,048	\$169
116 East Cota Street	10,865	0.25	15	60.1	Oct-15	\$855,000	\$57,000	\$79

⁽¹⁾ Number of units based on appraisal information or maximum density permitted.

Source: Property appraisals, public records, property listings.

Once development costs have been estimated, it is necessary to estimate future rental income (for apartment projects) and unit sale revenues (for condominium projects). To inform these inputs, KMA performed a market survey of apartments and condominiums in the market, though it is noted that directly comparable rent and sales price data is limited due to the fact that very few AUD projects have actually been completed.

As shown in the chart below, the apartment rents for this analysis have been estimated significantly above those of older properties in the market built in the 1960's and 1970's but slightly below asking rents at The Marc. A slight discount to The Marc is viewed as appropriate given the fact that The Marc has a high level of amenities (pool, spa, fitness center, etc.) and plentiful parking that would not be possible in the prototypical smaller AUD projects. Under this assumption, monthly rents are estimated in the \$2,800 to \$3,000 range for the roughly 800 to 900 square foot apartment units (expressed in current 2017 dollars).



Source: Axiometrics, KMA

* Older Market Comps

Hope Gardens (1964)

Hope Ranch (1965)

Country Club (1963)

Monterey Pines (1971)

La Colina Gardens (1968)

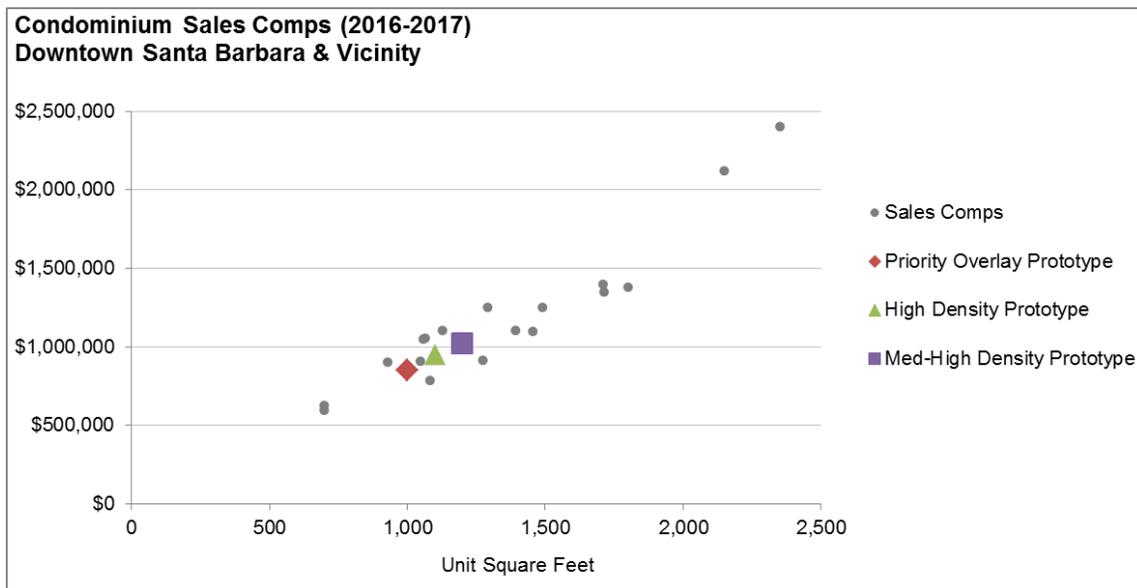
** Other Downtown Comps

Olive Street Lofts

121 De La Guerra

Similar to apartment rent comps, the market survey found a limited amount of data on comparable Downtown condominium sales. In order to inform sale prices of a newly built AUD condo project, KMA identified recent sales of units in more recently built units in Downtown Santa Barbara and its vicinity. These projects included: 401 Chapala (built in 2008), 18 W. Victoria (2014), 121 W. De La Guerra (2008), and Por La Mar (El Escorial) (1991). As shown in the following chart, this analysis has assumed AUD condo pricing of roughly \$900,000 to \$1

million for the roughly 1,000 to 1,200 square foot condominium units, which is at about the mid-point of closed sale prices in these properties, adjusted for unit size.



Source: Redfin, KMA

C. Results – Affordable Housing Scenarios

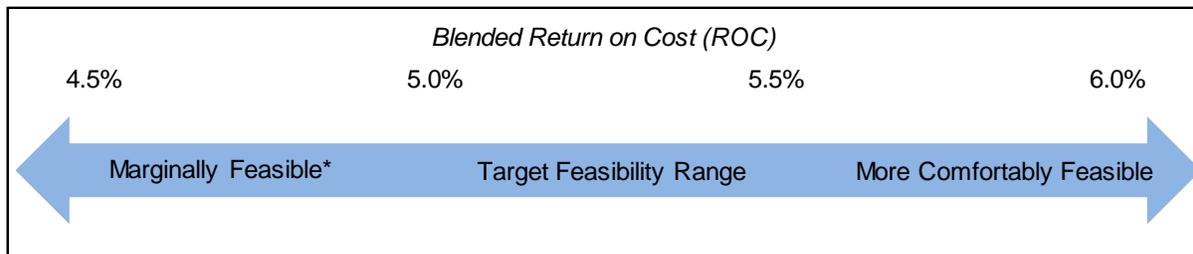
The pro formas for the affordable housing scenarios are included in Appendix C of this report and summarized in the following tables. The parking scenarios are discussed in the following Section III.

For the rental apartment pro formas, the output of the analysis is a Return on Cost (ROC), a measure of profitability. The Return on Cost is the relationship, expressed as a percentage, between a project’s projected stabilized net operating income (NOI) and the project’s all-in development costs. If the returns fall within a target range of profitability the project is considered generally feasible. If the returns fall below the target range of profitability the project’s feasibility is more difficult without some further improvement in economics. Based on current market conditions, the target Return on Cost for AUD apartment projects is estimated in the range of 5.0% and 5.5%. This is a blended return reflecting the comparatively low return required for debt (lower risk) and the higher return required for equity (higher risk).

It is important to note that pro formas involve forecasting of economic conditions, both of development costs and of income/revenues, sometimes several years into the future. As a result, pro formas rely upon both objective data inputs such as current construction cost data and comparable rent and sales data, as well as subjective judgments such as the future direction of the markets. For example, some developers may be bullish with regard to continued strengthening of apartment market conditions in Santa Barbara, while other developers may choose to be more conservative.

Furthermore, the target ROC range of 5.0% to 5.5% should not be considered an absolute, as there will be some projects, because of their unique risk profiles, for which a return above or below this range is appropriate. For this reason, project returns and feasibility should be thought of less in black and white terms and more as a continuum, with projects in the 5.0% to 5.5% range being generally feasible and projects with returns further below this range being increasingly less feasible.

CONTINUUM OF FEASIBILITY (2017)



**Marginally feasible projects require moderate improvement in economics (e.g., lower land costs, continued rising rents, moderation of construction costs, etc.).*

It is noted that ROC thresholds in the 5.0% to 5.5% range are low by historical standards and are a reflection of the current low cost of both debt and equity capital for new apartment investment as well as low capitalization rates of apartment property transactions³. Several years ago, ROC thresholds were closer to the 7.0% to 7.5% range.

The following chart summarizes the returns for the three AUD density tiers under the following scenarios:

- No Affordable Housing Requirements (Base Case) – Reflects the current condition in the AUD Program.
- Affordable Housing Fee – Assumes the project is required to pay an affordable housing fee equal to \$20 to \$30/square foot of net rentable area. For example, a project with an average unit size of 800 square feet would pay a fee of \$16,000/unit at \$20/square foot and \$24,000/unit at \$30/square foot.
- On-Site Affordable Housing – Assumes the project is required to include 5% to 15% of on-site units affordable to Moderate Income households (households earning up to 120% of AMI) under a long-term regulatory agreement with the City.

³ As of spring 2017, local apartment cap rates were reportedly in the range of 3.5% to 4.5%.

Return on Cost (ROC) - Rental Projects with Affordable Housing Fee

	No Affordable Housing	Affordable Housing Fee		
		@ \$20/SF	@ \$25/SF	@ \$30/SF
<i>Target ROC for Feasibility</i>		<----- ~5.0 - 5.5% ----->		
a) Priority Housing Overlay	5.36%	5.13%	5.09%	5.05%
b) High Density	5.30%	5.05%	5.00%	4.96%
c) Medium-High Density (outside CBD)	5.29%	5.04%	4.99%	4.95%
d) Medium-High Density (CBD)	3.74%	3.60%	3.57%	3.55%

See Appendix C for pro forma details.

Return on Cost (ROC) - Rental Projects with On-Site Moderate Income Units (up to 120% of AMI)

	No Affordable Housing	On-Site Moderate Income Units		
		@ 5%	@ 10%	@ 15%
<i>Target ROC for Feasibility</i>		<----- ~5.0 - 5.5% ----->		
a) Priority Housing Overlay	5.36%	5.25%	5.15%	5.04%
b) High Density	5.30%	5.18%	5.07%	4.95%
c) Medium-High Density (outside CBD)	5.29%	5.16%	5.04%	4.91%
d) Medium-High Density (CBD)	3.74%	3.65%	3.56%	3.47%

As shown, with the exception of Medium-High Density projects in the CBD, most of the rental project returns under the affordability scenarios are within the feasibility range, with a few scenarios slightly below the 5.0% to 5.5% target range. Medium-High Density projects in the CBD are the exception because lower density projects (up to 27 units/acre for Medium-High Density) are not high enough to support the high land values prevalent in the CBD.

As noted however, while feasibility may be more difficult for projects that are somewhat below the feasibility range, it does not necessarily mean they will not be built. For example, project returns can improve with continued strengthening of market rents, a moderation in construction cost increases, or a downward adjustment to land prices. The elasticity of land prices, or the willingness of property owners to sell at somewhat reduced values, would help developers of future projects absorb the costs of new affordable housing requirements.

Regarding for-sale condominium projects, projects developed through the AUD Program are subject to the City’s existing Inclusionary Housing program. For condo projects of 10 units and larger, the Inclusionary Housing requirement is 15% of on-site units at “Middle Income” (sale prices affordable to households earning 120% to 160% of AMI) or payment of an in-lieu fee. The in-lieu fee varies depending upon the sizes of the units in the project. The current fee for projects of 10 units and larger with an average unit size of 1,000 square feet equates to approximately \$50/square foot. Projects smaller than 10 units pay a reduced fee closer to \$18/square foot.

For the for-sale condominium prototypes, the target profit margin for feasibility, which is expressed as a percentage of net project revenues to gross unit sales, is estimated in a range of 20% to 25%. Unlike the apartment Return on Cost previously discussed, which is an annual return, the profits on condominium projects are fully realized upon the sale of all units and repayment of project debt.

As shown in the following summary table, it is estimated that the High Density and Medium-High Density (outside the CBD) condo prototypes are in the range of feasibility but not the Priority Housing Overlay condo prototype or the Medium-High Density condo prototype in the CBD. The feasibility for the Priority Housing Overlay prototype is more difficult because this prototype is assumed to be larger than 10 units and therefore required to pay a higher in-lieu fee than the High Density and Medium-High Density prototypes, both of which are assumed to be fewer than 10 units.

It is notable that of the ±35 High and Medium-High Density AUD projects, only two are proposed as for-sale condominium projects with the rest as rental apartments. This is an indication that, even in cases where condo projects may appear to be feasible, developers are generally preferring to develop apartments. Based on discussions KMA has had with local developers, one of the primary reasons for this preference is the risks of construction defects liability associated with condo projects.

Profit Margin - Condominium Projects

	Payment of Current In-Lieu Fee*	On-Site Affordable Housing: 15% @ Middle Income
<i>Target Profit Margin for Feasibility</i>	<----- ~20.0 - 25.0% ----->	
a) Priority Housing Overlay	17.1%	16.0%
b) High Density	22.1%	under 10 units not required
c) Medium-High Density (outside CBD)	24.6%	
d) Medium-High Density (CBD)	7.2%	

**In the current Inclusionary program, the in-lieu fee applicable to condo units is about \$18,000/unit for projects less than 10 units and about \$53,000/unit for projects of 10 units and more.*

D. Applicability of Pro forma Analyses

As is the case with any pro forma feasibility analysis, it is useful to understand how it can be used and where limitations exist in its ability to inform longer-term policy decisions:

- *Prototypical Nature of Analysis* – The financial feasibility analysis by its nature can only provide a general assessment of development economics because it is based on prototypical projects rather than specific projects. Every project has unique characteristics that will dictate apartment rents and condo sale prices supported by the

market as well as development costs and developer return requirements. The feasibility analysis is intended to reflect prototypical projects in the AUD Program but it is recognized that the economics of actual projects in the market will differ to some degree from those of the prototypes analyzed.

- *Near Term Time Horizon* – The feasibility analysis is a snapshot of real estate market conditions as of late 2017. The analysis is most informative regarding near term implications that new affordable housing and parking requirements could have on projects that have already purchased sites and are in the pre-development stages. Real estate development economics are fluid and are impacted by constantly changing conditions regarding rents and sale prices, construction costs, land costs, and costs of financing. A year or two from now, conditions will undoubtedly be different to some degree.

- *Adjustments to Land Costs over Time* – Developers purchase development sites at values that will allow for financially feasible projects. If the City adopts new affordable housing or parking requirements, developers will “price in” those requirements when evaluating a project’s economics and negotiating the purchase price for development sites. Given that the requirements will apply to all or most AUD projects, it is possible that downward pressure on land costs could result as developers adjust what they can afford to pay for land. The willingness of property owners to sell sites at a somewhat lower value, or “elasticity”, can bring costs back into better balance with the overall economics supported by projects.

III. PARKING SCENARIOS

Until recently, the AUD Program required a minimum of one space/unit for all unit sizes. At the August 15, 2017 City Council meeting, the minimum parking ratio for three-bedroom units was increased to two spaces/unit for projects outside the CBD. As discussed in Section I of this report, other than the new three bedroom requirement, the AUD parking ratios are below those that the City would normally require. The reduction in required parking spaces has been cited by local developers as an important factor in incentivizing AUD projects.

Of the ±60 active AUD projects in the development pipeline, about two-thirds are proposing the minimum residential parking ratio of one space/unit, with the average for High Density and Priority Overlay projects at just over one space/unit and for Medium-High Density projects an average of about 1.4 spaces/unit. These proposed parking ratios are an indication that most developers feel that providing on-site parking at just over one space/unit on average is adequate to serve project residents.

The minimum parking ratios under the AUD Program have been the subject of some discussion due to a perception that the ratios are inadequate and will result in negative parking impacts in some neighborhoods. However, at this time there is no quantitative data that KMA is aware of evidencing the adequacy or inadequacy of the program's parking ratios, the number of cars owned by residents of AUD projects, or the extent to which residents park in the neighborhoods⁴. Nonetheless this study considers potential approaches the City could take to alleviate perceived parking challenges.

A. Parking Scenarios

As a prelude to the discussion of parking scenarios, it is recognized that rapid advancements in technology are in the process of transforming our traditionally car-dependent communities, especially in urbanized settings. The widespread use of services such as Uber, Lyft, and Zipcar, and the prevalence of on-line shopping and delivery services have allowed a number of families to get by with one or two cars (or none) rather than the three or four that may have been the case previously. In addition to these technological advancements, there has also been a societal shift in attitudes about car ownership, living in mixed-use and higher density neighborhoods, and expanded use of public transit, walking, and biking.

The approaches the City could take to addressing parking challenges in the AUD areas can be thought of in three categories: (1) strategies to increase parking supply, (2) strategies to reduce parking demand, and (3) a combination of both.

⁴ It is noted that the City will require new AUD project property owners to complete a survey of residents that includes information regarding car ownership and location of employment. However, the AUD projects completed to date are still too new to have complete resident survey information.

Increasing parking supply may be the most straight-forward approach to addressing perceived parking problems but it may also be the most costly. Building a conventional side-by-side parking space in a higher density residential project costs in the range of \$30,000/space depending upon layout, design, and building efficiencies and could be \$50,000+/space for subterranean parking. Accommodating parking is particularly challenging on small or otherwise constrained parcels due to minimum requirements for garage drive aisles, turning radii, etc. In fact, it is for this reason that the AUD Program's parking incentives is likely one of the important reasons why the program has been so effective in stimulating development activity. Furthermore, building area dedicated to parking is theoretically building area that could be residential units instead. Therefore, in some cases more parking could result in less housing⁵.

An alternative to conventional side-by-side parking is use of parking lifts, or stackers. Depending upon the type of system, parking lifts can be provided in the range of \$15,000 to \$20,000/space. The simplest type of parking lift is a 2-car "dependent" lift in which a rack stores one car above another and requires the bottom car to be vacated before the upper can be lowered. More costly systems include either subterranean pits, which allow the bottom car to be lowered into a pit so the upper car can independently accessed, or an automated "puzzle lift" which mechanically moves cars both vertically and horizontally in a rack system to independently access an individual car. Though lifts are becoming more popular in very high cost markets such as San Francisco, so far they remain rare in Santa Barbara. Though the cost savings are apparent, developers also have to consider potential user resistance due to the additional time required to access the car (typically about a minute), limitations on larger vehicles, and perceived reliability issues.

In addition to approaches to increasing parking supply, the analysis also considered an option in which projects in the CBD are allowed to utilize existing City parking garages for some or all resident parking rather than provide all resident parking on-site. This strategy, which would entail the project paying the City a parking in-lieu fee, would allow for better utilization of the City's parking resources in the evenings while minimizing the cost of on-site parking. This approach would be most effective for projects with very close proximity to City garages and, even so, providing at least some level of on-site residential parking may be necessary for project marketability in the near term. In-lieu fees were tested in the range of \$10,000 to \$20,000/parking space.

Other strategies to address parking issues, which were not directly analyzed in this study, include unbundling of parking, promotion of other modes of transportation, extending parking meters and enforcement of other time limits, and adoption of a monthly residential parking permit program. In all cases, it would be recommended that the City's future parking decisions be informed by a comprehensive parking study.

⁵ It is noted that this analysis assumes that building size can be increased to accommodate the additional parking without any loss of units.

B. Results – Parking Scenarios

The following tables summarize the feasibility results under the scenarios with additional parking requirements, both with conventional side-by-side parking and with parking stackers, and with payment of a parking in-lieu fee for projects in the CBD. The scenarios with additional on-site parking assume 1 space/unit for studio and one-bedroom units, 1.5 spaces/unit for two-bedroom units, and 2 spaces/unit for three bedroom units. These tables show the project returns without any affordable housing requirements as well as the previously discussed scenarios with housing fees and on-site affordable housing.

As shown, when the additional parking requirements are added to the affordable housing requirements, in some cases the project returns fall below the feasibility range. For example, the returns for High and Medium-High Density projects with additional parking and housing requirements of \$30/square foot or 15% on-site, fall within a range in which feasibility is increasingly challenged (at or below 4.9%). Therefore, with the additional parking requirements, the City may wish to consider affordable housing requirements that are somewhat lower than the upper end of the range shown.

Parking Scenarios - Priority Housing Overlay Prototype (Outside CBD)

	Parking Ratio ⁽¹⁾	No Afford Housing	Affordable Housing Fee			On-Site Moderate Income Units		
			@ \$20/SF	@ \$25/SF	@ \$30/SF	@ 5%	@ 10%	@ 15%
<i>Target ROC for Feasibility</i>			<----- ~5.0-5.5% ----->			<----- ~5.0-5.5% ----->		
Base Case Priority Overlay	1.00 sp/unit	5.36%	5.13%	5.09%	5.05%	5.25%	5.15%	5.04%
a) Increased Parking - Conventional	1.35 sp/unit	5.25%	5.04%	4.99%	4.95%	5.15%	5.05%	4.95%
b) Increased Parking - Stackers	1.35 sp/unit	5.31%	5.09%	5.05%	5.01%	5.20%	5.10%	5.00%

⁽¹⁾ Additional parking scenarios assume 1 space for studio and 1-BR units, 1.5 spaces for 2-BR units, and 2 spaces for 3-BR units.

Parking Scenarios - Priority Housing Overlay Prototype (CBD)

	Parking Ratio ⁽¹⁾	No Afford Housing	Affordable Housing Fee			On-Site Moderate Income Units		
			@ \$20/SF	@ \$25/SF	@ \$30/SF	@ 5%	@ 10%	@ 15%
<i>Target ROC for Feasibility</i>			<----- ~5.0-5.5% ----->			<----- ~5.0-5.5% ----->		
Base Case Priority Overlay	1.00 sp/unit	5.36%	5.13%	5.09%	5.05%	5.25%	5.15%	5.04%
a) Pkg In-Lieu Fee @ \$10,000/sp	0.00 sp/unit	5.56%	5.29%	5.25%	5.20%	5.47%	5.37%	5.27%
b) Pkg In-Lieu Fee @ \$15,000/sp	0.00 sp/unit	5.48%	5.22%	5.17%	5.12%	5.38%	5.29%	5.19%
c) Pkg In-Lieu Fee @ \$20,000/sp	0.00 sp/unit	5.40%	5.14%	5.10%	5.05%	5.31%	5.21%	5.12%

⁽¹⁾ Assumes payment of parking in-lieu fee and no on-site parking. Parking to be provided in nearby City garages.

\$10,000/space fee ~ \$4.50/square foot of net residential area.

\$15,000/space fee ~ \$6.75/square foot of net residential area.

\$20,000/space fee ~ \$9.00/square foot of net residential area.

Parking Scenarios - High Density Prototype (Outside CBD)

	Parking Ratio ⁽¹⁾	No Afford Housing	Affordable Housing Fee			On-Site Moderate Income Units		
			@ \$20/SF	@ \$25/SF	@ \$30/SF	@ 5%	@ 10%	@ 15%
<i>Target ROC for Feasibility</i>			<----- ~5.0-5.5% ----->			<----- ~5.0-5.5% ----->		
Base Case High Density	1.00 sp/unit	5.30%	5.05%	5.00%	4.96%	5.18%	5.07%	4.95%
a) Increased Parking - Conventional	1.44 sp/unit	5.20%	4.92%	4.88%	4.84%	5.09%	4.97%	4.86%
b) Increased Parking - Stackers	1.44 sp/unit	5.24%	5.00%	4.96%	4.91%	5.13%	5.01%	4.90%

⁽¹⁾ Additional parking scenarios assume 1 space for studio and 1-BR units, 1.5 spaces for 2-BR units, and 2 spaces for 3-BR units.

[Note: the High Density areas of the CBD are also in the Priority Housing Overlay.]

Parking Scenarios - Medium-High Density Prototype (Outside CBD)

	Parking Ratio ⁽¹⁾	No Afford Housing	Affordable Housing Fee			On-Site Moderate Income Units		
			@ \$20/SF	@ \$25/SF	@ \$30/SF	@ 5%	@ 10%	@ 15%
<i>Target ROC for Feasibility</i>			<----- ~5.0-5.5% ----->			<----- ~5.0-5.5% ----->		
Base Case High Density	1.00 sp/unit	5.29%	5.04%	4.99%	4.95%	5.16%	5.04%	4.91%
a) Increased Parking - Conventional	1.50 sp/unit	5.17%	4.94%	4.89%	4.84%	5.05%	4.93%	4.81%
b) Increased Parking - Stackers	1.50 sp/unit	5.21%	4.98%	4.93%	4.88%	5.09%	4.97%	4.85%

⁽¹⁾ Additional parking scenarios assume 1 space for studio and 1-BR units, 1.5 spaces for 2-BR units, and 2 spaces for 3-BR units.

Parking Scenarios - Medium-High Density Prototype (CBD)

	Parking Ratio ⁽¹⁾	No Afford Housing	Affordable Housing Fee			On-Site Moderate Income Units		
			@ \$20/SF	@ \$25/SF	@ \$30/SF	@ 5%	@ 10%	@ 15%
<i>Target ROC for Feasibility</i>			<----- ~5.0-5.5% ----->			<----- ~5.0-5.5% ----->		
Base Case Priority Overlay	1.00 sp/unit	3.74%	3.60%	3.57%	3.55%	3.65%	3.56%	3.47%
a) Pkg In-Lieu Fee @ \$10,000/sp	0.00 sp/unit	4.05%	3.86%	3.83%	3.80%	3.96%	3.87%	3.79%
b) Pkg In-Lieu Fee @ \$15,000/sp	0.00 sp/unit	4.01%	3.83%	3.80%	3.76%	3.92%	3.84%	3.75%
c) Pkg In-Lieu Fee @ \$20,000/sp	0.00 sp/unit	3.97%	3.79%	3.76%	3.73%	3.89%	3.80%	3.71%

⁽¹⁾ Assumes payment of parking in-lieu fee and no on-site parking. Parking to be provided in nearby City garages.

ATTACHMENT A (FEASIBILITY STUDY). Demographic Profile

Santa Barbara City and County

	City of Santa Barbara		County of Santa Barbara	
Population	92,661		449,510	
Households	36,976		149,431	
Families	19,126		96,284	
Average Household Size	2.45		2.88	
Median Age	37.9		34.7	
<u>Households by Tenure</u>				
Owner Occupied Households	14,061	38%	76,823	51%
Renter Occupied Households	<u>22,915</u>	<u>62%</u>	<u>72,608</u>	<u>49%</u>
	36,976	100%	149,431	100%
<u>Race and Ethnicity</u>				
White Alone	67,597	73%	303,027	67%
Some Other Race Alone	14,744	16%	83,486	19%
Other	<u>10,320</u>	<u>11%</u>	<u>62,997</u>	<u>14%</u>
	92,661	100%	449,510	100%
Hispanic Origin	38,049	41%	205,883	46%
<u>Income</u>				
Median Household Income	\$69,081		\$65,146	
Per Capita Income	\$41,818		\$32,633	
<u>Distribution of Household Income</u>				
<\$50,000	13,604	37%	56,992	38%
\$50,000 - \$99,999	10,555	29%	44,318	30%
\$100,000 - \$149,999	5,451	15%	23,108	15%
\$150,000 - \$199,999	3,072	8%	11,260	8%
>\$200,000	<u>4,294</u>	<u>12%</u>	<u>13,736</u>	<u>9%</u>
	36,976	100%	149,414	100%
<u>Employment by Industry</u>				
Agriculture, Forestry, Fishing, Mining	560	1%	17,451	9%
Construction	3,288	7%	11,107	5%
Manufacturing	2,672	5%	15,003	7%
Wholesale Trade	969	2%	4,601	2%
Retail Trade	4,691	10%	20,908	10%
Transportation, Warehousing, Utilities	783	2%	6,278	3%
Information	1,325	3%	4,182	2%
Finance, Insurance, Real Estate	3,032	6%	10,623	5%
Professional, Scientific, Administrative	8,658	18%	23,325	11%
Waste Management				
Educational, Health Care, Social Assistance	11,237	23%	46,729	23%
Arts, Entertainment, Recreation, Accommodation, Food Services	7,140	15%	24,075	12%
Other Services	2,794	6%	10,526	5%
Public Administration	<u>1,525</u>	<u>3%</u>	<u>8,808</u>	<u>4%</u>
Total	48,674	100%	203,616	100%

Source: ESRI Business Analyst; American Community Survey

ATTACHMENT B (FEASIBILITY STUDY). AUD Prototypes

City of Santa Barbara

	Priority Overlay Prototype	High Density Prototype	Medium-High Density Prototype
Rental Projects			
Acres	0.30 acres	0.30 acres	0.30 acres
Total Units	17 units	9 units	6 units
Studio	2 12%	1 11%	0 0%
1-Bedroom	5 29%	2 22%	2 33%
2-Bedroom	8 47%	4 44%	3 50%
3-Bedroom	2 12%	2 22%	1 17%
Density	56.7 du/acre	30.0 du/acre	20.0 du/acre
Average Unit Size	780 sf	800 sf	900 sf
Comm'l Space	1,000 sf	0 sf	0 sf
% of Total	7%	0%	0%
Affordable Housing	Various ⁽¹⁾	Various ⁽¹⁾	Various ⁽¹⁾
Parking ⁽²⁾			
Parking Type	Podium/ug	Podium/surface	Surface Lot
Residential ratio	1.0 /unit	1.0 /unit	1.0 /unit
Commercial ratio	4.0 /1,000sf	NA	NA
Residential spaces	17 spaces	9 spaces	6 spaces
Commercial spaces	<u>4</u> spaces	<u>NA</u>	<u>NA</u>
	21	9	6
For-Sale Projects ⁽³⁾			
Acres	0.30 acres	0.30 acres	0.30 acres
Total Units	13 units	7 units	5 units
Studio	1 8%	0 0%	0 0%
1-Bedroom	4 31%	2 29%	1 20%
2-Bedroom	6 46%	3 43%	2 40%
3-Bedroom	2 15%	2 29%	2 40%
Density	43.3 du/acre	23.3 du/acre	16.7 du/acre
Average Unit Size	1,000 sf	1,100 sf	1,200 sf
Comm'l Space	1,000 sf	0 sf	0 sf
% of Total	7%	0%	0%
Affordable Housing	Various ⁽¹⁾	Various ⁽¹⁾	Various ⁽¹⁾
Parking ⁽²⁾			
Parking Type	Podium/ug	Podium/surface	Surface Lot
Residential ratio	1.0 /unit	1.0 /unit	1.0 /unit
Commercial ratio	4.0 /1,000sf	NA	NA
Residential spaces	13 spaces	7 spaces	5 spaces
Commercial spaces	<u>4</u> spaces	<u>NA</u>	<u>NA</u>
	17	7 spaces	5 spaces

⁽¹⁾ Prototypes are tested at various levels of housing fees and/or on-site units.

⁽²⁾ Prototype alternatives include variations in parking ratios and parking solutions.

⁽³⁾ For-sale projects are not currently allowed in the Priority Overlay area. This prototype is included in order to inform any potential land use changes and to assess possible incentives for for-sale projects.

ATTACHMENT C. TABLE A-1.

Rental Projects Pro forma: Priority Housing Overlay Prototype
 Santa Barbara AUD Program Feasibility Analysis

	No Affordable Housing All Market Rate			Housing Impact Fee \$25/SF Impact Fee			On-Site Affordable Housing 10% at Moderate			
Development Program										
Site Size	0.30 acres			0.30 acres			0.30 acres			
Units	17 units			17 units			17 units			
Density	56.7 du/acre			56.7 du/acre			56.7 du/acre			
Average Unit Size	780 sf			780 sf			780 sf			
Unit Mix										
Studio	2 units			2 units			2 units			
1-Bedroom	5 units			5 units			5 units			
2-Bedroom	8 units			8 units			8 units			
3-Bedroom	2 units			2 units			2 units			
	17 units			17 units			17 units			
Gross Building Area	17,825 sf			17,825 sf			17,825 sf			
Net Residential Area	13,260 sf			13,260 sf			13,260 sf			
Net Commercial Area	1,000 sf			1,000 sf			1,000 sf			
Building Efficiency	80% efficiency			80% efficiency			80% efficiency			
Residential Parking	17 spaces		1.00	17 spaces		1.00	17 spaces		1.00	
Commercial Parking	4 spaces			4 spaces			4 spaces			
	21 spaces			21 spaces			21 spaces			
Affordability										
Market Rate Units	17	100%		17	100%		15.3	90%	(1)	
Moderate Income	0	0%		0	0%		1.7	10%		
Total Units	17	100%		17	100%		17	100%		
Development Costs										
		\$/GSF	\$/Unit	Total	\$/GSF	\$/Unit	Total	\$/GSF	\$/Unit	Total
<u>Land Acquisition</u>	\$110,000	\$105	\$110,000	\$1,870,000	\$105	\$110,000	\$1,870,000	\$105	\$110,000	\$1,870,000
Directs										
Residential Directs	\$200	\$200	\$209,706	\$3,565,000	\$200	\$209,706	\$3,565,000	\$200	\$209,706	\$3,565,000
Parking Structure	\$100	\$38	\$40,176	\$683,000	\$38	\$40,176	\$683,000	\$38	\$40,176	\$683,000
Contingency (Directs)	5.0%	\$12	\$12,471	\$212,000	\$12	\$12,471	\$212,000	\$12	\$12,471	\$212,000
Subtotal		\$250	\$262,353	\$4,460,000	\$250	\$262,353	\$4,460,000	\$250	\$262,353	\$4,460,000
Indirects										
A&E		\$11	\$11,824	\$201,000	\$11	\$11,824	\$201,000	\$11	\$11,824	\$201,000
Affordable Housing Fee ⁽²⁾		\$0	\$0	\$0	\$19	\$19,500	\$331,500	Not applicable		
Other Fees & Permits	\$20	\$20	\$21,000	\$357,000	\$20	\$21,000	\$357,000	\$20	\$21,000	\$357,000
Taxes, Insurance, Legal		\$7	\$7,647	\$130,000	\$7	\$7,647	\$130,000	\$7	\$7,647	\$130,000
Sales & Marketing		\$8	\$8,824	\$150,000	\$8	\$8,824	\$150,000	\$8	\$8,824	\$150,000
Overhead/Other Indirects		\$10	\$10,588	\$180,000	\$10	\$10,588	\$180,000	\$10	\$10,588	\$180,000
Financing	65%	\$12	\$12,353	\$210,000	\$12	\$12,941	\$220,000	\$12	\$12,353	\$210,000
Subtotal Indirects		\$69	\$72,235	\$1,228,000	\$88	\$92,324	\$1,569,500	\$69	\$72,235	\$1,228,000
Total Development Costs		\$424	\$444,588	\$7,558,000	\$443	\$464,676	\$7,899,500	\$424	\$444,588	\$7,558,000
Operating Income										
		Units	Rent	Total Annual	Units	Rent	Total Annual	Units	Rent	Total Annual
Market Rate Units		17	\$2,750	\$561,000	17	\$2,750	\$561,000	15.3	\$2,750	\$504,900
Moderate Income Units ⁽³⁾		0	\$0	\$0	0	\$0	\$0	1.7	\$1,791	\$36,536
Total		17	\$2,750	\$561,000	17	\$2,750	\$561,000	17	\$2,654	\$541,436
Other Residential Income				\$20,400			\$20,400			\$20,400
Commercial Income (NNN)	\$36.00			\$36,000			\$36,000			\$36,000
(Less) Residential Vacancy ⁽⁴⁾	5.0%			(\$29,100)			(\$29,100)			(\$28,100)
(Less) Commercial Vacancy ⁽⁴⁾	10.0%			(\$3,600)			(\$3,600)			(\$3,600)
Effective Gross Income				\$584,700			\$584,700			\$566,136
(Less) Op Ex	\$6,000			(\$102,000)			(\$102,000)			(\$102,000)
(Less) Property Taxes				(\$77,700)			(\$80,800)			(\$75,000)
NOI				\$405,000			\$401,900			\$389,136
Return on Cost (ROC)				5.36%			5.09%			5.15%

(1) For this analysis, on-site affordable housing is shown as a fractional unit. In reality, fractional units would be paid through a roughly equivalent housing fee.

(2) Affordable housing fee calculated against net rentable residential area.

(3) Affordable rent based on 2-bedroom unit.

(4) Vacancy rates include collection loss.

ATTACHMENT C. TABLE A-2.

Rental Projects Pro forma: High Density Prototype
 Santa Barbara AUD Program Feasibility Analysis

	No Affordable Housing			Housing Impact Fee			On-Site Affordable Housing			
	All Market Rate			\$25/SF Impact Fee			10% at Moderate			
Development Program										
Site Size	0.30 acres			0.30 acres			0.30 acres			
Units	9 units			9 units			9 units			
Density	30.0 du/acre			30.0 du/acre			30.0 du/acre			
Average Unit Size	800 sf			800 sf			800 sf			
Unit Mix										
Studio	1 units			1 units			1 units			
1-Bedroom	2 units			2 units			2 units			
2-Bedroom	4 units			4 units			4 units			
3-Bedroom	2 units			2 units			2 units			
	9 units			9 units			9 units			
Gross Building Area	9,000 sf			9,000 sf			9,000 sf			
Net Residential Area	7,200 sf			7,200 sf			7,200 sf			
Net Commercial Area	0 sf			0 sf			0 sf			
Building Efficiency	80% efficiency			80% efficiency			80% efficiency			
Residential Parking	9 spaces 1.00			9 spaces 1.00			9 spaces 1.00			
Commercial Parking	0 spaces			0 spaces			0 spaces			
	9 spaces			9 spaces			9 spaces			
Affordability										
Market Rate Units	9 100%			9 100%			8.1 90%			
Moderate Income	0 0%			0 0%			0.9 10% (1)			
Total Units	9 100%			9 100%			9 100%			
Development Costs										
		\$/GSF	\$/Unit	Total	\$/GSF	\$/Unit	Total	\$/GSF	\$/Unit	Total
<u>Land Acquisition</u>	\$140,000	\$140	\$140,000	\$1,260,000	\$140	\$140,000	\$1,260,000	\$140	\$140,000	\$1,260,000
Directs										
Residential Directs	\$190	\$190	\$190,000	\$1,710,000	\$190	\$190,000	\$1,710,000	\$190	\$190,000	\$1,710,000
Parking Structure (partial)	\$50	\$16	\$16,222	\$146,000	\$16	\$16,222	\$146,000	\$16	\$16,222	\$146,000
Contingency (Directs)	5.0%	\$10	\$10,333	\$93,000	\$10	\$10,333	\$93,000	\$10	\$10,333	\$93,000
Subtotal		\$217	\$216,556	\$1,949,000	\$217	\$216,556	\$1,949,000	\$217	\$216,556	\$1,949,000
Indirects										
A&E		\$10	\$9,778	\$88,000	\$10	\$9,778	\$88,000	\$10	\$9,778	\$88,000
Affordable Housing Fee ⁽²⁾		\$0	\$0	\$0	\$20	\$20,000	\$180,000	Not applicable		
Other Fees & Permits	\$20	\$20	\$20,000	\$180,000	\$20	\$20,000	\$180,000	\$20	\$20,000	\$180,000
Taxes, Insurance, Legal		\$7	\$6,667	\$60,000	\$7	\$6,667	\$60,000	\$7	\$6,667	\$60,000
Sales & Marketing		\$9	\$8,889	\$80,000	\$9	\$8,889	\$80,000	\$9	\$8,889	\$80,000
Overhead/Other Indirects		\$9	\$8,889	\$80,000	\$9	\$8,889	\$80,000	\$9	\$8,889	\$80,000
Financing	65%	\$12	\$12,222	\$110,000	\$12	\$12,222	\$110,000	\$12	\$12,222	\$110,000
Subtotal Indirects		\$66	\$66,444	\$598,000	\$86	\$86,444	\$778,000	\$66	\$66,444	\$598,000
Total Development Costs		\$423	\$423,000	\$3,807,000	\$443	\$443,000	\$3,987,000	\$423	\$423,000	\$3,807,000
Operating Income										
		Units	Rent	Total Annual	Units	Rent	Total Annual	Units	Rent	Total Annual
Market Rate Units		9	\$2,800	\$302,400	9	\$2,800	\$302,400	8.1	\$2,800	\$272,160
Moderate Income Units ⁽³⁾		0	\$0	\$0	0	\$0	\$0	0.9	\$1,791	\$19,343
Total		9	\$2,800	\$302,400	9	\$2,800	\$302,400	9	\$2,699	\$291,503
Other Residential Income				\$10,800			\$10,800			\$10,800
Commercial Income (NNN)	\$36.00			\$0			\$0			\$0
(Less) Residential Vacancy ⁽⁴⁾	5.0%			(\$15,700)			(\$15,700)			(\$15,100)
(Less) Commercial Vacancy ⁽⁴⁾	10.0%			\$0			\$0			\$0
Effective Gross Income				\$297,500			\$297,500			\$287,203
(Less) Op Ex	\$6,000			(\$54,000)			(\$54,000)			(\$54,000)
(Less) Property Taxes				(\$41,800)			(\$44,000)			(\$40,300)
NOI				\$201,700			\$199,500			\$192,903
Return on Cost (ROC)				5.30%			5.00%			5.07%

(1) For this analysis, on-site affordable housing is shown as a fractional unit. In reality, fractional units would be paid through a roughly equivalent housing fee.

(2) Affordable housing fee calculated against net rentable residential area.

(3) Affordable rent based on 2-bedroom unit.

(4) Vacancy rates include collection loss.

ATTACHMENT C. TABLE A-3.

Rental Projects Pro forma: Medium-High Density Prototype (Outside CBD)
 Santa Barbara AUD Program Feasibility Analysis

	No Affordable Housing All Market Rate			Housing Impact Fee \$25/SF Impact Fee			On-Site Affordable Housing 10% at Moderate			
Development Program										
Site Size	0.30 acres			0.30 acres			0.30 acres			
Units	6 units			6 units			6 units			
Density	20.0 du/acre			20.0 du/acre			20.0 du/acre			
Average Unit Size	900 sf			900 sf			900 sf			
Unit Mix										
Studio	0 units			0 units			0 units			
1-Bedroom	2 units			2 units			2 units			
2-Bedroom	3 units			3 units			3 units			
3-Bedroom	1 units			1 units			1 units			
	6 units			6 units			6 units			
Gross Building Area	6,750 sf			6,750 sf			6,750 sf			
Net Residential Area	5,400 sf			5,400 sf			5,400 sf			
Net Commercial Area	0 sf			0 sf			0 sf			
Building Efficiency	80% efficiency			80% efficiency			80% efficiency			
Residential Parking	6 spaces	1.00		6 spaces	1.00		6 spaces	1.00		
Commercial Parking	0 spaces			0 spaces			0 spaces			
	6 spaces			6 spaces			6 spaces			
Affordability										
Market Rate Units	6	100%		6	100%		5.4	90%		
Moderate Income	0	0%		0	0%		0.6	10% ⁽¹⁾		
Total Units	6	100%		6	100%		6	100%		
Development Costs										
		\$/GSF	\$/Unit	Total	\$/GSF	\$/Unit	Total	\$/GSF	\$/Unit	Total
<u>Land Acquisition</u>	\$170,000	\$151	\$170,000	\$1,020,000	\$151	\$170,000	\$1,020,000	\$151	\$170,000	\$1,020,000
<u>Directs</u>										
Residential Directs	\$175	\$175	\$196,833	\$1,181,000	\$175	\$196,833	\$1,181,000	\$175	\$196,833	\$1,181,000
Parking Structure	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contingency (Directs)	5.0%	\$9	\$9,833	\$59,000	\$9	\$9,833	\$59,000	\$9	\$9,833	\$59,000
Subtotal		\$184	\$206,667	\$1,240,000	\$184	\$206,667	\$1,240,000	\$184	\$206,667	\$1,240,000
<u>Indirects</u>										
A&E		\$8	\$9,333	\$56,000	\$8	\$9,333	\$56,000	\$8	\$9,333	\$56,000
Affordable Housing Fee ⁽²⁾		\$0	\$0	\$0	\$20	\$22,500	\$135,000	Not applicable		
Other Fees & Permits	\$20	\$20	\$22,500	\$135,000	\$20	\$22,500	\$135,000	\$20	\$22,500	\$135,000
Taxes, Insurance, Legal		\$6	\$6,667	\$40,000	\$6	\$6,667	\$40,000	\$6	\$6,667	\$40,000
Sales & Marketing		\$7	\$8,333	\$50,000	\$7	\$8,333	\$50,000	\$7	\$8,333	\$50,000
Overhead/Other Indirects		\$7	\$8,333	\$50,000	\$7	\$8,333	\$50,000	\$7	\$8,333	\$50,000
Financing	65%	\$12	\$13,333	\$80,000	\$12	\$13,333	\$80,000	\$12	\$13,333	\$80,000
Subtotal Indirects		\$61	\$68,500	\$411,000	\$81	\$91,000	\$546,000	\$61	\$68,500	\$411,000
Total Development Costs		\$396	\$445,167	\$2,671,000	\$416	\$467,667	\$2,806,000	\$396	\$445,167	\$2,671,000
Operating Income										
		Units	Rent	Total Annual	Units	Rent	Total Annual	Units	Rent	Total Annual
Market Rate Units		6	\$2,925	\$210,600	6	\$2,925	\$210,600	5.4	\$2,925	\$189,540
Moderate Income Units ⁽³⁾		0	\$0	\$0	0	\$0	\$0	0.6	\$1,791	\$12,895
Total		6	\$2,925	\$210,600	6	\$2,925	\$210,600	6	\$2,812	\$202,435
Other Residential Income				\$7,200			\$7,200			\$7,200
Commercial Income (NNN)	\$36.00			\$0			\$0			\$0
(Less) Residential Vacancy ⁽⁴⁾	5.0%			(\$10,900)			(\$10,900)			(\$10,500)
(Less) Commercial Vacancy ⁽⁴⁾	10.0%			\$0			\$0			\$0
Effective Gross Income				\$206,900			\$206,900			\$199,135
(Less) Op Ex	\$6,000			(\$36,000)			(\$36,000)			(\$36,000)
(Less) Property Taxes				(\$29,700)			(\$30,800)			(\$28,500)
NOI				\$141,200			\$140,100			\$134,635
Return on Cost (ROC)				5.29%			4.99%			5.04%

⁽¹⁾ For this analysis, on-site affordable housing is shown as a fractional unit. In reality, fractional units would be paid through a roughly equivalent housing fee.

⁽²⁾ Affordable housing fee calculated against net rentable residential area.

⁽³⁾ Affordable rent based on 2-bedroom unit.

⁽⁴⁾ Vacancy rates include collection loss.

ATTACHMENT C. TABLE A-4.

Rental Projects Pro forma: Medium-High Density Prototype (CBD)
 Santa Barbara AUD Program Feasibility Analysis

	No Affordable Housing			Housing Impact Fee			On-Site Affordable Housing			
	All Market Rate			\$25/SF Impact Fee			10% at Moderate			
Development Program										
Site Size	0.30	acres		0.30	acres		0.30	acres		
Units	6	units		6	units		6	units		
Density	20.0	du/acre		20.0	du/acre		20.0	du/acre		
Average Unit Size	900	sf		900	sf		900	sf		
Unit Mix										
Studio	0	units		0	units		0	units		
1-Bedroom	2	units		2	units		2	units		
2-Bedroom	3	units		3	units		3	units		
3-Bedroom	1	units		1	units		1	units		
	6	units		6	units		6	units		
Gross Building Area	6,750	sf		6,750	sf		6,750	sf		
Net Residential Area	5,400	sf		5,400	sf		5,400	sf		
Net Commercial Area	0	sf		0	sf		0	sf		
Building Efficiency	80%	efficiency		80%	efficiency		80%	efficiency		
Residential Parking	6	spaces	1.00	6	spaces	1.00	6	spaces	1.00	
Commercial Parking	0	spaces		0	spaces		0	spaces		
	6	spaces		6	spaces		6	spaces		
Affordability										
Market Rate Units	6	100%		6	100%		5.4	90%		
Moderate Income	0	0%		0	0%		0.6	10%	(1)	
Total Units	6	100%		6	100%		6	100%		
Development Costs										
	\$/GSF	\$/Unit	Total	\$/GSF	\$/Unit	Total	\$/GSF	\$/Unit	Total	
<u>Land Acquisition</u> ⁽²⁾	\$277	\$311,667	\$1,870,000	\$277	\$311,667	\$1,870,000	\$277	\$311,667	\$1,870,000	
Directs										
Residential Directs	\$175	\$175	\$196,833	\$175	\$175	\$196,833	\$175	\$175	\$196,833	
Parking Structure	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Contingency (Directs)	5.0%	\$9	\$9,833	\$9	\$9,833	\$59,000	\$9	\$9,833	\$59,000	
Subtotal		\$184	\$206,667	\$184	\$206,667	\$1,240,000	\$184	\$206,667	\$1,240,000	
Indirects										
A&E	\$8	\$9,333	\$56,000	\$8	\$9,333	\$56,000	\$8	\$9,333	\$56,000	
Affordable Housing Fee ⁽³⁾	\$0	\$0	\$0	\$20	\$22,500	\$135,000	Not applicable			
Other Fees & Permits	\$20	\$20	\$22,500	\$20	\$22,500	\$135,000	\$20	\$22,500	\$135,000	
Taxes, Insurance, Legal		\$6	\$6,667	\$6	\$6,667	\$40,000	\$6	\$6,667	\$40,000	
Sales & Marketing		\$7	\$8,333	\$7	\$8,333	\$50,000	\$7	\$8,333	\$50,000	
Overhead/Other Indirects		\$7	\$8,333	\$7	\$8,333	\$50,000	\$7	\$8,333	\$50,000	
Financing	65%	\$15	\$16,667	\$15	\$16,667	\$100,000	\$15	\$16,667	\$100,000	
Subtotal Indirects		\$64	\$71,833	\$84	\$94,333	\$566,000	\$64	\$71,833	\$431,000	
Total Development Costs		\$525	\$590,167	\$3,541,000	\$545	\$612,667	\$3,676,000	\$525	\$590,167	\$3,541,000
Operating Income										
	Units	Rent	Total Annual	Units	Rent	Total Annual	Units	Rent	Total Annual	
Market Rate Units	6	\$2,925	\$210,600	6	\$2,925	\$210,600	5.4	\$2,925	\$189,540	
Moderate Income Units ⁽⁴⁾	0	\$0	\$0	0	\$0	\$0	0.6	\$1,791	\$12,895	
Total	6	\$2,925	\$210,600	6	\$2,925	\$210,600	6	\$2,812	\$202,435	
Other Residential Income			\$7,200			\$7,200			\$7,200	
Commercial Income (NNN)	\$36.00		\$0			\$0			\$0	
(Less) Residential Vacancy ⁽⁵⁾	5.0%		(\$10,900)			(\$10,900)			(\$10,500)	
(Less) Commercial Vacancy ⁽⁵⁾	10.0%		\$0			\$0			\$0	
Effective Gross Income			\$206,900			\$206,900			\$199,135	
(Less) Op Ex	\$6,000		(\$36,000)			(\$36,000)			(\$36,000)	
(Less) Property Taxes			(\$38,500)			(\$39,600)			(\$37,000)	
NOI			\$132,400			\$131,300			\$126,135	
Return on Cost (ROC)			3.74%			3.57%			3.56%	

(1) For this analysis, on-site affordable housing is shown as a fractional unit. In reality, fractional units would be paid through a roughly equivalent housing fee.

(2) Assumes Medium-High density land values in the CBD are similar to higher density land values due to the CBD location.

(3) Affordable housing fee calculated against net rentable residential area.

(4) Affordable rent based on 2-bedroom unit.

(5) Vacancy rates include collection loss.

ATTACHMENT C. TABLE B-1.

Condo Projects Pro forma: Priority Housing Overlay Prototype
 Santa Barbara AUD Program Feasibility Analysis

Development Program	Payment of In-Lieu Fee (Per Current Inclusionary Program)			On-site at 15% Middle Income (Per Current Inclusionary Program)		
	Site Size	0.30 acres			0.30 acres	
Units	13 units			13 units		
Density	43.3 du/acre			43.3 du/acre		
Average Unit Size	1,000 sf			1,000 sf		
Unit Mix						
Studio	1 units			1 units		
1-Bedroom	4 units			4 units		
2-Bedroom	6 units			6 units		
3-Bedroom	2 units			2 units		
	13 units			13 units		
Gross Building Area	17,500 sf			17,500 sf		
Net Residential Area	13,000 sf			13,000 sf		
Net Commercial Area	1,000 sf			1,000 sf		
Building Efficiency	80% efficiency			80% efficiency		
Residential Parking	13 spaces		1.00	13 spaces		1.00
Commercial Parking	4 spaces			4 spaces		
	17 spaces			17 spaces		
<u>Affordability</u>						
Market Rate Units	13	100%		11.1	85%	
Moderate Income	0	0%		2.0	15%	(1)
Total Units	13	100%		13	100%	
Development Costs	\$/GSF	\$/Unit	Total	\$/GSF	\$/Unit	Total
<u>Land Acquisition</u>	\$107	\$143,846	\$1,870,000	\$107	\$143,846	\$1,870,000
<u>Directs</u>						
Residential Directs	\$240	\$240	\$323,077	\$240	\$323,077	\$4,200,000
Parking Structure	\$100	\$32	\$42,538	\$32	\$42,538	\$553,000
Contingency (Directs)	5.0%	\$14	\$18,308	\$14	\$18,308	\$238,000
Subtotal	\$285	\$383,923	\$4,991,000	\$285	\$383,923	\$4,991,000
<u>Indirects</u>						
A&E	\$14	\$19,231	\$250,000	\$14	\$19,231	\$250,000
Affordable Housing Fee	\$39	\$52,820	\$686,654	Not applicable		
Other Fees & Permits	\$20	\$20	\$26,923	\$20	\$26,923	\$350,000
Taxes, Insurance, Legal		\$19	\$26,154	\$19	\$26,154	\$340,000
Sales & Marketing		\$11	\$15,385	\$11	\$15,385	\$200,000
Overhead/Other Indirects		\$17	\$23,077	\$17	\$23,077	\$300,000
Financing	65%	\$22	\$30,000	\$21	\$28,462	\$370,000
Subtotal Indirects		\$144	\$193,589	\$103	\$139,231	\$1,810,000
Total Development Costs	\$536	\$721,358	\$9,377,654	\$495	\$667,000	\$8,671,000
Sales Revenues	Units	Sale Price	Total	Units	Sale Price	Total
Market Rate Units	13	\$875,000	\$11,375,000	11	\$875,000	\$9,668,750
Middle Income Units	0	\$0	\$0	2	\$336,770	\$656,701.50
Total Gross Sales	13	\$72,917	\$11,375,000	13	\$794,266	\$10,325,452
Capitalized Value of Commerical			\$463,000			\$463,000
(Less) Closing Costs	4.5%		(\$512,000)			(\$465,000)
(Less) Development Costs			(\$9,377,654)			(\$8,671,000)
Net Sales			\$1,948,347			\$1,652,452
Profit Margin (% of Gross Sales)			17.1%			16.0%

(1) For this analysis, on-site affordable housing is shown as a fractional unit. In reality, fractional units would be paid through a roughly equivalent housing fee.

ATTACHMENT C. TABLE B-2.

Condo Projects Pro forma: High Density Prototype
 Santa Barbara AUD Program Feasibility Analysis

	Payment of In-Lieu Fee (Per Current Inclusionary Program)			On-site at 15% Middle Income (Per Current Inclusionary Program)		
Development Program						
Site Size	0.30 acres			0.30 acres		
Units	7 units			7 units		
Density	23.3 du/acre			23.3 du/acre		
Average Unit Size	1,100 sf			1,100 sf		
Unit Mix						
Studio	0 units			0 units		
1-Bedroom	2 units			2 units		
2-Bedroom	3 units			3 units		
3-Bedroom	2 units			2 units		
	7 units			7 units		
Gross Building Area	9,625 sf			9,625 sf		
Net Residential Area	7,700 sf			7,700 sf		
Net Commercial Area	0 sf			0 sf		
Building Efficiency	80% efficiency			80% efficiency		
Residential Parking	7 spaces	1.00		7 spaces	1.00	
Commercial Parking	0 spaces			0 spaces		
	7 spaces			7 spaces		
<u>Affordability</u>						
Market Rate Units	7	100%		6.0	85%	
Moderate Income	0	0%		1.1	15%	
Total Units	7	100%		7	100%	
Development Costs						
	\$/GSF	\$/Unit	Total	\$/GSF	\$/Unit	Total
<u>Land Acquisition</u>	\$131	\$180,000	\$1,260,000	\$131	\$180,000	\$1,260,000
<u>Directs</u>						
Residential Directs	\$228	\$313,571	\$2,195,000	\$228	\$313,571	\$2,195,000
Parking Structure	\$50	\$12,286	\$114,000	\$12	\$16,286	\$114,000
Contingency (Directs)	5.0%	\$12	\$16,429	\$12	\$16,429	\$115,000
Subtotal	\$252	\$346,286	\$2,424,000	\$252	\$346,286	\$2,424,000
<u>Indirects</u>						
A&E	\$13	\$17,286	\$121,000	\$13	\$17,286	\$121,000
Affordable Housing Fee	\$14	\$18,780	\$131,460	Not applicable		
Other Fees & Permits	\$20	\$27,571	\$193,000	\$20	\$27,571	\$193,000
Taxes, Insurance, Legal	\$19	\$25,714	\$180,000	\$19	\$25,714	\$180,000
Sales & Marketing	\$21	\$28,571	\$200,000	\$21	\$28,571	\$200,000
Overhead/Other Indirects	\$16	\$21,429	\$150,000	\$16	\$21,429	\$150,000
Financing	65%	\$23	\$31,429	\$21	\$28,571	\$200,000
Subtotal Indirects	\$124	\$170,780	\$1,195,460	\$108	\$149,143	\$1,044,000
Total Development Costs	\$507	\$697,066	\$4,879,460	\$491	\$675,429	\$4,728,000
Sales Revenues						
	Units	Sale Price	Total	Units	Sale Price	Total
Market Rate Units	7	\$950,000	\$6,650,000	6.0	\$950,000	\$5,652,500
Middle Income Units	0	\$0	\$0	1.1	\$375,600	\$394,380
Total	7	\$950,000	\$6,650,000	7	\$863,840	\$6,046,880
Capitalized Value of Commercial			\$0			\$0
(Less) Closing Costs	4.5%		(\$299,000)			(\$272,000)
(Less) Development Costs			(\$4,879,460)			(\$4,728,000)
Net Sales			\$1,471,540			\$1,046,880
Profit Margin (% of Gross Sales)			22.1%			17.3%

(1) For this analysis, on-site affordable housing is shown as a fractional unit. In reality, fractional units would be paid through a roughly equivalent housing fee.

ATTACHMENT C. TABLE B-3.

Condo Projects Pro forma: Medium-High Density Prototype (Outside CBD)
 Santa Barbara AUD Program Feasibility Analysis

	Payment of In-Lieu Fee (Per Current Inclusionary Program)			On-site at 15% Middle Income (Per Current Inclusionary Program)			
Development Program							
Site Size	0.30	acres		0.30	acres		
Units	5	units		5	units		
Density	16.7	du/acre		16.7	du/acre		
Average Unit Size	1,200	sf		1,200	sf		
Unit Mix							
Studio	0	units		0	units		
1-Bedroom	1	units		1	units		
2-Bedroom	2	units		2	units		
3-Bedroom	2	units		2	units		
	5	units		5	units		
Gross Building Area	7,500	sf		7,500	sf		
Net Residential Area	6,000	sf		6,000	sf		
Net Commercial Area	0	sf		0	sf		
Building Efficiency	80%	efficiency		80%	efficiency		
Residential Parking	5	spaces	1.00	5	spaces	1.00	
Commercial Parking	0	spaces		0	spaces		
	5	spaces		5	spaces		
Affordability							
Market Rate Units	5	100%		4.3	85%	(1)	
Moderate Income	0	0%		0.8	15%		
Total Units	5	100%		5	100%		
Development Costs							
		\$/GSF	\$/Unit	Total	\$/GSF	\$/Unit	Total
Land Acquisition							
		\$136	\$204,000	\$1,020,000	\$136	\$204,000	\$1,020,000
Directs							
Residential Directs	\$210	\$210	\$315,000	\$1,575,000	\$210	\$315,000	\$1,575,000
Parking Structure	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contingency (Directs)	5.0%	\$11	\$15,800	\$79,000	\$11	\$15,800	\$79,000
Subtotal		\$221	\$330,800	\$1,654,000	\$221	\$330,800	\$1,654,000
Indirects							
A&E		\$11	\$16,600	\$83,000	\$11	\$16,600	\$83,000
Affordable Housing Fee		\$13	\$18,780	\$93,900	Not applicable		
Other Fees & Permits	\$20	\$20	\$30,000	\$150,000	\$20	\$30,000	\$150,000
Taxes, Insurance, Legal		\$16	\$24,000	\$120,000	\$16	\$24,000	\$120,000
Sales & Marketing		\$27	\$40,000	\$200,000	\$27	\$40,000	\$200,000
Overhead/Other Indirects		\$13	\$20,000	\$100,000	\$13	\$20,000	\$100,000
Financing	65%	\$21	\$32,000	\$160,000	\$20	\$30,000	\$150,000
Subtotal Indirects		\$121	\$181,380	\$906,900	\$107	\$160,600	\$803,000
Total Development Costs		\$477	\$716,180	\$3,580,900	\$464	\$695,400	\$3,477,000
Sales Revenues							
		Units	Sale Price	Total	Units	Sale Price	Total
Market Rate Units		5	\$1,010,000	\$5,050,000	4	\$1,010,000	\$4,292,500
Moderate Income Units		0	\$0	\$0	1	\$375,600	\$281,700
Total		5	\$1,010,000	\$5,050,000	5	\$914,840	\$4,574,200
Capitalized Value of Commercial				\$0			\$0
(Less) Closing Costs	4.5%			(\$227,000)			(\$206,000)
(Less) Development Costs				(\$3,580,900)			(\$3,477,000)
Net Sales				\$1,242,100			\$891,200
Profit Margin (% of Gross Sales)				24.6%			19.5%

(1) For this analysis, on-site affordable housing is shown as a fractional unit. In reality, fractional units would be paid through a roughly equivalent housing fee.

ATTACHMENT C. TABLE B-4.

Condo Projects Pro forma: Medium-High Density Prototype (CBD)
 Santa Barbara AUD Program Feasibility Analysis

	Payment of In-Lieu Fee (Per Current Inclusionary Program)			On-site at 15% Middle Income (Per Current Inclusionary Program)			
Development Program							
Site Size	0.30	acres		0.30	acres		
Units	5	units		5	units		
Density	16.7	du/acre		16.7	du/acre		
Average Unit Size	1,200	sf		1,200	sf		
Unit Mix							
Studio	0	units		0	units		
1-Bedroom	1	units		1	units		
2-Bedroom	2	units		2	units		
3-Bedroom	2	units		2	units		
	5	units		5	units		
Gross Building Area	7,500	sf		7,500	sf		
Net Residential Area	6,000	sf		6,000	sf		
Net Commercial Area	0	sf		0	sf		
Building Efficiency	80%	efficiency		80%	efficiency		
Residential Parking	5	spaces	1.00	5	spaces	1.00	
Commercial Parking	0	spaces		0	spaces		
	5	spaces		5	spaces		
Affordability							
Market Rate Units	5	100%		4.3	85%		
Moderate Income	0	0%		0.8	15%	(1)	
Total Units	5	100%		5	100%		
Development Costs							
		\$/GSF	\$/Unit	Total	\$/GSF	\$/Unit	Total
Land Acquisition ⁽²⁾		\$249	\$374,000	\$1,870,000	\$249	\$374,000	\$1,870,000
Directs							
Residential Directs	\$210	\$210	\$315,000	\$1,575,000	\$210	\$315,000	\$1,575,000
Parking Structure	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contingency (Directs)	5.0%	\$11	\$15,800	\$79,000	\$11	\$15,800	\$79,000
Subtotal		\$221	\$330,800	\$1,654,000	\$221	\$330,800	\$1,654,000
Indirects							
A&E		\$11	\$16,600	\$83,000	\$11	\$16,600	\$83,000
Affordable Housing Fee		\$13	\$18,780	\$93,900	Not applicable		
Other Fees & Permits	\$20	\$20	\$30,000	\$150,000	\$20	\$30,000	\$150,000
Taxes, Insurance, Legal		\$16	\$24,000	\$120,000	\$16	\$24,000	\$120,000
Sales & Marketing		\$27	\$40,000	\$200,000	\$27	\$40,000	\$200,000
Overhead/Other Indirects		\$13	\$20,000	\$100,000	\$13	\$20,000	\$100,000
Financing	65%	\$25	\$38,000	\$190,000	\$24	\$36,000	\$180,000
Subtotal Indirects		\$125	\$187,380	\$936,900	\$111	\$166,600	\$833,000
Total Development Costs		\$595	\$892,180	\$4,460,900	\$581	\$871,400	\$4,357,000
Sales Revenues							
		Units	Sale Price	Total	Units	Sale Price	Total
Market Rate Units		5	\$1,010,000	\$5,050,000	4	\$1,010,000	\$4,292,500
Moderate Income Units		0	\$0	\$0	1	\$375,600	\$281,700
Total		5	\$1,010,000	\$5,050,000	5	\$914,840	\$4,574,200
Capitalized Value of Commerical				\$0			\$0
(Less) Closing Costs	4.5%			(\$227,000)			(\$206,000)
(Less) Development Costs				(\$4,460,900)			(\$4,357,000)
Net Sales				\$362,100			\$11,200
Profit Margin (% of Gross Sales)				7.2%			0.2%

(1) For this analysis, on-site affordable housing is shown as a fractional unit. In reality, fractional units would be paid through a roughly equivalent housing fee.

(2) Assumes Medium-High density land values in the CBD are similar to higher density land values due to the CBD location.

ATTACHMENT C. TABLE C-1.

Parking Sensitivity with Additional Conventional Parking
 Rental Projects Pro forma: Priority Housing Overlay Prototype (Outside CBD)
 Santa Barbara AUD Program Feasibility Analysis

	No Affordable Housing			Housing Impact Fee			On-Site Affordable Housing			
	All Market Rate			\$25/SF Impact Fee			10% at Moderate			
Development Program										
Site Size	0.30 acres			0.30 acres			0.30 acres			
Units	17 units			17 units			17 units			
Density	56.7 du/acre			56.7 du/acre			56.7 du/acre			
Average Unit Size	780 sf			780 sf			780 sf			
Unit Mix										
Studio	2 units			2 units			2 units			
1-Bedroom	5 units			5 units			5 units			
2-Bedroom	8 units			8 units			8 units			
3-Bedroom	2 units			2 units			2 units			
	17 units			17 units			17 units			
Gross Building Area	17,825 sf			17,825 sf			17,825 sf			
Net Residential Area	13,260 sf			13,260 sf			13,260 sf			
Net Commercial Area	1,000 sf			1,000 sf			1,000 sf			
Building Efficiency	80% efficiency			80% efficiency			80% efficiency			
Residential Parking ⁽¹⁾	23 spaces		1.35	23 spaces		1.35	23 spaces		1.35	
Commercial Parking	4 spaces			4 spaces			4 spaces			
	27 spaces			27 spaces			27 spaces			
Affordability										
Market Rate Units	17	100%		17	100%		15.3	90%		
Moderate Income	0	0%		0	0%		1.7	10%		
Total Units	17	100%		17	100%		17	100%		
Development Costs										
		\$/GSF	\$/Unit	Total	\$/GSF	\$/Unit	Total	\$/GSF	\$/Unit	Total
Land Acquisition	\$110,000	\$105	\$110,000	\$1,870,000	\$105	\$110,000	\$1,870,000	\$105	\$110,000	\$1,870,000
Directs										
Residential Directs	\$200	\$200	\$209,706	\$3,565,000	\$200	\$209,706	\$3,565,000	\$200	\$209,706	\$3,565,000
Parking Structure	\$100	\$49	\$51,647	\$878,000	\$49	\$51,647	\$878,000	\$49	\$51,647	\$878,000
Contingency (Directs)	5.0%	\$12	\$13,059	\$222,000	\$12	\$13,059	\$222,000	\$12	\$13,059	\$222,000
Subtotal		\$262	\$274,412	\$4,665,000	\$262	\$274,412	\$4,665,000	\$262	\$274,412	\$4,665,000
Indirects										
A&E		\$12	\$12,353	\$210,000	\$12	\$12,353	\$210,000	\$12	\$12,353	\$210,000
Affordable Housing Fee⁽²⁾		\$0	\$0	\$0	\$19	\$19,500	\$331,500	Not applicable		
Other Fees & Permits	\$20	\$20	\$21,000	\$357,000	\$20	\$21,000	\$357,000	\$20	\$21,000	\$357,000
Taxes, Insurance, Legal		\$8	\$8,235	\$140,000	\$8	\$8,235	\$140,000	\$8	\$8,235	\$140,000
Sales & Marketing		\$8	\$8,824	\$150,000	\$8	\$8,824	\$150,000	\$8	\$8,824	\$150,000
Overhead/Other Indirects		\$11	\$11,176	\$190,000	\$11	\$11,176	\$190,000	\$11	\$11,176	\$190,000
Financing	65%	\$12	\$12,941	\$220,000	\$13	\$13,529	\$230,000	\$12	\$12,941	\$220,000
Subtotal Indirects		\$71	\$74,529	\$1,267,000	\$90	\$94,618	\$1,608,500	\$71	\$74,529	\$1,267,000
Total Development Costs		\$438	\$458,941	\$7,802,000	\$457	\$479,029	\$8,143,500	\$438	\$458,941	\$7,802,000
Operating Income										
		Units	Rent	Total Annual	Units	Rent	Total Annual	Units	Rent	Total Annual
Market Rate Units		17	\$2,750	\$561,000	17	\$2,750	\$561,000	15.3	\$2,750	\$504,900
Moderate Income Units ⁽³⁾		0	\$0	\$0	0	\$0	\$0	1.7	\$1,791	\$36,536
Total		17	\$2,750	\$561,000	17	\$2,750	\$561,000	17	\$2,654	\$541,436
Other Residential Income		\$100 parking		\$27,600	\$100 parking		\$27,600	\$100 parking		\$27,600
Commercial Income (NNN)	\$36.00			\$36,000			\$36,000			\$36,000
(Less) Residential Vacancy ⁽⁴⁾	5.0%			(\$29,400)			(\$29,400)			(\$28,500)
(Less) Commercial Vacancy ⁽⁴⁾	10.0%			(\$3,600)			(\$3,600)			(\$3,600)
Effective Gross Income				\$591,600			\$591,600			\$572,936
(Less) Op Ex	\$6,000			(\$102,000)			(\$102,000)			(\$102,000)
(Less) Property Taxes				(\$79,800)			(\$82,900)			(\$77,000)
NOI				\$409,800			\$406,700			\$393,936
Return on Cost (ROC)				5.25%			4.99%			5.05%

⁽¹⁾ Assumes space for studios and 1-bedrooms, 1.5 spaces for 2-bedrooms, and 2 spaces for 3-bedrooms.

⁽²⁾ Affordable housing fee calculated against net rentable residential area.

⁽³⁾ Affordable rent based on 2-bedroom unit.

⁽⁴⁾ Vacancy rates include collection loss.

ATTACHMENT C. TABLE C-2.

Parking Sensitivity with Additional Parking in Stackers
 Rental Projects Pro forma: Priority Housing Overlay Prototype (Outside CBD)
 Santa Barbara AUD Program Feasibility Analysis

	No Affordable Housing			Housing Impact Fee			On-Site Affordable Housing			
	All Market Rate			\$25/SF Impact Fee			10% at Moderate			
Development Program										
Site Size	0.30 acres			0.30 acres			0.30 acres			
Units	17 units			17 units			17 units			
Density	56.7 du/acre			56.7 du/acre			56.7 du/acre			
Average Unit Size	780 sf			780 sf			780 sf			
Unit Mix										
Studio	2 units			2 units			2 units			
1-Bedroom	5 units			5 units			5 units			
2-Bedroom	8 units			8 units			8 units			
3-Bedroom	2 units			2 units			2 units			
	17 units			17 units			17 units			
Gross Building Area	17,825 sf			17,825 sf			17,825 sf			
Net Residential Area	13,260 sf			13,260 sf			13,260 sf			
Net Commercial Area	1,000 sf			1,000 sf			1,000 sf			
Building Efficiency	80% efficiency			80% efficiency			80% efficiency			
Residential Parking	23 spaces		1.35	23 spaces		1.35	23 spaces		1.35	
Commercial Parking	4 spaces			4 spaces			4 spaces			
	27 spaces			27 spaces			27 spaces			
Affordability										
Market Rate Units	17		100%	17		100%	14.5		85%	
Moderate Income	0		0%	0		0%	2.6		15%	
Total Units	17		100%	17		100%	17		100%	
Development Costs										
		\$/GSF	\$/Unit	Total	\$/GSF	\$/Unit	Total	\$/GSF	\$/Unit	Total
Land Acquisition	\$110,000	\$105	\$110,000	\$1,870,000	\$105	\$110,000	\$1,870,000	\$105	\$110,000	\$1,870,000
Directs										
Residential Directs	\$200	\$200	\$209,706	\$3,565,000	\$200	\$209,706	\$3,565,000	\$200	\$209,706	\$3,565,000
Parking Structure	\$100	\$45	\$47,235	\$803,000	\$45	\$47,235	\$803,000	\$45	\$47,235	\$803,000
Contingency (Directs)	5.0%	\$12	\$12,824	\$218,000	\$12	\$12,824	\$218,000	\$12	\$12,824	\$218,000
Subtotal		\$257	\$269,765	\$4,586,000	\$257	\$269,765	\$4,586,000	\$257	\$269,765	\$4,586,000
Indirects										
A&E		\$12	\$12,118	\$206,000	\$12	\$12,118	\$206,000	\$12	\$12,118	\$206,000
Affordable Housing Fee ⁽¹⁾		\$0	\$0	\$0	\$19	\$19,500	\$331,500	Not applicable		
Other Fees & Permits	\$20	\$20	\$21,000	\$357,000	\$20	\$21,000	\$357,000	\$20	\$21,000	\$357,000
Taxes, Insurance, Legal		\$8	\$8,235	\$140,000	\$8	\$8,235	\$140,000	\$8	\$8,235	\$140,000
Sales & Marketing		\$8	\$8,824	\$150,000	\$8	\$8,824	\$150,000	\$8	\$8,824	\$150,000
Overhead/Other Indirects		\$10	\$10,588	\$180,000	\$10	\$10,588	\$180,000	\$10	\$10,588	\$180,000
Financing	65%	\$12	\$12,941	\$220,000	\$12	\$12,941	\$220,000	\$12	\$12,941	\$220,000
Subtotal Indirects		\$70	\$73,706	\$1,253,000	\$89	\$93,206	\$1,584,500	\$70	\$73,706	\$1,253,000
Total Development Costs		\$432	\$453,471	\$7,709,000	\$451	\$472,971	\$8,040,500	\$432	\$453,471	\$7,709,000
Operating Income										
		Units	Rent	Total Annual	Units	Rent	Total Annual	Units	Rent	Total Annual
Market Rate Units		17	\$2,750	\$561,000	17	\$2,750	\$561,000	14.5	\$2,750	\$476,850
Moderate Income Units ⁽²⁾		0	\$0	\$0	0	\$0	\$0	2.6	\$1,791	\$54,805
Total		17	\$2,750	\$561,000	17	\$2,750	\$561,000	17	\$2,606	\$531,655
Other Residential Income		\$75 parking		\$25,800	\$75 parking		\$25,800	\$75 parking		\$25,800
Commercial Income (NNN)	\$36.00			\$36,000			\$36,000			\$36,000
(Less) Residential Vacancy ⁽³⁾	5.0%			(\$29,300)			(\$29,300)			(\$27,900)
(Less) Commercial Vacancy ⁽³⁾	10.0%			(\$3,600)			(\$3,600)			(\$3,600)
Effective Gross Income				\$589,900			\$589,900			\$561,955
(Less) Op Ex	\$6,000			(\$102,000)			(\$102,000)			(\$102,000)
(Less) Property Taxes				(\$78,800)			(\$81,800)			(\$74,600)
NOI				\$409,100			\$406,100			\$385,355
Return on Cost (ROC)				5.31%			5.05%			5.00%

⁽¹⁾ Affordable housing fee calculated against net rentable residential area.

⁽²⁾ Affordable rent based on 2-bedroom unit.

⁽³⁾ Vacancy rates include collection loss.

ATTACHMENT C. TABLE C-3.

Parking Sensitivity with Parking In-Lieu Fees
 Rental Projects Pro forma: Priority Housing Overlay Prototype (CBD)
 Santa Barbara AUD Program Feasibility Analysis

	No Affordable Housing			Housing Impact Fee			On-Site Affordable Housing					
	All Market Rate			\$25/SF Impact Fee			10% at Moderate					
Development Program												
Site Size	0.30 acres			0.30 acres			0.30 acres					
Units	18 units ⁽¹⁾			18 units ⁽¹⁾			18 units ⁽¹⁾					
Density	60.0 du/acre			60.0 du/acre			60.0 du/acre					
Average Unit Size	780 sf			780 sf			780 sf					
Unit Mix												
Studio	2 units			2 units			2 units					
1-Bedroom	6 units			6 units			6 units					
2-Bedroom	8 units			8 units			8 units					
3-Bedroom	2 units			2 units			2 units					
	18 units			18 units			18 units					
Gross Building Area	18,800 sf			18,800 sf			18,800 sf					
Net Residential Area	14,040 sf			14,040 sf			14,040 sf					
Net Commercial Area	1,000 sf			1,000 sf			1,000 sf					
Building Efficiency	80% efficiency			80% efficiency			80% efficiency					
Residential Parking	0 spaces	0.00		0 spaces	0.00		0 spaces	0.00				
Commercial Parking	0 spaces			0 spaces			0 spaces					
	0 spaces			0 spaces			0 spaces					
Affordability												
Market Rate Units	18	100%		18	100%		16.2	90%				
Moderate Income	0	0%		0	0%		1.8	10%				
Total Units	18	100%		18	100%		18	100%				
Development Costs												
	\$/GSF	\$/Unit	Total	\$/GSF	\$/Unit	Total	\$/GSF	\$/Unit	Total			
Land Acquisition	\$99	\$103,889	\$1,870,000	\$99	\$103,889	\$1,870,000	\$99	\$103,889	\$1,870,000			
Directs												
Residential Directs	\$200	\$208,889	\$3,760,000	\$200	\$208,889	\$3,760,000	\$200	\$208,889	\$3,760,000			
Parking Structure	\$100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Contingency (Directs)	5.0%	\$10	\$10,444	\$188,000	\$10	\$10,444	\$188,000	\$10	\$10,444	\$188,000		
Subtotal		\$210	\$219,333	\$3,948,000		\$210	\$219,333	\$3,948,000		\$210	\$219,333	\$3,948,000
Indirects												
A&E		\$9	\$9,889	\$178,000		\$9	\$9,889	\$178,000		\$9	\$9,889	\$178,000
Affordable Housing Fee ⁽²⁾		\$0	\$0	\$0		\$19	\$19,500	\$351,000	Not applicable			
Parking In-Lieu Fee	\$10,000	\$12	\$12,222	\$220,000	\$12	\$12,222	\$220,000	\$12	\$12,222	\$220,000		
Other Fees & Permits	\$20	\$20	\$20,889	\$376,000	\$20	\$20,889	\$376,000	\$20	\$20,889	\$376,000		
Taxes, Insurance, Legal		\$6	\$6,667	\$120,000	\$6	\$6,667	\$120,000	\$6	\$6,667	\$120,000		
Sales & Marketing		\$8	\$8,333	\$150,000	\$8	\$8,333	\$150,000	\$8	\$8,333	\$150,000		
Overhead/Other Indirects		\$9	\$8,889	\$160,000	\$9	\$8,889	\$160,000	\$9	\$8,889	\$160,000		
Financing	65%	\$11	\$11,667	\$210,000	\$12	\$12,222	\$220,000	\$11	\$11,667	\$210,000		
Subtotal Indirects		\$75	\$78,556	\$1,414,000	\$94	\$98,611	\$1,775,000	\$75	\$78,556	\$1,414,000		
Total Development Costs		\$385	\$401,778	\$7,232,000	\$404	\$421,833	\$7,593,000	\$385	\$401,778	\$7,232,000		
Operating Income												
	Units	Rent	Total Annual	Units	Rent	Total Annual	Units	Rent	Total Annual			
Market Rate Units ⁽³⁾	18	\$2,600	\$561,600	18	\$2,600	\$561,600	16.2	\$2,600	\$505,440			
Moderate Income Units ⁽⁴⁾	0	\$0	\$0	0	\$0	\$0	1.8	\$1,791	\$38,686			
Total	18	\$2,600	\$561,600	18	\$2,600	\$561,600	18	\$2,519	\$544,126			
Other Residential Income			\$21,600			\$21,600			\$21,600			
Commercial Income (NNN)	\$36.00		\$36,000			\$36,000			\$36,000			
(Less) Residential Vacancy ⁽⁵⁾	5.0%		(\$29,200)			(\$29,200)			(\$28,300)			
(Less) Commercial Vacancy ⁽⁵⁾	10.0%		(\$3,600)			(\$3,600)			(\$3,600)			
Effective Gross Income			\$586,400			\$586,400			\$569,826			
(Less) Op Ex	\$6,000		(\$108,000)			(\$108,000)			(\$108,000)			
(Less) Property Taxes			(\$76,000)			(\$80,100)			(\$73,600)			
NOI			\$402,400			\$398,300			\$388,226			
Return on Cost (ROC)			5.56%			5.25%			5.37%			

⁽¹⁾ Assumes that, without on-site parking, housing density can be maximized.

⁽²⁾ Affordable housing fee calculated against net rentable residential area.

⁽³⁾ Assumes market rate rent is reduced \$150/month for no on-site parking.

⁽⁴⁾ Affordable rent based on 2-bedroom unit.

⁽⁵⁾ Vacancy rates include collection loss.

ATTACHMENT C. TABLE C-4.

Parking Sensitivity with Additional Conventional Parking
 Rental Projects Pro forma: High Density Prototype
 Santa Barbara AUD Program Feasibility Analysis

	No Affordable Housing			Housing Impact Fee			On-Site Affordable Housing			
	All Market Rate			\$25/SF Impact Fee			10% at Moderate			
Development Program										
Site Size	0.30 acres			0.30 acres			0.30 acres			
Units	9 units			9 units			9 units			
Density	30.0 du/acre			30.0 du/acre			30.0 du/acre			
Average Unit Size	800 sf			800 sf			800 sf			
Unit Mix										
Studio	1 units			1 units			1 units			
1-Bedroom	2 units			2 units			2 units			
2-Bedroom	4 units			4 units			4 units			
3-Bedroom	2 units			2 units			2 units			
	9 units			9 units			9 units			
Gross Building Area	9,000 sf			9,000 sf			9,000 sf			
Net Residential Area	7,200 sf			7,200 sf			7,200 sf			
Net Commercial Area	0 sf			0 sf			0 sf			
Building Efficiency	80% efficiency			80% efficiency			80% efficiency			
Residential Parking ⁽²⁾	13 spaces	1.44		13 spaces	1.44		13 spaces	1.44		
Commercial Parking	0 spaces			0 spaces			0 spaces			
	13 spaces			13 spaces			13 spaces			
Affordability										
Market Rate Units	9	100%		9	100%		8.1	90%		
Moderate Income	0	0%		0	0%		0.9	10% ⁽¹⁾		
Total Units	9	100%		9	100%		9	100%		
Development Costs										
		\$/GSF	\$/Unit	Total	\$/GSF	\$/Unit	Total	\$/GSF	\$/Unit	Total
<u>Land Acquisition</u>	\$140,000	\$140	\$140,000	\$1,260,000	\$140	\$140,000	\$1,260,000	\$140	\$140,000	\$1,260,000
Directs										
Residential Directs	\$190	\$190	\$190,000	\$1,710,000	\$190	\$190,000	\$1,710,000	\$190	\$190,000	\$1,710,000
Parking Structure (partial)		\$31	\$30,667	\$276,000	\$31	\$30,667	\$276,000	\$31	\$30,667	\$276,000
Contingency (Directs)	5.0%	\$11	\$11,000	\$99,000	\$11	\$11,000	\$99,000	\$11	\$11,000	\$99,000
Subtotal		\$232	\$231,667	\$2,085,000	\$232	\$231,667	\$2,085,000	\$232	\$231,667	\$2,085,000
Indirects										
A&E		\$10	\$10,444	\$94,000	\$10	\$10,444	\$94,000	\$10	\$10,444	\$94,000
Affordable Housing Fee ⁽³⁾		\$0	\$0	\$0	\$20	\$20,000	\$180,000	Not applicable		
Other Fees & Permits	\$20	\$20	\$20,000	\$180,000	\$20	\$20,000	\$180,000	\$20	\$20,000	\$180,000
Taxes, Insurance, Legal		\$7	\$6,667	\$60,000	\$7	\$6,667	\$60,000	\$7	\$6,667	\$60,000
Sales & Marketing		\$9	\$8,889	\$80,000	\$9	\$8,889	\$80,000	\$9	\$8,889	\$80,000
Overhead/Other Indirects		\$9	\$8,889	\$80,000	\$9	\$8,889	\$80,000	\$9	\$8,889	\$80,000
Financing	65%	\$12	\$12,222	\$110,000	\$13	\$13,333	\$120,000	\$12	\$12,222	\$110,000
Subtotal Indirects		\$67	\$67,111	\$604,000	\$88	\$88,222	\$794,000	\$67	\$67,111	\$604,000
Total Development Costs		\$439	\$438,778	\$3,949,000	\$460	\$459,889	\$4,139,000	\$439	\$438,778	\$3,949,000
Operating Income										
		Units	Rent	Total Annual	Units	Rent	Total Annual	Units	Rent	Total Annual
Market Rate Units		9	\$2,800	\$302,400	9	\$2,800	\$302,400	8.1	\$2,800	\$272,160
Moderate Income Units ⁽⁴⁾		0	\$0	\$0	0	\$0	\$0	0.9	\$1,791	\$19,343
Total		9	\$2,800	\$302,400	9	\$2,800	\$302,400	9	\$2,699	\$291,503
Other Residential Income		\$100 parking		\$15,600	\$100 parking		\$15,600	\$100 parking		\$15,600
Commercial Income (NNN)	\$36.00			\$0			\$0			\$0
(Less) Residential Vacancy ⁽⁵⁾	5.0%			(\$15,900)			(\$15,900)			(\$15,400)
(Less) Commercial Vacancy ⁽⁵⁾	10.0%			\$0			\$0			\$0
Effective Gross Income				\$302,100			\$302,100			\$291,703
(Less) Op Ex	\$6,000			(\$54,000)			(\$54,000)			(\$54,000)
(Less) Property Taxes				(\$42,900)			(\$46,200)			(\$41,400)
NOI				\$205,200			\$201,900			\$196,303
Return on Cost (ROC)				5.20%			4.88%			4.97%

⁽¹⁾ For this analysis, on-site affordable housing is shown as a fractional unit. In reality, fractional units would be paid through a roughly equivalent housing fee.

⁽²⁾ Assumes space for studios and 1-bedrooms, 1.5 spaces for 2-bedrooms, and 2 spaces for 3-bedrooms.

⁽³⁾ Affordable housing fee calculated against net rentable residential area.

⁽⁴⁾ Affordable rent based on 2-bedroom unit.

⁽⁵⁾ Vacancy rates include collection loss.

ATTACHMENT C. TABLE C-5.

Parking Sensitivity with Additional Parking in Stackers
 Rental Projects Pro forma: High Density Prototype
 Santa Barbara AUD Program Feasibility Analysis

	No Affordable Housing			Housing Impact Fee			On-Site Affordable Housing		
	All Market Rate			\$25/SF Impact Fee			10% at Moderate		
Development Program									
Site Size	0.30 acres			0.30 acres			0.30 acres		
Units	9 units			9 units			9 units		
Density	30.0 du/acre			30.0 du/acre			30.0 du/acre		
Average Unit Size	800 sf			800 sf			800 sf		
Unit Mix									
Studio	1 units			1 units			1 units		
1-Bedroom	2 units			2 units			2 units		
2-Bedroom	4 units			4 units			4 units		
3-Bedroom	2 units			2 units			2 units		
	9 units			9 units			9 units		
Gross Building Area	9,000 sf			9,000 sf			9,000 sf		
Net Residential Area	7,200 sf			7,200 sf			7,200 sf		
Net Commercial Area	0 sf			0 sf			0 sf		
Building Efficiency	80% efficiency			80% efficiency			80% efficiency		
Residential Parking	13 spaces 1.44			13 spaces 1.44			13 spaces 1.44		
Commercial Parking	0 spaces			0 spaces			0 spaces		
	13 spaces			13 spaces			13 spaces		
Affordability									
Market Rate Units	9 100%			9 100%			8.1 90%		
Moderate Income	0 0%			0 0%			0.9 10% (1)		
Total Units	9 100%			9 100%			9 100%		
Development Costs									
		\$/GSF	\$/Unit	Total		\$/GSF	\$/Unit	Total	
Land Acquisition	\$140,000	\$140	\$140,000	\$1,260,000	\$140	\$140,000	\$140,000	\$1,260,000	\$140 \$140,000 \$1,260,000
Directs									
Residential Directs	\$190	\$190	\$190,000	\$1,710,000	\$190	\$190,000	\$1,710,000	\$190 \$190,000 \$1,710,000	
Parking Structure		\$25	\$25,111	\$226,000	\$25	\$25,111	\$226,000	\$25 \$25,111 \$226,000	
Contingency (Directs)	5.0%	\$11	\$10,778	\$97,000	\$11	\$10,778	\$97,000	\$11 \$10,778 \$97,000	
Subtotal		\$226	\$225,889	\$2,033,000	\$226	\$225,889	\$2,033,000	\$226 \$225,889 \$2,033,000	
Indirects									
A&E		\$10	\$10,111	\$91,000	\$10	\$10,111	\$91,000	\$10 \$10,111 \$91,000	
Affordable Housing Fee ⁽²⁾		\$0	\$0	\$0	\$20	\$20,000	\$180,000	\$20 \$20,000 \$180,000	Not applicable
Other Fees & Permits	\$20	\$20	\$20,000	\$180,000	\$20	\$20,000	\$180,000	\$20 \$20,000 \$180,000	
Taxes, Insurance, Legal		\$7	\$6,667	\$60,000	\$7	\$6,667	\$60,000	\$7 \$6,667 \$60,000	
Sales & Marketing		\$9	\$8,889	\$80,000	\$9	\$8,889	\$80,000	\$9 \$8,889 \$80,000	
Overhead/Other Indirects		\$9	\$8,889	\$80,000	\$9	\$8,889	\$80,000	\$9 \$8,889 \$80,000	
Financing	65%	\$12	\$12,222	\$110,000	\$12	\$12,222	\$110,000	\$12 \$12,222 \$110,000	
Subtotal Indirects		\$67	\$66,778	\$601,000	\$87	\$86,778	\$781,000	\$67 \$66,778 \$601,000	
Total Development Costs		\$433	\$432,667	\$3,894,000	\$453	\$452,667	\$4,074,000	\$433 \$432,667 \$3,894,000	
Operating Income									
		Units	Rent	Total Annual		Units	Rent	Total Annual	
Market Rate Units		9	\$2,800	\$302,400	9	\$2,800	\$302,400	\$302,400	8.1 \$2,800 \$272,160
Moderate Income Units ⁽³⁾		0	\$0	\$0	0	\$0	\$0	\$0	0.9 \$1,791 \$19,343
Total		9	\$2,800	\$302,400	9	\$2,800	\$302,400	\$302,400	9 \$2,699 \$291,503
Other Residential Income		\$75 parking		\$14,400	\$75 parking		\$14,400	\$14,400	\$75 parking \$14,400
Commercial Income (NNN)	\$36.00			\$0			\$0	\$0	\$0
(Less) Residential Vacancy ⁽⁴⁾	5.0%			(\$15,800)			(\$15,800)	(\$15,800)	(\$15,300)
(Less) Commercial Vacancy ⁽⁴⁾	10.0%			\$0			\$0	\$0	\$0
Effective Gross Income				\$301,000				\$301,000	\$290,603
(Less) Op Ex	\$6,000			(\$54,000)			(\$54,000)	(\$54,000)	(\$54,000)
(Less) Property Taxes				(\$42,900)			(\$45,100)	(\$41,400)	(\$41,400)
NOI				\$204,100				\$201,900	\$195,203
Return on Cost (ROC)				5.24%				4.96%	5.01%

(1) For this analysis, on-site affordable housing is shown as a fractional unit. In reality, fractional units would be paid through a roughly equivalent housing fee.

(2) Affordable housing fee calculated against net rentable residential area.

(3) Affordable rent based on 2-bedroom unit.

(4) Vacancy rates include collection loss.

ATTACHMENT C. TABLE C-6.

Parking Sensitivity with Additional Conventional Parking
 Rental Projects Pro forma: Medium-High Density Prototype
 Santa Barbara AUD Program Feasibility Analysis

	No Affordable Housing			Housing Impact Fee			On-Site Affordable Housing			
	All Market Rate			\$25/SF Impact Fee			10% at Moderate			
Development Program										
Site Size	0.30 acres			0.30 acres			0.30 acres			
Units	6 units			6 units			6 units			
Density	20.0 du/acre			20.0 du/acre			20.0 du/acre			
Average Unit Size	900 sf			900 sf			900 sf			
Unit Mix										
Studio	0 units			0 units			0 units			
1-Bedroom	2 units			2 units			2 units			
2-Bedroom	3 units			3 units			3 units			
3-Bedroom	1 units			1 units			1 units			
	6 units			6 units			6 units			
Gross Building Area	6,750 sf			6,750 sf			6,750 sf			
Net Residential Area	5,400 sf			5,400 sf			5,400 sf			
Net Commercial Area	0 sf			0 sf			0 sf			
Building Efficiency	80% efficiency			80% efficiency			80% efficiency			
Residential Parking ⁽²⁾	9 spaces		1.50	9 spaces		1.50	9 spaces		1.50	
Commercial Parking	0 spaces			0 spaces			0 spaces			
	9 spaces			9 spaces			9 spaces			
Affordability										
Market Rate Units	6		100%	6		100%	5.4		90%	
Moderate Income	0		0%	0		0%	0.6		10% ⁽¹⁾	
Total Units	6		100%	6		100%	6		100%	
Development Costs										
		\$/GSF	\$/Unit	Total	\$/GSF	\$/Unit	Total	\$/GSF	\$/Unit	Total
<u>Land Acquisition</u>	\$170,000	\$151	\$170,000	\$1,020,000	\$151	\$170,000	\$1,020,000	\$151	\$170,000	\$1,020,000
Directs										
Residential Directs	\$175	\$175	\$196,833	\$1,181,000	\$175	\$196,833	\$1,181,000	\$175	\$196,833	\$1,181,000
Parking Structure (partial)		\$14	\$16,250	\$97,500	\$14	\$16,250	\$97,500	\$14	\$16,250	\$97,500
Contingency (Directs)	5.0%	\$9	\$10,667	\$64,000	\$9	\$10,667	\$64,000	\$9	\$10,667	\$64,000
Subtotal		\$199	\$223,750	\$1,342,500	\$199	\$223,750	\$1,342,500	\$199	\$223,750	\$1,342,500
Indirects										
A&E		\$9	\$10,000	\$60,000	\$9	\$10,000	\$60,000	\$9	\$10,000	\$60,000
Affordable Housing Fee ⁽³⁾		\$0	\$0	\$0	\$20	\$22,500	\$135,000	Not applicable		
Other Fees & Permits	\$20	\$20	\$22,500	\$135,000	\$20	\$22,500	\$135,000	\$20	\$22,500	\$135,000
Taxes, Insurance, Legal		\$6	\$6,667	\$40,000	\$6	\$6,667	\$40,000	\$6	\$6,667	\$40,000
Sales & Marketing		\$7	\$8,333	\$50,000	\$7	\$8,333	\$50,000	\$7	\$8,333	\$50,000
Overhead/Other Indirects		\$7	\$8,333	\$50,000	\$7	\$8,333	\$50,000	\$7	\$8,333	\$50,000
Financing	65%	\$12	\$13,333	\$80,000	\$12	\$13,333	\$80,000	\$12	\$13,333	\$80,000
Subtotal Indirects		\$61	\$69,167	\$415,000	\$81	\$91,667	\$550,000	\$61	\$69,167	\$415,000
Total Development Costs		\$411	\$462,917	\$2,777,500	\$431	\$485,417	\$2,912,500	\$411	\$462,917	\$2,777,500
Operating Income										
		Units	Rent	Total Annual	Units	Rent	Total Annual	Units	Rent	Total Annual
Market Rate Units		6	\$2,925	\$210,600	6	\$2,925	\$210,600	5.4	\$2,925	\$189,540
Moderate Income Units ⁽⁴⁾		0	\$0	\$0	0	\$0	\$0	0.6	\$1,791	\$12,895
Total		6	\$2,925	\$210,600	6	\$2,925	\$210,600	6	\$2,812	\$202,435
Other Residential Income		\$100 parking		\$10,800	\$100 parking		\$10,800	\$100 parking		\$10,800
Commercial Income (NNN)	\$36.00			\$0			\$0			\$0
(Less) Residential Vacancy ⁽⁵⁾	5.0%			(\$11,100)			(\$11,100)			(\$10,700)
(Less) Commercial Vacancy ⁽⁵⁾	10.0%			\$0			\$0			\$0
Effective Gross Income				\$210,300			\$210,300			\$202,535
(Less) Op Ex	\$6,000			(\$36,000)			(\$36,000)			(\$36,000)
(Less) Property Taxes				(\$30,800)			(\$31,900)			(\$29,600)
NOI				\$143,500			\$142,400			\$136,935
Return on Cost (ROC)				5.17%			4.89%			4.93%

⁽¹⁾ For this analysis, on-site affordable housing is shown as a fractional unit. In reality, fractional units would be paid through a roughly equivalent housing fee.

⁽²⁾ Assumes space for studios and 1-bedrooms, 1.5 spaces for 2-bedrooms, and 2 spaces for 3-bedrooms.

⁽³⁾ Affordable housing fee calculated against net rentable residential area.

⁽⁴⁾ Affordable rent based on 2-bedroom unit.

⁽⁵⁾ Vacancy rates include collection loss.

ATTACHMENT C. TABLE C-7.

Parking Sensitivity with Additional Parking in Stackers
 Rental Projects Pro forma: Medium-High Density Prototype
 Santa Barbara AUD Program Feasibility Analysis

	No Affordable Housing			Housing Impact Fee			On-Site Affordable Housing			
	All Market Rate			\$25/SF Impact Fee			10% at Moderate			
Development Program										
Site Size	0.30 acres			0.30 acres			0.30 acres			
Units	6 units			6 units			6 units			
Density	20.0 du/acre			20.0 du/acre			20.0 du/acre			
Average Unit Size	900 sf			900 sf			900 sf			
Unit Mix										
Studio	0 units			0 units			0 units			
1-Bedroom	2 units			2 units			2 units			
2-Bedroom	3 units			3 units			3 units			
3-Bedroom	1 units			1 units			1 units			
	6 units			6 units			6 units			
Gross Building Area	6,750 sf			6,750 sf			6,750 sf			
Net Residential Area	5,400 sf			5,400 sf			5,400 sf			
Net Commercial Area	0 sf			0 sf			0 sf			
Building Efficiency	80% efficiency			80% efficiency			80% efficiency			
Residential Parking	9 spaces 1.50			9 spaces 1.50			9 spaces 1.50			
Commercial Parking	0 spaces			0 spaces			0 spaces			
	9 spaces			9 spaces			9 spaces			
Affordability										
Market Rate Units	6 100%			6 100%			5.4 90%			
Moderate Income	0 0%			0 0%			0.6 10% ⁽¹⁾			
Total Units	6 100%			6 100%			6 100%			
Development Costs										
		\$/GSF	\$/Unit	Total	\$/GSF	\$/Unit	Total	\$/GSF	\$/Unit	Total
<u>Land Acquisition</u>	\$170,000	\$151	\$170,000	\$1,020,000	\$151	\$170,000	\$1,020,000	\$151	\$170,000	\$1,020,000
Directs										
Residential Directs	\$175	\$175	\$196,833	\$1,181,000	\$175	\$196,833	\$1,181,000	\$175	\$196,833	\$1,181,000
Parking Structure		\$9	\$10,000	\$60,000	\$9	\$10,000	\$60,000	\$9	\$10,000	\$60,000
Contingency (Directs)	5.0%	\$9	\$10,333	\$62,000	\$9	\$10,333	\$62,000	\$9	\$10,333	\$62,000
Subtotal		\$193	\$217,167	\$1,303,000	\$193	\$217,167	\$1,303,000	\$193	\$217,167	\$1,303,000
Indirects										
A&E		\$9	\$9,833	\$59,000	\$9	\$9,833	\$59,000	\$9	\$9,833	\$59,000
Affordable Housing Fee ⁽²⁾		\$0	\$0	\$0	\$20	\$22,500	\$135,000	Not applicable		
Other Fees & Permits	\$20	\$20	\$22,500	\$135,000	\$20	\$22,500	\$135,000	\$20	\$22,500	\$135,000
Taxes, Insurance, Legal		\$6	\$6,667	\$40,000	\$6	\$6,667	\$40,000	\$6	\$6,667	\$40,000
Sales & Marketing		\$7	\$8,333	\$50,000	\$7	\$8,333	\$50,000	\$7	\$8,333	\$50,000
Overhead/Other Indirects		\$7	\$8,333	\$50,000	\$7	\$8,333	\$50,000	\$7	\$8,333	\$50,000
Financing	65%	\$12	\$13,333	\$80,000	\$12	\$13,333	\$80,000	\$12	\$13,333	\$80,000
Subtotal Indirects		\$61	\$69,000	\$414,000	\$81	\$91,500	\$549,000	\$61	\$69,000	\$414,000
Total Development Costs		\$405	\$456,167	\$2,737,000	\$425	\$478,667	\$2,872,000	\$405	\$456,167	\$2,737,000
Operating Income										
		Units	Rent	Total Annual	Units	Rent	Total Annual	Units	Rent	Total Annual
Market Rate Units		6	\$2,925	\$210,600	6	\$2,925	\$210,600	5.4	\$2,925	\$189,540
Moderate Income Units ⁽³⁾		0	\$0	\$0	0	\$0	\$0	0.6	\$1,791	\$12,895
Total		6	\$2,925	\$210,600	6	\$2,925	\$210,600	6	\$2,812	\$202,435
Other Residential Income		\$75 parking		\$9,900	\$75 parking		\$9,900	\$75 parking		\$9,900
Commercial Income (NNN)	\$36.00			\$0			\$0			\$0
(Less) Residential Vacancy ⁽⁴⁾	5.0%			(\$11,000)			(\$11,000)			(\$10,600)
(Less) Commercial Vacancy ⁽⁴⁾	10.0%			\$0			\$0			\$0
Effective Gross Income				\$209,500			\$209,500			\$201,735
(Less) Op Ex	\$6,000			(\$36,000)			(\$36,000)			(\$36,000)
(Less) Property Taxes				(\$30,800)			(\$31,900)			(\$29,600)
NOI				\$142,700			\$141,600			\$136,135
Return on Cost (ROC)				5.21%			4.93%			4.97%

⁽¹⁾ For this analysis, on-site affordable housing is shown as a fractional unit. In reality, fractional units would be paid through a roughly equivalent housing fee.
⁽²⁾ Affordable housing fee calculated against net rentable residential area.
⁽³⁾ Affordable rent based on 2-bedroom unit.
⁽⁴⁾ Vacancy rates include collection loss.

ATTACHMENT C. TABLE C-8.

Parking Sensitivity with Parking In-Lieu Fees
 Rental Projects Pro forma: Medium-High Density Prototype (CBD)
 Santa Barbara AUD Program Feasibility Analysis

	No Affordable Housing			Housing Impact Fee			On-Site Affordable Housing			
	All Market Rate			\$25/SF Impact Fee			10% at Moderate			
Development Program										
Site Size	0.30 acres			0.30 acres			0.30 acres			
Units	8 units ⁽¹⁾			8 units ⁽¹⁾			8 units ⁽¹⁾			
Density	26.7 du/acre			26.7 du/acre			26.7 du/acre			
Average Unit Size	900 sf			900 sf			900 sf			
Unit Mix										
Studio	0 units			0 units			0 units			
1-Bedroom	2 units			2 units			2 units			
2-Bedroom	4 units			4 units			4 units			
3-Bedroom	2 units			2 units			2 units			
	8 units			8 units			8 units			
Gross Building Area	9,000 sf			9,000 sf			9,000 sf			
Net Residential Area	7,200 sf			7,200 sf			7,200 sf			
Net Commercial Area	0 sf			0 sf			0 sf			
Building Efficiency	80% efficiency			80% efficiency			80% efficiency			
Residential Parking	0 spaces 0.00			0 spaces 0.00			0 spaces 0.00			
Commercial Parking	0 spaces			0 spaces			0 spaces			
	0 spaces			0 spaces			0 spaces			
Affordability										
Market Rate Units	8 100%			8 100%			7.2 90%			
Moderate Income	0 0%			0 0%			0.8 10% ⁽²⁾			
Total Units	8 100%			8 100%			8 100%			
Development Costs										
	\$/GSF	\$/Unit	Total	\$/GSF	\$/Unit	Total	\$/GSF	\$/Unit	Total	
Land Acquisition ⁽³⁾	\$208	\$233,750	\$1,870,000	\$208	\$233,750	\$1,870,000	\$208	\$233,750	\$1,870,000	
Directs										
Residential Directs	\$175	\$175	\$196,875	\$175	\$175	\$196,875	\$175	\$175	\$196,875	
Parking Structure	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Contingency (Directs)	5.0%	\$9	\$9,875	\$9	\$9,875	\$79,000	\$9	\$9,875	\$79,000	
Subtotal		\$184	\$206,750	\$184	\$206,750	\$1,654,000	\$184	\$206,750	\$1,654,000	
Indirects										
A&E		\$8	\$9,250	\$8	\$9,250	\$74,000	\$8	\$9,250	\$74,000	
Affordable Housing Fee ⁽⁴⁾		\$0	\$0	\$20	\$22,500	\$180,000	Not applicable			
Parking In-Lieu Fee	\$10,000	\$9	\$10,000	\$80,000	\$9	\$10,000	\$80,000	\$9	\$10,000	\$80,000
Other Fees & Permits	\$20	\$20	\$22,500	\$180,000	\$20	\$22,500	\$180,000	\$20	\$22,500	\$180,000
Taxes, Insurance, Legal		\$6	\$6,250	\$50,000	\$6	\$6,250	\$50,000	\$6	\$6,250	\$50,000
Sales & Marketing		\$6	\$6,250	\$50,000	\$6	\$6,250	\$50,000	\$6	\$6,250	\$50,000
Overhead/Other Indirects		\$8	\$8,750	\$70,000	\$8	\$8,750	\$70,000	\$8	\$8,750	\$70,000
Financing	65%	\$13	\$15,000	\$120,000	\$13	\$15,000	\$120,000	\$13	\$15,000	\$120,000
Subtotal Indirects		\$69	\$78,000	\$624,000	\$69	\$78,000	\$624,000	\$69	\$78,000	\$624,000
Total Development Costs		\$461	\$518,500	\$4,148,000	\$481	\$541,000	\$4,328,000	\$461	\$518,500	\$4,148,000
Operating Income										
	Units	Rent	Total Annual	Units	Rent	Total Annual	Units	Rent	Total Annual	
Market Rate Units ⁽⁵⁾	8	\$2,775	\$266,400	8	\$2,775	\$266,400	7.2	\$2,775	\$239,760	
Moderate Income Units ⁽⁶⁾	0	\$0	\$0	0	\$0	\$0	0.8	\$1,791	\$17,194	
Total	8	\$2,775	\$266,400	8	\$2,775	\$266,400	8	\$2,677	\$256,954	
Other Residential Income			\$9,600			\$9,600			\$9,600	
Commercial Income (NNN)	\$36.00		\$0			\$0			\$0	
(Less) Residential Vacancy ⁽⁷⁾	5.0%		(\$13,800)			(\$13,800)			(\$13,300)	
(Less) Commercial Vacancy ⁽⁷⁾	10.0%		\$0			\$0			\$0	
Effective Gross Income			\$262,200			\$262,200			\$253,254	
(Less) Op Ex	\$6,000		(\$48,000)			(\$48,000)			(\$48,000)	
(Less) Property Taxes			(\$46,200)			(\$48,400)			(\$44,600)	
NOI			\$168,000			\$165,800			\$160,654	
Return on Cost (ROC)			4.05%			3.83%			3.87%	

⁽¹⁾ Assumes that, without on-site parking, housing density can be maximized.

⁽²⁾ For this analysis, on-site affordable housing is shown as a fractional unit. In reality, fractional units would be paid through a roughly equivalent housing fee.

⁽³⁾ Assumes Medium-High density land values in the CBD are similar to higher density land values due to the CBD location.

⁽⁴⁾ Affordable housing fee calculated against net rentable residential area.

⁽⁵⁾ Assumes market rate rent is reduced \$150/month for no on-site parking.

⁽⁶⁾ Affordable rent based on 2-bedroom unit.

⁽⁷⁾ Vacancy rates include collection loss.



KEYSER MARSTON ASSOCIATES

APPENDIX B

AVERAGE UNIT-SIZE DENSITY INCENTIVE PROGRAM RESIDENTIAL NEXUS ANALYSIS

Prepared for:
City of Santa Barbara

Prepared by:
Keyser Marston Associates, Inc.

December 2017

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I. EXECUTIVE SUMMARY

This residential nexus analysis has been prepared to determine nexus support for a new impact fee consistent with the requirements of the Mitigation Fee Act (Government Code Section 66000 et. seq.) that would apply to new market rate units built in the City of Santa Barbara under the Average Unit-Size Density Incentive (AUD) Program. The residential nexus analysis calculates the demand for affordable housing generated by market rate AUD development and the resulting maximum supported impact fee levels based on the cost of mitigating the increased affordable housing demand.

Conclusions regarding the maximum supported affordable housing impact fee level applicable to the six prototype AUD developments addressed in the analysis are summarized in the table below. Nexus findings are expressed on both a per unit and per square foot basis. Findings represent impact analysis results only and are **not** recommended fee levels.

Maximum Supported Impact Fees for AUD Units, City of Santa Barbara						
	<i>Priority Overlay Rental</i>	<i>High Density Rental</i>	<i>Medium High Density Rental</i>	<i>Priority Overlay For-Sale</i>	<i>High Density For-Sale</i>	<i>Medium High Density For- Sale</i>
Per Market Rate Unit	\$49,600	\$50,500	\$52,700	\$83,500	\$88,700	\$95,700
Per Square Foot*	\$63.60	\$63.30	\$58.50	\$83.50	\$80.70	\$79.80

* Applies to net rentable / sellable area exclusive of garage space, external corridors and other common areas.

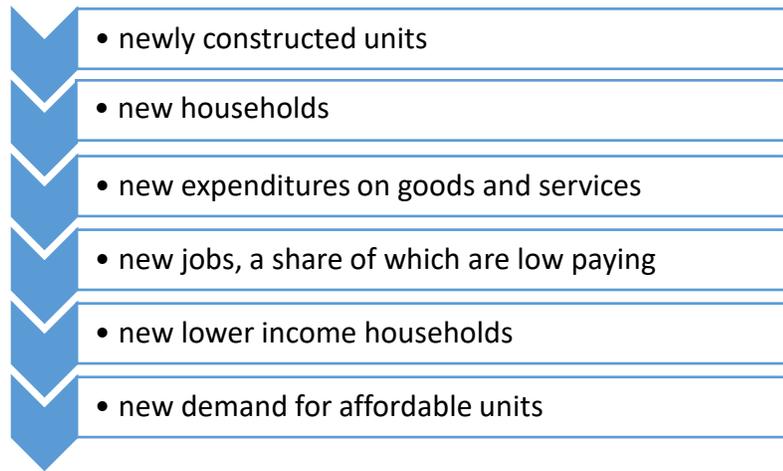
Following adoption of Assembly Bill 1505, enacted September 29th, 2017 and referred to as the “Palmer Fix,” the City has flexibility to implement affordable housing requirements as either an impact fee supported by the above nexus findings or as an onsite inclusionary requirement, which may include and in-lieu fee option. Should the City elect to structure requirements as an inclusionary housing obligation, the findings of this nexus study are still useful as an additional legal support measure especially where requirements apply to projects that are small enough that on-site affordable units may not be a practical option and the fee becomes the primary compliance option that is available.

A concise summary of the concept and major steps in the residential nexus analysis follows.

A. Residential Nexus Analysis Summary

The underlying concept of the residential nexus analysis is that the newly constructed units represent net new households in Santa Barbara. These households represent new income in the City that will consume goods and services, either through purchases of goods and services or “consumption” of governmental services. New consumption generates new local jobs; a portion of the new jobs are at lower compensation levels; low compensation jobs relate to lower income households that cannot afford market rate units in Santa Barbara and therefore need affordable housing.

Nexus Analysis Concept



1. Market Rate AUD Program Residential Prototypes

In collaboration with City staff, a total of six prototypical AUD prototype projects were selected: three ownership prototypes and three rental prototypes. The intent is to identify development prototypes that are representative of the projects being proposed under the AUD program. A summary of the six AUD prototypes is presented below. Data on the characteristics of projects proposed under the AUD program was used to develop the information. Market sales prices and rent levels were estimated based on KMA’s market research.

AUD Program Prototypes				
	Density	Unit Size	Average Rent/Price	\$/SF
Rental Prototypes				
1) Priority Overlay	57 du/acre	780 sq. ft.	\$2,750	\$3.53/SF
2) High Density	30 du/acre	800 sq. ft.	\$2,800	\$3.50/SF
3) Medium-High Density	20 du/acre	900 sq. ft.	\$2,925	\$3.25/SF
For-Sale Prototypes				
4) Priority Overlay	43 du/acre	1,000 sq. ft.	\$875,000	\$875/SF
5) High Density	23 du/acre	1,100 sq. ft.	\$950,000	\$864/SF
6) Medium-High Density	17 du/acre	1,200 sq. ft.	\$1,010,000	\$842/SF

Source: Prototype densities and unit sizes by KMA in collaboration with City of Santa Barbara; prices and sale prices estimated by KMA.

B. Household Expenditures and Job Generation

Using the sales price or rent levels applicable to each of the six market rate AUD prototypes, KMA estimates the household income of the purchasing/renting household. Household income is then translated to income available for expenditures after deducting taxes, savings and

household debt, which becomes the input to the IMPLAN model. The IMPLAN model is used to estimate the employment generated by the new household spending. The IMPLAN model is an economic model widely used for the past 35 years to quantify the impacts of changes in a local economy. For ease of presentation the analysis is conducted based on an assumed project size of 100 market rate units.

A 10% downward adjustment is made to the IMPLAN employment estimates based on the expectation that a portion of jobs may be filled by existing workers who already have housing locally. The 10% adjustment is based upon job losses in declining sectors of the local economy over a historic period. “Downsized” workers from declining sectors are assumed to fill a portion of the new jobs in sectors that serve residents.

The translation from market rate sales prices and rent levels for the prototypical units to the estimated number of jobs in sectors such as retail, restaurants, health care and others providing goods and services to new residents is summarized in the table below.

Household Income, Expenditures, Job Generation, and Net New Worker Households						
	<i>Priority Overlay Rental</i>	<i>High Density Rental</i>	<i>Medium High Density Rental</i>	<i>Priority Overlay For-Sale</i>	<i>High Density For-Sale</i>	<i>Medium High Density For- Sale</i>
Avg. Sales Price / Rent	\$2,750	\$2,800	\$2,925	\$875,000	\$950,000	\$1,010,000
Gross Household Income	\$113,000	\$115,000	\$120,000	\$178,000	\$192,000	\$203,000
Net Annual Income available for expenditure	\$70,400	\$71,700	\$74,800	\$116,900	\$124,200	\$129,400
Total Jobs Generated [from IMPLAN] (100 Units)	53.3	54.2	56.6	89.1	94.6	100.4
Net New Jobs after 10% reduction for declining industries (100 units)	47.9	48.8	50.9	80.1	85.2	90.4

C. Compensation Levels of Jobs and Household Income

The output of the IMPLAN model – the numbers of jobs by industry – is then entered into the Keyser Marston Associates jobs housing nexus analysis model to quantify the compensation levels of new jobs and the income of the new worker households. The KMA model sorts the jobs by industry into jobs by occupation, based on national data, and then attaches local wage distribution data to the occupations, using recent Santa Barbara County data from the California Employment Development Department (EDD). The KMA model also converts the number of employees to the number of employee households, recognizing that there is, on average, more than one worker per household, and thus the number of housing units in demand for new

workers is reduced. For purposes of the adjustment from jobs to housing units, the average of 1.86 workers per working household in Santa Barbara County is used.

Adjustment from No. of Workers to No. of Households						
	<i>Priority Overlay Rental</i>	<i>High Density Rental</i>	<i>Medium High Density Rental</i>	<i>Priority Overlay For-Sale</i>	<i>High Density For-Sale</i>	<i>Medium High Density For- Sale</i>
Net New Jobs (100 Units)	47.9	48.8	50.9	80.1	85.2	90.4
Divide by No. of Workers per Worker Household	1.86	1.86	1.86	1.86	1.86	1.86
Net new worker households (100 Units)	25.7	26.2	27.3	43.0	45.7	48.5

The output of the model is the number of new worker households by income level (expressed in relation to the Area Median Income, or AMI) attributable to the new residential units and new households in Santa Barbara. Four categories are addressed: Extremely Low (under 30% of AMI), Very Low (30% to 50% of AMI), Low (50% to 80% of AMI) and Moderate (80% to 120% of AMI).

Following are the numbers of worker households by income level associated with the Santa Barbara AUD prototype units.

New Worker Households per 100 Market Rate Units						
	<i>Priority Overlay Rental</i>	<i>High Density Rental</i>	<i>Medium High Density Rental</i>	<i>Priority Overlay For-Sale</i>	<i>High Density For-Sale</i>	<i>Medium High Density For-Sale</i>
Extremely Low (0%-30% AMI)	1.8	1.8	1.9	3.0	3.2	3.5
Very Low (30%-50% AMI)	6.0	6.1	6.3	10.1	10.7	11.6
Low (50%-80% AMI)	7.5	7.6	7.9	12.5	13.3	14.4
Moderate (80%-120% AMI)	3.2	3.3	3.4	5.4	5.7	6.1
Total, Less than 120% AMI	18.4	18.8	19.6	31.0	33.0	35.6
Greater than 120% AMI	7.3	7.4	7.7	11.9	12.7	12.9
Total, New Households	25.7	26.2	27.3	43.0	45.7	48.5

Housing demand is distributed across the lower income tiers. The finding that the greatest number of households occurs in the Very Low and Low income tiers is driven by the fact that a large share of jobs most directly associated with consumer spending tend to be low-paying, such as food preparation, administrative, and retail sales occupations.

D. Nexus Supported Maximum Fee Levels

The next step in the nexus analysis takes the number of households in the lower income categories associated with the market rate units and identifies the total subsidy required to make

housing affordable. This is done for each of the prototype units to establish the 'total nexus cost,' which is the Maximum Supported Impact Fee conclusion of the analysis. For the purposes of the analysis, KMA assumes that affordable housing fee revenues will be used to subsidize affordable rental units. Affordability gaps are calculated for each of the income tiers; the nexus costs are calculated by multiplying the affordability gaps by the number of households in each income level.

The Maximum Supported Impact Fees are calculated at the per-unit level and the per-square-foot level and are shown in the table below.

Maximum Supported Impact Fees for AUD Units, City of Santa Barbara						
	<i>Priority Overlay Rental</i>	<i>High Density Rental</i>	<i>Medium High Density Rental</i>	<i>Priority Overlay For-Sale</i>	<i>High Density For-Sale</i>	<i>Medium High Density For- Sale</i>
Per Market Rate Unit	\$49,600	\$50,500	\$52,700	\$83,500	\$88,700	\$95,700
Per Square Foot*	\$63.60	\$63.30	\$58.50	\$83.50	\$80.70	\$79.80

* Applies to net rentable / sellable area exclusive of garage space, external corridors and other common areas.

These costs express the maximum supported impact fees for the six AUD residential prototype developments in Santa Barbara. These findings are **not** recommended fee levels.

II. INTRODUCTION

The following report is a Residential Nexus Analysis, an analysis of the linkages between the development of new market rate residential units under the City's Average Unit-Size Density Incentive (AUD) program and the need for additional affordable housing in Santa Barbara. The report has been prepared pursuant to a contract between Keyser Marston Associates, Inc. (KMA) and the City of Santa Barbara.

Background, Context and Use of the Analysis

The analysis addresses market rate residential projects being developed as part of the City of Santa Barbara's AUD Program, which permits higher density development and other development incentives in certain parts of the City in exchange for smaller units anticipated to be more affordable. The nexus analysis quantifies the linkages between new market rate units built under the AUD program and the demand for affordable housing in Santa Barbara.

The City of Santa Barbara currently has an Inclusionary Housing program that applies only to for-sale housing projects. Rental projects are currently exempt. The program requires that all residential for-sale developments of 10 or more units must either designate at least 15% of total units as affordable to middle-income households (priced at 120% to 160% of AMI), or pay an in-lieu fee. Projects from two to nine units pay a reduced in-lieu fee.

The nexus analysis provided herein enables the City to proceed with enactment of affordable housing impact fees applicable to AUD projects (both rental and for-sale) in the City of Santa Barbara. The conclusions of the analysis represent maximum supportable or legally defensible impact fee levels based on the impact of new AUD development on the need for affordable housing. Findings are not recommended fee levels.

Background on Key Legal Cases

The following provides background regarding two key legal cases pertaining to inclusionary programs which in recent years have motivated many California cities to undertake residential nexus studies. This section is intended as general background only; nothing in this report should be interpreted as providing specific legal guidance, which KMA is not qualified to provide.

In *C.B.I.A.*, (*California Building Industry Association v. City of San Jose*, California Supreme Court Case No. S212072, June 15, 2015), also referred to as the San Jose Case, the California Building Industry Association challenged the City of San Jose's newly adopted inclusionary program. A core contention of C.B.I.A. was that the City's inclusionary program constituted an exaction that required a nexus study to support it. The case was pending in the courts from 2010 through February 2016. Ultimately, the case was decided by the California Supreme Court in favor of the City of San Jose, finding San Jose's inclusionary program to be a valid exercise

of the City's power to regulate land use and not an exaction. The U.S. Supreme Court denied C.B.I.A.'s petition to review the case. While the case was pending, there was speculation that the courts would rule in favor of C.B.I.A. and this possibility was one of the motivations for cities to prepare residential nexus studies as an additional "backup" support measure for inclusionary programs.

The *Palmer* case (*Palmer/Sixth Street Properties L.P. v. City of Los Angeles* [2009] 175 Cal. App. 4th 1396) was decided in 2009 and precluded California cities from requiring long term rent restrictions or inclusionary requirements on rental units. Since the *Palmer* ruling, many California cities have adopted affordable housing impact fees on rental projects supported by residential nexus studies similar to this one. Assembly Bill 1505, enacted September 29th 2017, referred to as the "Palmer Fix," restores the ability of California cities to apply inclusionary requirements to rental projects.

The Nexus Concept

A residential nexus analysis demonstrates and quantifies the impact of new market rate housing development under the City's AUD program on the demand for affordable housing. The underlying nexus concept is that the newly constructed market rate units represent net new households in Santa Barbara. These households represent new income in Santa Barbara that will consume goods and services, either through purchases of goods and services or 'consumption' of government services. New consumption translates to jobs; a portion of the jobs are at lower compensation levels; low compensation jobs relate to lower income households that cannot afford market rate units in Santa Barbara and therefore need affordable housing.

Methodology and Models Used

The nexus analysis methodology starts with the rental rate or sales price of a new market rate unit, and moves through a series of linkages to the gross income of the household that rented or purchased the unit, the income available for expenditures on goods and services, the jobs associated with the purchases and delivery of those services, the income of the workers doing those jobs, the household income of the workers and, ultimately, the affordability level of the housing needed by the worker households. The steps of the analysis from household income available for expenditures to jobs generated were performed using the IMPLAN model, a model widely used for the past 35 years to quantify the impacts of changes in a local economy, including employment impacts from changes in personal income. From job generation by industry, KMA used its own jobs housing nexus model to quantify the income of worker households by affordability level.

To illustrate the linkages by looking at a simplified example, we can take an average household that rents a new unit. From the rent level the household pays, we estimate the gross income of the household and the portion of income available for expenditures. Households will "purchase"

or consume a range of goods and services, such as purchases at the supermarket or services at the bank. Purchases in the local economy in turn generate employment. The jobs generated are at different compensation levels. Some of the jobs are low paying and as a result, even when there is more than one worker in the household, there are some lower and middle-income households who cannot afford market rate housing in Santa Barbara.

The IMPLAN model quantifies jobs generated at establishments that serve new residents directly (e.g., supermarkets, banks or schools), jobs generated by increased demand at firms that service or supply these establishments, and jobs generated when the new employees spend their wages in the local economy and generate additional jobs. The IMPLAN model estimates the total impact combined.

Net New Underlying Assumption

An underlying assumption of the analysis is that households that rent or purchase new units represent net new households in Santa Barbara. If renters or purchasers have relocated from elsewhere in the city, vacancies have been created that will be filled. An adjustment to new construction of units would be warranted if Santa Barbara were experiencing demolitions or loss of existing housing inventory. However, the rate of housing unit removal is so low as to not warrant an adjustment or offset.

On an individual project basis, if existing units are removed to redevelop a site to higher density, then there could be a need for recognition of the existing households in that all new units might not represent net new households, depending on the program design and number of units removed relative to new units.

Since the analysis addresses net new households in Santa Barbara and the impacts generated by their consumption expenditures, it quantifies net new demand for affordable units to accommodate new worker households. As such, the impact results do not address nor in any way include existing deficiencies in the supply of affordable housing.

Geographic Area of Impact

The analysis quantifies impacts occurring within Santa Barbara County. While much of the impact will occur within the City of Santa Barbara, some impacts will be experienced elsewhere in the county and beyond. The IMPLAN model computes the jobs generated within the county and sorts out those that occur beyond the county boundaries. The KMA Jobs Housing Nexus Model analyzes the income structure of jobs and their worker households, without assumptions as to where the worker households live.

In summary, the KMA nexus analysis quantifies all the job impacts occurring within Santa Barbara County and related worker households. Job impacts, like most types of impacts, occur irrespective of political boundaries. And like other types of impact analyses, such as traffic,

impacts beyond city boundaries may be mitigated by the city. See the Addendum: Additional Background and Notes on Specific Assumptions at the end of this report for further discussion.

Market Rate AUD Project Types

Six prototypical projects under the AUD program were selected by the City and KMA for analysis in this nexus study. The prototypes represent a range of project densities. Three of the prototypes are rentals and three are for-sale. The prototypes were intended to represent a range of completed and pipeline projects under the AUD program:

- Rental AUD Prototypes
 - Priority Overlay
 - High Density
 - Medium-High Density
- For-Sale AUD Prototypes
 - Priority Overlay
 - High Density
 - Medium-High Density

Affordability Tiers

The nexus analysis addresses the following four income or affordability tiers:

- Extremely Low Income: households earning up to 30% Area Median Income (AMI);
- Very Low Income: households earning over 30% AMI up to 50% of AMI;
- Low Income: households earning over 50% AMI up to 80% of AMI; and,
- Moderate Income: households earning over 80% AMI up to 120% of AMI.

Report Organization

The report is organized into the following sections:

- Section A presents information regarding the prototypical AUD units and the estimated household income of renters or purchasers of those units.
- Section B describes the IMPLAN model, which is used in the nexus analysis to translate household income into the estimated number of jobs in retail, restaurants, healthcare, and other sectors serving new residents.
- Section C presents the linkage between employment growth associated with AUD development and the need for new lower income housing units required in each of the four income categories.

- Section D quantifies the nexus or mitigation cost based on the cost of delivering affordable units to new worker households in each of the four income categories.
- An Addendum section provides a supplemental discussion of specific factors in relation to the nexus concept.
- Appendix A contains the market survey.
- Appendix B includes detailed tables on worker occupations and compensation levels that are a key input into the analysis.

Disclaimers

This report has been prepared using the best and most recent data available at the time of the analysis. Local data and sources were used wherever possible. Major sources include the U.S. Census Bureau's American Community Survey, California Employment Development Department (EDD) and the IMPLAN model. While we believe all sources utilized are sufficiently sound and accurate for the purposes of this analysis, we cannot guarantee their accuracy. Keyser Marston Associates, Inc. assumes no liability for information from these and other sources.

III. RESIDENTIAL NEXUS ANALYSIS

A. Market Rate AUD Units and Household Income

This section describes the prototypical market rate AUD units and the income of the renter and purchaser households. AUD prototypes are representative of new market rate units currently being built or proposed under the AUD program. Household income is estimated based on the amount necessary for the rent or mortgage payments associated with the prototypical new AUD units and becomes the basis for the input to the IMPLAN model. These are the starting points of the chain of linkages that connect new market rate AUD units to additional demand for affordable residential units.

This section presents a summary of the market rate AUD prototypes and the estimated household income of renters or purchasers of the market rate units.

AUD Prototypes

KMA worked with City staff to select representative development prototypes for each of three density tiers in the current AUD program – Priority Overlay, High Density, and Medium-High Density. In developing these prototypes, KMA analyzed the characteristics of all the AUD projects in the development pipeline. The following summarizes the basic characteristics of these prototypes. As a general rule, the prototype density and unit sizes were based on rough averages of the pipeline projects, though slight modifications were made in some cases. For reference, the master list of AUD projects is included in Appendix A Table 1.

AUD Prototypes				
	Density	Unit Size	Average Rent/Price	\$/SF
Rental Prototypes				
1) Priority Overlay	57 du/acre	780 sq. ft.	\$2,750	\$3.53/SF
2) High Density	30 du/acre	800 sq. ft.	\$2,800	\$3.50/SF
3) Medium-High Density	20 du/acre	900 sq. ft.	\$2,925	\$3.25/SF
For-Sale Prototypes				
4) Priority Overlay	43 du/acre	1,000 sq. ft.	\$875,000	\$875/SF
5) High Density	23 du/acre	1,100 sq. ft.	\$950,000	\$864/SF
6) Medium-High Density	17 du/acre	1,200 sq. ft.	\$1,010,000	\$842/SF

Source: Prototype densities and unit sizes by KMA in collaboration with City of Santa Barbara; prices and sale prices estimated by KMA.

Income of Housing Unit Renter or Purchaser

After the prototypes are established, the next step in the analysis is to determine the income of the renting or purchasing households in the prototypical AUD units.

Apartment Units

Household income for renter households in AUD units is estimated based on the assumption that housing costs, including rent and utilities, represents on average 30% of gross household income. The 30% factor was selected for consistency with the California Health and Safety Code standard for relating income to affordable rent levels.¹ The resulting relationship is that annual household income is 3.3 times annual rent.

Ownership Units

To make the determination for ownership units, terms for the purchase of residential units used in the analysis are slightly less favorable than what can be achieved at the current time since current terms are not likely to endure. A down-payment of 20%² and a 30-year fixed-rate loan at a 5.25% interest rate is assumed for ownership prototypes. The interest rate at 5.25% reflects a longer term average rate based on data for the last fifteen years from 2001 to 2015³ and includes a premium of 0.25% to reflect a non-conforming loan that exceed the \$636,150 limit established by the Federal Housing Finance Agency (FHFA). Tables A-4 to A-6 at the end of this section provide the details.

All ownership product types include an estimate of homeowners' insurance, homeowner association dues, and property taxes. These are included along with the mortgage payment as part of housing expenses for purposes of determining mortgage eligibility.⁴ The analysis estimates gross household income based on the assumption that these housing costs represent, on average, approximately 35% of gross income. The assumption that housing expenses represent 35% of gross income is reflective of the local average for condominium new purchase loans⁵ and is consistent with criteria used by lenders to determine mortgage eligibility.⁶

¹ Health and Safety Code Section 50052.5 defines affordable rent levels based on 30% of income.

² Down payment of 20% reflects the median for new purchase condominium loans originated in zip codes beginning with 931xx, which includes Santa Barbara. Derived from Freddie Mac dataset for loans issued in the 1st Quarter of 2016.

³ Based on Freddie Mac Primary Mortgage Market Survey. Reflects weekly average rates for 30 year fixed rate mortgages during the period from 6/2002 through 6/2017 applicable to the West Region and rounded to the nearest whole percentage.

⁴ Housing expenses are combined with other debt payments such as credit cards and auto loans to compute a Debt To Income (DTI) ratio which is a key criteria used for determining mortgage eligibility.

⁵ Freddie Mac data on new purchase condominium loans originated in zip codes beginning with 931xx, which includes Santa Barbara) for the 1st Quarter of 2016 indicates an average debt to income ratio of 39%; however, most households have other forms of debt such as credit cards, student loans, and auto loans that are included as part of this ratio and the ratio considering housing costs only would be lower. Application of a 35% ratio is also consistent with the California Health and Safety Code standard for relating income to housing costs for ownership units.

⁶ Fannie Mae mortgage underwriting eligibility criteria establishes a debt to income threshold of 36% above which tighter credit standards apply. A debt to income ratio of up to 45% is permitted for borrowers meeting specified credit criteria; however, most households have other forms of debt such as credit cards, student loans, and auto loans that would be considered as part of this ratio.

The estimated gross household incomes of the renters or purchasers of the prototype AUD units are calculated in Tables A-1 through A-6 and summarized below.

Gross Household Income						
	<i>Priority Overlay Rental</i>	<i>High Density Rental</i>	<i>Medium High Density Rental</i>	<i>Priority Overlay For-Sale</i>	<i>High Density For-Sale</i>	<i>Medium High Density For-Sale</i>
Gross Household Income	\$113,000	\$115,000	\$120,000	\$178,000	\$192,000	\$203,000

Estimates reflect the income required to afford each type of AUD unit based upon the estimated rent and price levels. The medium high density for sale AUD prototype has the highest price and households in these units need to have correspondingly higher incomes.

Income Available for Expenditures

The input into the IMPLAN model used in this analysis is the net income available for expenditures. To arrive at income available for expenditures, gross income must be adjusted for Federal and State income taxes, contributions to Social Security and Medicare, savings, and payments on household debt. Per KMA correspondence with the producers of the IMPLAN model (IMPLAN Group LLC), other taxes including sales tax, gas tax, and property tax are handled internally within the model as part of the analysis of expenditures. Payroll deduction for medical benefits and pre-tax medical expenditures are also handled internally within the model. Housing costs are addressed separately, as described below, and so are not deducted as part of this adjustment step. Table A-7 at the end of this section shows the calculation of income available for expenditures.

Income available for expenditures is estimated at approximately 65% to 67% of gross income, depending on the AUD prototype. The estimates are based on a review of data from the Internal Revenue Service and California Franchise Tax Board tax tables. Residents of the market rate rental units are estimated to pay an average of 14% of gross income in federal income taxes, the average for households in the \$100,000 to \$200,000 income range not itemizing deductions on their taxes, according to the Internal Revenue Service. Residents of the market rate ownership units are estimated to pay an average of 13% to 14% of their income toward federal taxes and are assumed to itemize deductions. State taxes are estimated to average 3.5% to 5.6% of gross income based on tax rates per the California Franchise Tax Board. The employee share of FICA payroll taxes for Social Security and Medicare is 7.65% of gross income. A ceiling of \$127,200 per employee applies to the 6.2% Social Security portion of this tax rate.

Savings and repayment of household debt represent another necessary adjustment to gross income. Savings includes various IRA and 401 K type programs as well as non-retirement household savings and investments. Debt repayment includes auto loans, credit cards, and all other non-mortgage debt. Savings and repayment of debt are estimated to represent a

combined 8% of gross income based on the 20-year average derived from United States Bureau of Economic Analysis data.

The percentage of income available for expenditure for input into the IMPLAN model is prior to deducting housing costs. The reason is for consistency with the IMPLAN model which defines housing costs as expenditures. The IMPLAN model addresses the fact that expenditures on housing do not generate employment to the degree other expenditures such as retail or restaurants do, but there is some limited maintenance and property management employment generated.

After deducting income taxes, Social Security, Medicare, savings, and repayment of debt, for purchasers of one of the new ownership prototypes, the estimated income available for expenditures is 65% – 67%. These are the factors used to adjust from gross income to the income available for expenditures for input into the IMPLAN model. As indicated above, other forms of taxation such as property tax are handled internally within the IMPLAN model.

Another adjustment made to spending is to account for the potential that a share of units may be used as second homes and occupied for only a portion of the year. The adjustment is made using U.S. census data for Santa Barbara on the percentage of housing units that are used as second homes. Household expenditures are reduced by 2% to account for the fact that some units may be used as second homes and left vacant part of the year. For the rental prototypes, we apply an additional 5% adjustment for standard operational vacancy.

Estimates of household income available for expenditures are presented below:

Income Available for Expenditures						
	<i>Priority Overlay Rental</i>	<i>High Density Rental</i>	<i>Medium High Density Rental</i>	<i>Priority Overlay For- Sale</i>	<i>High Density For- Sale</i>	<i>Medium High Density For- Sale</i>
Gross Household Income	\$113,000	\$115,000	\$120,000	\$178,000	\$192,000	\$203,000
Percent Income available for Expenditures	67%	67%	67%	67%	66%	65%
Spending Adjustment / Vacancy	7%	7%	7%	2%	2%	2%
Household Income Available for Expenditure ⁽¹⁾						
One Unit	\$70,400	\$71,700	\$74,800	\$116,900	\$124,200	\$129,400
100 Units	\$7,040,000	\$7,170,000	\$7,480,000	\$11,690,000	\$12,420,000	\$12,940,000

(1) Calculated as gross household income X percent available for expenditures X spending adjustment for second homes and rental vacancy. Result includes the share of income spent on housing as the required input to the IMPLAN model is income after taxes but before deduction of housing costs as described above.

The nexus analysis is conducted on 100-unit building modules for ease of presentation, and to avoid awkward fractions. The spending associated with 100 market rate residential units is the input into the IMPLAN model. Tables A-8 and A-9 summarize the conclusions of this section and calculate the household income for the 100-unit building modules.

**TABLE A-1
 PROTOTYPE 1: PRIORITY OVERLAY RENTAL
 RENT TO INCOME RATIO
 RESIDENTIAL NEXUS ANALYSIS
 CITY OF SANTA BARBARA, CA**

		Prototype 1 <u>Priority Overlay Rental</u>
Market Rent	<u>Unit Size</u>	
Monthly	780 SF ¹	\$2,750 ¹
Utilities ²		<u>\$63</u>
Monthly housing cost		\$2,813
Annual housing cost		\$33,756
% of Income Spent on Rent		30% ³
Annual Household Income Required		\$113,000
Annual Rent to Income Ratio		3.3

Notes

(1) Based on the results of the market survey. Represents rent levels applicable to new AUD units.

(2) Monthly utilities include direct-billed utilities and landlord reimbursements estimated based on County Housing Authority utility allowance schedule.

(3) While landlords may permit rental payments to represent a slightly higher share of total income, 30% represents an average. This relationship is established in the California Health and Safety Code and used throughout housing policy to relate income to affordable rental housing costs.

**TABLE A-2
 PROTOTYPE 2: HIGH DENSITY RENTAL
 RENT TO INCOME RATIO
 RESIDENTIAL NEXUS ANALYSIS
 CITY OF SANTA BARBARA, CA**

		Prototype 2 High Density Rental
Market Rent	<u>Unit Size</u>	
Monthly	800 SF ¹	\$2,800 ¹
Utilities ²		<u>\$66</u>
Monthly housing cost		\$2,866
Annual housing cost		\$34,392
% of Income Spent on Rent		30% ³
Annual Household Income Required		\$115,000
Annual Rent to Income Ratio		3.3

Notes

(1) Based on the results of the market survey. Represents rent levels applicable to new AUD units.

(2) Monthly utilities include direct-billed utilities and landlord reimbursements estimated based on County Housing Authority utility allowance schedule.

(3) While landlords may permit rental payments to represent a slightly higher share of total income, 30% represents an average. This relationship is established in the California Health and Safety Code and used throughout housing policy to relate income to affordable rental housing costs.

**TABLE A-3
 PROTOTYPE 3: MEDIUM HIGH DENSITY RENTAL
 RENT TO INCOME RATIO
 RESIDENTIAL NEXUS ANALYSIS
 CITY OF SANTA BARBARA, CA**

		Prototype 3 <u>Medium High Density Rental</u>
Market Rent	<u>Unit Size</u>	
Monthly	900 SF ¹	\$2,925 ¹
Utilities ²		<u>\$65</u>
Monthly housing cost		\$2,990
Annual housing cost		\$35,880
% of Income Spent on Rent		30% ³
Annual Household Income Required		\$120,000
Annual Rent to Income Ratio		3.3

Notes

(1) Based on the results of the market survey. Represents rent levels applicable to new AUD units.

(2) Monthly utilities include direct-billed utilities and landlord reimbursements estimated based on County Housing Authority utility allowance schedule.

(3) While landlords may permit rental payments to represent a slightly higher share of total income, 30% represents an average. This relationship is established in the California Health and Safety Code and used throughout housing policy to relate income to affordable rental housing costs.

**TABLE A-4
 PROTOTYPE 4 : PRIORITY OVERLAY FOR-SALE
 SALES PRICE TO INCOME RATIO
 RESIDENTIAL NEXUS ANALYSIS
 CITY OF SANTA BARBARA, CA**

			Prototype 4 Priority Overlay For-Sale
Sales Price	\$875 /SF	1,000 SF ¹	\$875,000 ¹
Mortgage Payment			
Downpayment @ 20%		20% ²	\$175,000
Loan Amount			\$700,000
Interest Rate			5.25% ³
Term of Mortgage			30 years
Annual Mortgage Payment	\$3,900 /month		\$46,400
Other Costs			
Property Taxes	1.04% of sales price ⁴		\$9,100
HOA Dues	\$500 per month ¹		\$6,000
Homeowner Insurance	0.10% of sales price ⁵		\$900
Total Annual Housing Cost	\$5,200 /month		\$62,400
% of Income Spent on Hsg			35% ⁶
Annual Household Income Required			\$178,000
Sales Price to Income Ratio			4.9

Notes

(1) Based on KMA Market Survey.

(2) Reflects the median down payment for new purchase loans originated in zip codes beginning with 931xx (includes Santa Barbara), derived from Freddie Mac data for condominium loans issued in the 1st Quarter of 2016.

(3) Average mortgage interest rate for prior 15 years derived from Freddie Mac Primary Mortgage Market Survey, West Region (rounded to nearest whole percentage). Based on weekly average rates for 30 year fixed rate mortgages during the period from 6/2002 through 6/2017.

(4) Property tax rate is inclusive of ad valorem taxes and applicable voter approved rates, fixed charges and assessments. Source: ListSource.

(5) Estimated from quote obtained from Progressive Insurance.

(6) Ratio is consistent with Fannie Mae mortgage underwriting eligibility criteria which establishes a debt to income threshold of 36% above which tighter credit standards apply. A debt to income ratio of up to 45% is permitted for borrowers meeting specified credit criteria. Ratio is also consistent with the California Health and Safety Code standard for relating income to housing costs for ownership units. Freddie Mac data on new purchase loans originated in zip codes beginning with 931xx (including Santa Barbara) for the 1st Quarter of 2016 indicates an average debt to income ratio of 39% for new condo sales; however, most households have other forms of debt such as credit cards, student loans, and auto loans that are included as part of this ratio and the ratio considering housing costs only would be lower.

**TABLE A-5
 PROTOTYPE 5: HIGH DENSITY FOR-SALE
 SALES PRICE TO INCOME RATIO
 RESIDENTIAL NEXUS ANALYSIS
 CITY OF SANTA BARBARA, CA**

			Prototype 5 High Density For-Sale
Sales Price	\$864 /SF	1,100 SF ¹	\$950,000 ¹
Mortgage Payment			
Downpayment @ 20%		20% ²	\$190,000
Loan Amount			\$760,000
Interest Rate			5.25% ³
Term of Mortgage			30 years
Annual Mortgage Payment	\$4,200 /month		\$50,400
Other Costs			
Property Taxes	1.04% of sales price ⁴		\$9,880
HOA Dues	\$500 per month ¹		\$6,000
Homeowner Insurance	0.10% of sales price ⁵		\$1,000
Total Annual Housing Cost	\$5,600 /month		\$67,280
% of Income Spent on Hsg			35% ⁷
Annual Household Income Required			\$192,000
Sales Price to Income Ratio			4.9

Notes

(1) Based on KMA Market Survey.

(2) Reflects the median down payment for new purchase loans originated in zip codes beginning with 931xx (includes Santa Barbara), derived from Freddie Mac data for condominium loans issued in the 1st Quarter of 2016.

(3) Average mortgage interest rate for prior 15 years derived from Freddie Mac Primary Mortgage Market Survey, West Region (rounded to nearest whole percentage). Based on weekly average rates for 30 year fixed rate mortgages during the period from 6/2002 through 6/2017.

(4) Property tax rate is inclusive of ad valorem taxes and applicable voter approved rates, fixed charges and assessments. Source: ListSource.

(5) Estimated from quote obtained from Progressive Insurance.

(6) Ratio is consistent with Fannie Mae mortgage underwriting eligibility criteria which establishes a debt to income threshold of 36% above which tighter credit standards apply. A debt to income ratio of up to 45% is permitted for borrowers meeting specified credit criteria. Ratio is also consistent with the California Health and Safety Code standard for relating income to housing costs for ownership units. Freddie Mac data on new purchase loans originated in zip codes beginning with 931xx (including Santa Barbara) for the 1st Quarter of 2016 indicates an average debt to income ratio of 39% for new condo sales; however, most households have other forms of debt such as credit cards, student loans, and auto loans that are included as part of this ratio and the ratio considering housing costs only would be lower.

**TABLE A-6
 PROTOTYPE 6: MEDIUM HIGH DENSITY FOR-SALE
 SALES PRICE TO INCOME RATIO
 RESIDENTIAL NEXUS ANALYSIS
 CITY OF SANTA BARBARA, CA**

**Prototype 6
 Medium High Density For-Sale**

Sales Price	\$842 /SF	1,200 SF ¹	\$1,010,000 ¹
Mortgage Payment			
Downpayment @ 20%		20% ²	\$202,000
Loan Amount			\$808,000
Interest Rate			5.25% ³
Term of Mortgage			30 years
Annual Mortgage Payment	\$4,500 /month		\$53,500
Other Costs			
Property Taxes	1.04% of sales price ⁴		\$10,504
HOA Dues	\$500 per month ¹		\$6,000
Homeowner Insurance	0.10% sale price ⁵		\$1,000
Total Annual Housing Cost	\$5,900 /month		\$71,004
% of Income Spent on Hsg			35% ⁷
Annual Household Income Required			\$203,000
Sales Price to Income Ratio			5.0

Notes

(1) Based on KMA Market Survey.

(2) Reflects the median down payment for new purchase loans originated in zip codes beginning with 931xx (includes Santa Barbara), derived from Freddie Mac data for condominium loans issued in the 1st Quarter of 2016.

(3) Average mortgage interest rate for prior 15 years derived from Freddie Mac Primary Mortgage Market Survey, West Region (rounded to nearest whole percentage). Based on weekly average rates for 30 year fixed rate mortgages during the period from 6/2002 through 6/2017.

(4) Property tax rate is inclusive of ad valorem taxes and applicable voter approved rates, fixed charges and assessments. Source: ListSource.

(5) Estimated from quote obtained from Progressive Insurance.

(6) Ratio is consistent with Fannie Mae mortgage underwriting eligibility criteria which establishes a debt to income threshold of 36% above which tighter credit standards apply. A debt to income ratio of up to 45% is permitted for borrowers meeting specified credit criteria. Ratio is also consistent with the California Health and Safety Code standard for relating income to housing costs for ownership units. Freddie Mac data on new purchase loans originated in zip codes beginning with 931xx (including Santa Barbara) for the 1st Quarter of 2016 indicates an average debt to income ratio of 39% for new condo sales; however, most households have other forms of debt such as credit cards, student loans, and auto loans that are included as part of this ratio and the ratio considering housing costs only would be lower.

**TABLE A-7
 INCOME AVAILABLE FOR EXPENDITURES¹
 RESIDENTIAL NEXUS ANALYSIS
 CITY OF SANTA BARBARA, CA**

	<i>Prototype 1</i>	<i>Prototype 2</i>	<i>Prototype 3</i>	<i>Prototype 4</i>	<i>Prototype 5</i>	<i>Prototype 6</i>
	Priority Overlay Rental	High Density Rental	Medium High Density Rental	Priority Overlay For-Sale	High Density For-Sale	Medium High Density For- Sale
Gross Income	100%	100%	100%	100%	100%	100%
<u>Less:</u>						
Federal Income Taxes ²	14.0%	14.0%	14.0%	13.1%	13.6%	14.0%
State Income Taxes ³	3.5%	3.5%	3.6%	4.6%	4.7%	5.6%
FICA Tax Rate ⁴	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Savings & other deductions ⁵	8%	8%	8%	8%	8%	8%
Percent of Income Available for Expenditures ⁶ [Input to IMPLAN model]	67%	67%	67%	67%	66%	65%

Notes:

- ¹ Gross income after deduction of taxes and savings. Income available for expenditures is the input to the IMPLAN model which is used to estimate the resulting employment impacts. Housing costs are not deducted as part of this adjustment step because they are addressed separately as expenditures within the IMPLAN model.
- ² Reflects average tax rates (as opposed to marginal) based on U.S. Internal Revenue Services, Tax Statistics, Tables 1.1 and 2.1 for 2014. Homeowners are assumed to itemize deductions. Tax rates reflect averages for applicable income range and use linear interpolation for the for-sale prototypes.
- ³ Average tax rate estimated by KMA based on marginal rates per the California Franchise Tax Board and ratios of taxable income to gross income estimated based on U.S. Internal Revenue Service data.
- ⁴ For Social Security and Medicare. Social Security taxes estimated based upon the current ceiling on applicability of Social Security taxes of \$127,200 (ceiling applies per earner not per household) and the average number of earners per household.
- ⁵ Household savings including retirement accounts like 401k / IRA and other deductions such as interest costs on credit cards, auto loans, etc, necessary to determine the amount of income available for expenditures. The 8% rate used in the analysis is based on the average over the past 20 years computed from U.S. Bureau of Economic Analysis data, specifically the National Income and Product Accounts, Table 2.1 "Personal Income and Its Disposition."
- ⁶ Deductions from gross income to arrive at the income available for expenditures are consistent with the way the IMPLAN model and National Income and Product Accounts (NIPA) defines income available for personal consumption expenditures. Income taxes, contributions to Social Security and Medicare, and savings are deducted; however, property taxes and sales taxes are not. Housing costs are not deducted as part of the adjustment because they are addressed separately as expenditures within the IMPLAN model.

**TABLE A-8
NEW MARKET RATE RESIDENTIAL HOUSEHOLD SUMMARY
RESIDENTIAL NEXUS ANALYSIS
CITY OF SANTA BARBARA, CA**

	<u>Per Unit</u>	<u>Per Sq.Ft.</u>	<u>100 Unit Building Module (Per 100 Units)</u>
PROTOTYPE 1: PRIORITY OVERLAY RENTAL			
Building Sq.Ft.		780	78,000
Rent			
Monthly	\$2,750	\$3.53 /SF	\$275,000
Monthly with Utilities	\$2,813		
Annual with Utilities	\$33,756		\$3,376,000
Rent to Income Ratio	0.3		0.3
Gross Household Income	\$113,000		\$11,300,000
Income Available for Expenditure ¹	67% of gross	\$76,000	\$7,570,000
Expenditures adjusted for vacancy ²	7% adjustment	\$70,400	\$7,040,000
PROTOTYPE 2: HIGH DENSITY RENTAL			
Building Sq.Ft.		800	80,000
Rent			
Monthly	\$2,800	\$3.50 /SF	\$280,000
Monthly with Utilities	\$2,866		
Annual with Utilities	\$34,392		\$3,439,000
Rent to Income Ratio	0.3		0.3
Gross Household Income	\$115,000		\$11,500,000
Income Available for Expenditure ¹	67% of gross	\$77,000	\$7,710,000
Expenditures adjusted for vacancy ²	7% adjustment	\$71,700	\$7,170,000
PROTOTYPE 3: MEDIUM HIGH DENSITY RENTAL			
Building Sq.Ft.		900	90,000
Rent			
Monthly	\$2,925	\$3.25 /SF	\$293,000
Monthly with Utilities	\$2,990		
Annual with Utilities	\$35,880		\$3,588,000
Rent to Income Ratio	0.3		0.3
Gross Household Income	\$120,000		\$12,000,000
Income Available for Expenditure ¹	67% of gross	\$80,000	\$8,040,000
Expenditures adjusted for vacancy ²	7% adjustment	\$74,800	\$7,480,000

Notes:

(1) Represents net income available for expenditures after income tax, payroll taxes, and savings. See Table A-7 for derivation.

(2) Allowance to account for standard operational vacancy (5%) and rentals used at second-homes (2%). The second home adjustment is based upon American Community Survey data for Santa Barbara, which identifies the number of housing units used as seasonal or vacation homes. Second homes are assumed to be in use three months of the year.

Source: Tables A-1 through A-3.

**TABLE A-9
FOR SALE PROTOTYPES: SALES PRICE TO INCOME SUMMARY
RESIDENTIAL NEXUS ANALYSIS
CITY OF SANTA BARBARA, CA**

		<u>Per Unit</u>	<u>Per Sq.Ft.</u>	<u>100 Unit Building Module</u> <i>(Per 100 Units)</i>
PROTOTYPE 4 : PRIORITY OVERLAY FOR-SALE				
Building Sq.Ft. (excludes garage)		1,000		100,000
Sales Price		\$875,000	\$875	\$87,500,000
Sales Price to Income Ratio		4.9		4.9
Gross Household Income		\$178,000		\$17,800,000
Income Available for Expenditure ¹	67% of gross	\$119,300		\$11,930,000
Adjusted Expenditures / Second Homes ²	2% adjustment	\$116,900		\$11,690,000
PROTOTYPE 5: HIGH DENSITY FOR-SALE				
Building Sq.Ft. (excludes garage)		1,100		110,000
Sales Price		\$950,000	\$864	\$95,000,000
Sales Price to Income Ratio		4.9		4.9
Gross Household Income		\$192,000		\$19,200,000
Income Available for Expenditure ¹	66% of gross	\$126,700		\$12,670,000
Adjusted Expenditures / Second Homes ²	2% adjustment	\$124,200		\$12,420,000
PROTOTYPE 6: MEDIUM HIGH DENSITY FOR-SALE				
Building Sq.Ft. (excludes garage)		1,200		120,000
Sales Price		\$1,010,000	\$842	\$101,000,000
Sales Price to Income Ratio		5.0		5.0
Gross Household Income		\$203,000		\$20,300,000
Income Available for Expenditure ¹	65% of gross	\$132,000		\$13,200,000
Adjusted Expenditures / Second Homes ²	2% adjustment	\$129,400		\$12,940,000

Notes:

(1) Represents net income available for expenditures after income tax, payroll taxes, and savings. See Table A-7 for derivation.

(2) Adjustment to expenditures based upon the expectation that a share of units may not be occupied year round because they are second homes. The adjustment is based upon American Community Survey data for Santa Barbara, which identifies the number of housing units used as seasonal or vacation homes. Second homes are assumed to be in use three months of the year.

B. The IMPLAN Model

Consumer spending by residents of new housing units will create jobs, particularly in sectors such as restaurants, health care, and retail, which are closely connected to the expenditures of residents. The widely used economic analysis tool, IMPLAN (IMpact Analysis for PLANning), was used to quantify these new jobs by industry sector.

IMPLAN Model Description

The IMPLAN model is an economic analysis software package now commercially available through the IMPLAN Group, LLC. IMPLAN was originally developed by the U.S. Forest Service, the Federal Emergency Management Agency, and the U.S. Department of the Interior Bureau of Land Management and has been in use since 1979 and refined over time. It has become a widely used tool for analyzing economic impacts for a broad range of applications from major construction projects to natural resource programs.

IMPLAN is based on an input-output accounting of commodity flows within an economy from producers to intermediate and final consumers. The model establishes a matrix of supply chain relationships between industries and also between households and the producers of household goods and services. Assumptions about the portion of inputs or supplies for a given industry likely to be met by local suppliers, and the portion supplied from outside the region or study area are derived internally within the model using data on the industrial structure of the region.

The output or result of the model is generated by tracking changes in purchases for final use (final demand) as they filter through the supply chain. Industries that produce goods and services for final demand or consumption must purchase inputs from other producers, which in turn, purchase goods and services. The model tracks these relationships through the economy to the point where leakages from the region stop the cycle. This allows the user to identify how a change in demand for one industry will affect a list of over 500 other industry sectors. The projected response of an economy to a change in final demand can be viewed in terms of economic output, employment, or income.

Data sets are available for each county and state, so the model can be tailored to the specific economic conditions of the region being analyzed. This analysis utilizes the data set for Santa Barbara County. As will be discussed, much of the employment impact is in local-serving sectors, such as retail, eating and drinking establishments, and medical services. A significant portion of these jobs will be located in Santa Barbara or nearby. In addition, the employment impacts will extend throughout the county and beyond based on where jobs are located that serve Santa Barbara residents. However, consistent with the conservative approach taken in the nexus analysis, only the impacts that occur within Santa Barbara County are included in the analysis.

Application of the IMPLAN Model to Estimate Job Growth

The IMPLAN model was applied to link income to household expenditures to job growth. Employment generated by the household income of residents is analyzed in modules of 100 residential units to simplify communication of the results and avoid awkward fractions. The IMPLAN model distributes spending among various types of goods and services (industry sectors) based on data from the Consumer Expenditure Survey and the Bureau of Economic Analysis Benchmark input-output study, to estimate employment generated.

Job creation, driven by increased demand for products and services, was projected for each of the industries that will serve the new households. The employment generated by this new household spending is summarized below.

Jobs Generated Per 100 Units						
	<i>Priority Overlay Rental</i>	<i>High Density Rental</i>	<i>Medium High Density Rental</i>	<i>Priority Overlay For-Sale</i>	<i>High Density For-Sale</i>	<i>Medium High Density For-Sale</i>
Annual Household Expenditures (100 Units)	\$7,040,000	\$7,170,000	\$7,480,000	\$11,690,000	\$12,420,000	\$12,940,000
Total Jobs Generated (100 Units)	53.3	54.2	56.6	89.1	94.6	100.4

Table B-1 provides a detailed summary of employment generated by industry. The table shows industries sorted by projected employment. The Consumer Expenditure Survey published by the Bureau of Labor Statistics tracks expenditure patterns by income level. IMPLAN utilizes this data to reflect the pattern by income bracket. Estimated employment is shown for each IMPLAN industry sector representing 1% or more of total employment. The jobs that are generated are heavily retail jobs, jobs in restaurants and other eating establishments, and in services that are provided locally such as health care. The jobs counted in the IMPLAN model cover all jobs, full and part time, similar to the U.S. Census and all reporting agencies (unless otherwise indicated).

**TABLE B-1
IMPLAN MODEL OUTPUT
EMPLOYMENT GENERATED
RESIDENTIAL NEXUS ANALYSIS
CITY OF SANTA BARBARA, CA**

<i>Per 100 Market Rate Units</i>	<i>Prototype 1 Priority Overlay Rental</i>	<i>Prototype 2 High Density Rental</i>	<i>Prototype 3 Medium High Density Rental</i>	<i>Prototype 4 Priority Overlay For- Sale</i>	<i>Prototype 5 High Density For-Sale</i>	<i>Prototype 6 Medium High Density For- Sale</i>	<i>% of Jobs</i>
Household Expenditures (100 Market Rate Units)	\$7,040,000	\$7,170,000	\$7,480,000	\$11,690,000	\$12,420,000	\$12,940,000	
Jobs Generated by Industry ¹							
Full-service restaurants	3.1	3.2	3.3	5.4	5.8	5.6	6%
Limited-service restaurants	2.8	2.9	3.0	4.9	5.2	5.1	5%
All other food and drinking places	<u>1.7</u>	<u>1.7</u>	<u>1.8</u>	<u>2.9</u>	<u>3.1</u>	<u>3.0</u>	<u>3%</u>
Subtotal Restaurant	7.6	7.8	8.1	13.2	14.1	13.8	14%
Retail - Food and beverage stores	1.7	1.7	1.8	2.8	3.0	3.3	3%
Retail - General merchandise stores	1.5	1.5	1.6	2.5	2.6	2.8	3%
Retail - Nonstore retailers	0.9	0.9	0.9	1.5	1.6	1.7	2%
Retail - Clothing and clothing accessories sto	0.8	0.8	0.9	1.4	1.5	1.6	2%
Retail - Miscellaneous store retailers	0.8	0.8	0.9	1.4	1.4	1.6	2%
Retail - Motor vehicle and parts dealers	0.6	0.6	0.6	1.0	1.0	1.1	1%
Retail - Health and personal care stores	0.6	0.6	0.6	1.0	1.0	1.1	1%
Retail - Building material and garden equipme	<u>0.5</u>	<u>0.6</u>	<u>0.6</u>	<u>0.9</u>	<u>1.0</u>	<u>1.1</u>	<u>1%</u>
Subtotal Retail and Service	7.4	7.5	7.9	12.4	13.2	14.3	14%
Offices of physicians	1.7	1.7	1.8	2.9	3.1	3.0	3%
Hospitals	2.3	2.4	2.5	4.4	4.7	2.8	4%
Offices of other health practitioners	0.8	0.8	0.9	1.5	1.6	1.8	2%
Home health care services	<u>0.8</u>	<u>0.8</u>	<u>0.9</u>	<u>1.3</u>	<u>1.4</u>	<u>1.9</u>	<u>2%</u>
Subtotal Healthcare	5.7	5.8	6.0	10.1	10.7	9.4	11%
Other educational services	0.7	0.8	0.8	1.5	1.6	2.8	2%
Elementary and secondary schools	0.5	0.5	0.5	1.0	1.1	1.9	1%
Junior colleges, colleges, universities, and pr	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>1.2</u>	<u>1.2</u>	<u>1.3</u>	<u>1%</u>
Subtotal Education	1.7	1.7	1.8	3.7	3.9	5.9	5%
Real estate	2.7	2.7	2.8	4.2	4.5	4.6	5%
Individual and family services	1.8	1.9	1.9	3.1	3.3	4.4	4%
Other financial investment activities	1.3	1.3	1.3	1.5	1.6	1.4	2%
Services to buildings	1.0	1.1	1.1	1.8	1.9	2.1	2%
Personal care services	1.0	1.0	1.0	1.7	1.8	1.7	2%
Wholesale trade	1.0	1.0	1.1	1.6	1.7	1.8	2%
Religious organizations	0.9	0.9	1.0	1.5	1.6	1.5	2%
Other personal services	0.9	0.9	0.9	1.4	1.5	1.5	2%
Nursing and community care facilities	0.9	0.9	1.0	1.3	1.4	1.4	1%
Automotive repair and maintenance, except c	0.9	0.9	0.9	1.3	1.4	1.3	1.4%
Offices of dentists	0.7	0.7	0.8	1.2	1.3	1.1	1.3%
Private households	0.7	0.7	0.7	1.3	1.4	1.7	1.5%
Outpatient care centers	0.6	0.6	0.6	1.0	1.0	0.9	1.0%
Employment services	0.6	0.6	0.6	0.9	1.0	1.0	1.0%
Landscape and horticultural services	0.5	0.6	0.6	0.9	1.0	1.1	1.1%
Legal services	0.4	0.4	0.4	1.0	1.1	1.1	1.1%
Child day care services	0.4	0.4	0.4	0.7	0.7	1.2	0.9%
Other local government enterprises	0.6	0.6	0.6	0.6	0.7	0.8	0.7%
All Other	14.1	14.4	15.0	22.6	24.0	26.4	26%
Total Number of Jobs Generated	53.3	54.2	56.6	89.1	94.6	100.4	100%

¹ Estimated employment generated by expenditures of households within 100 prototypical market rate units for Industries representing more than 1% of total employment. Employment estimates are based on the IMPLAN Group's economic model, IMPLAN, for Santa Barbara County (uses 2015 IMPLAN data set, the most recent available as of August 2017). Includes both full- and part-time jobs.

C. The KMA Jobs Housing Nexus Model

This section presents a summary of the analysis linking the employment growth associated with residential development, or the output of the IMPLAN model (see Section B), to the estimated number of lower income housing units required in each of four income categories, for each of the six prototype AUD units.

Analysis Approach and Framework

The analysis approach is to examine the employment growth for industries related to consumer spending by residents in the 100-unit modules. Then, through a series of linkage steps, the number of employees is converted to households and housing units by affordability level. The findings are expressed in terms of numbers of affordable units per 100 market rate units. The analysis addresses the affordable unit demand associated with the range of AUD unit types, rental and ownership.

The table below shows the 2017 Area Median Income (AMI) for Santa Barbara County, as well as the income limits for the four categories that were evaluated: Extremely Low (30% of AMI), Very Low (50% of AMI), Low (80% of AMI), and Moderate (120% of AMI). The income definitions used in the analysis are those published by the California Department of Housing and Community Development (HCD).

2017 Income Limits for Santa Barbara County						
	Household Size (Persons)					
	1	2	3	4	5	6 +
Extremely Low Income	\$18,900	\$21,600	\$24,300	\$27,000	\$29,200	\$32,960
Very Low Income	\$31,500	\$36,000	\$40,500	\$45,000	\$48,600	\$52,200
Low Income	\$50,450	\$57,650	\$64,850	\$72,050	\$77,850	\$83,600
Moderate Income	\$64,750	\$74,000	\$83,250	\$92,500	\$99,900	\$107,300
Median Income	\$53,950	\$61,700	\$69,400	\$77,100	\$83,250	\$89,450

Source: California Housing & Community Development.

The analysis is conducted using a model that KMA developed and has applied to similar evaluations in many other jurisdictions. The model inputs are all local data to the extent possible, and are fully documented in the following description.

Analysis Steps

The tables at the end of this section present a summary of the nexus analysis steps for the AUD units. Following is a description of each step of the analysis.

Step 1 – Estimate of Total New Employees

Table C-1 commences with the total number of employees associated with the new AUD units. The employees were estimated based on household expenditures of new residents using the IMPLAN model (see Section B).

Step 2 – Changing Industries Adjustment and Net New Jobs

The local economy, like that of the U.S. as a whole, is constantly evolving, with job losses in some sectors and job growth in others. Over the past decade employment in manufacturing sectors of the local economy have declined along with mining and logging, government, transportation, warehousing and utilities, and financial activities employment. Jobs lost over the last decade in these declining sectors were replaced by job growth in other industry sectors.

Step 2 makes an adjustment to take ongoing changes in the economy into account recognizing that jobs added are not 100% net new in all cases. A 10% adjustment is utilized based on the long term shifts in employment that have occurred in some sectors of the local economy and the likelihood of continuing changes in the future. Long term declines in employment experienced in some sectors of the economy mean that some of the new jobs are being filled by workers that have been displaced from another industry and who are presumed to already have housing locally. Existing workers downsized from declining industries are assumed to be available to fill a portion of the new retail, restaurant, health care, and other jobs associated with services to residents.

The 10% downward adjustment used for purposes of the analysis was derived from California Employment Development Department data on employment by industry in Santa Barbara County. Over the twenty-year period from 1996 to 2016, approximately 4,000 jobs were lost in declining industry sectors such as manufacturing and transportation. Over the same period, growing and stable industries added a total of 44,300 jobs. The figures are used to establish a ratio between jobs lost in declining industries to jobs gained in growing and stable industries at 10%⁷. The 10% factor is applied as an adjustment in the analysis, effectively assuming one in every ten new jobs is filled by a worker down-sized from a declining industry and who already lives locally.

The discount for changing industries is a conservative analysis assumption that may result in an understatement of impacts. The adjustment assumes workers down-sized from declining sectors of the local economy are available to fill a portion of the new service sector jobs documented in a residential nexus analysis. In reality, displaced workers from declining industry sectors of the economy are not always available to fill these new service jobs because they may retire or exit the workforce or may be competitive for and seek employment in one of the other growing sectors of the local economy that is not oriented towards services to local residents.

⁷ The 10% ratio is calculated as 4,000 jobs lost in declining sectors divided by 44,300 jobs gained in growing and stable sectors = 9% (rounded to 10%).

Step 3 – Adjustment from Employees to Employee Households

This step (Table C-1) converts the number of employees to the number of employee households, recognizing that there is, on average, more than one worker per household, and thus the number of housing units in demand for new workers is reduced. The workers-per-worker-household ratio eliminates from the equation all non-working households, such as retired persons, students, and those on public assistance. The County average of 1.86 workers per worker household (from the U.S. Census Bureau 2011-2015 American Community Survey) is used for this step in the analysis. The number of jobs is divided by 1.86 to determine the number of worker households. This ratio is distinguished from the overall number of workers per household in that the denominator includes only households with at least one worker. If the average number of workers in all households were used, it would have produced a greater demand for housing units. The 1.86 ratio covers all workers, full and part time.

Step 4 – Occupational Distribution of Employees

The occupational breakdown of employees is the first step to arrive at income level. The output from the IMPLAN model provides the number of employees by industry sector, shown in Table B-1. The IMPLAN output is paired with data from the Department of Labor, Bureau of Labor Statistics May 2016 Occupational Employment Survey (OES) to estimate the occupational composition of employees for each industry sector.

Step 4a – Translation from IMPLAN Industry Codes to NAICS Industry Codes

The output of the IMPLAN model is jobs by industry sector using IMPLAN's own industry classification system, which consists of 536 industry sectors. The OES occupation data uses the North American Industry Classification System (NAICS). Estimates of jobs by IMPLAN sector must be translated into estimates by NAICS code for consistency with the OES data.

The NAICS system is organized into industry codes ranging from two- to six-digits. Two-digit codes are the broadest industry categories and six-digit codes are the most specific. Within a two-digit NAICS code, there may be several three-digit codes and within each three-digit code, several four-digit codes, etc. A chart published by IMPLAN relates each IMPLAN industry sector with one or more NAICS codes, with matching NAICS codes ranging from the two-digit level to the five-digit level. For purposes of the nexus analysis, all employment estimates must be aggregated to the four, or in some cases, five-digit NAICS code level to align with OES data which is organized by four and five-digit NAICS code. For some industry sectors, an allocation is necessary between more than one NAICS code. Where required, allocations are made proportionate to total employment at the national level from the OES.

The table below illustrates analysis Step 4a in which employment estimates by IMPLAN Code are translated to NAICS codes and then aggregated at the four and five digit NAICS code level.

The examples used are Child Day Care Centers and Hospitals. The process is applied to all the industry sectors.

Illustration of Model Step 4a.						
A. IMPLAN Output by IMPLAN Industry Sector		B. Link to Corresponding NAICS		C. Aggregate at 4-Digit NAICS Code Level		
Jobs	IMPLAN Sector	Jobs	NAICS Code	Jobs	% Total	4-Digit NAICS
0.4	487 - Child day care services	0.4	6244 Child day care services	0.4	100%	6244 Child day care services
2.3	482 - Hospitals	2.3	622 Hospitals	2.1	92%	6221 General Medical and Surgical Hospitals
				0.1	4%	6222 Psychiatric and Substance Abuse Hospitals
				0.1	4%	6223 Specialty (except Psychiatric and Substance Abuse) Hospitals

Source: KMA, Bureau of Labor Statistics May 2016 Occupational Employment Survey.

Step 4b – Apply OES Data to Estimate Occupational Distribution

Employment estimates by four and five-digit NAICS code from step 4a are paired with data on occupational composition within each industry from the OES to generate an estimate of employment by detailed occupational category. As shown on Table C-1, new jobs will be distributed across a variety of occupational categories. The three largest occupational categories are office and administrative support (15% - 16%), food preparation and serving (14% - 15%), and sales and related (13%). Step 4 of Table C-1 indicates the percentage and number of employee households by occupation associated with 100 market rate units.

Step 5 – Estimates of Employee Households Meeting the Lower Income Definitions

In this step, occupations are translated to employee incomes based on recent Santa Barbara County wage and salary information from the California Employment Development Department (EDD). The wage and salary information summarized in Appendix B provided the income inputs to the model.

For each occupational category shown in Table C-1, the OES data provides a distribution of specific occupations within the category. For example, within the Food Preparation and Serving Category, there are Supervisors, Cooks, Bartenders, Waiters and Waitresses, Dishwashers, etc. In total there are over 100 detailed occupation categories included in the analysis as shown in the Appendix B tables. Each of these over 100 occupation categories has a different distribution of wages which was obtained from EDD and is specific to workers in Santa Barbara County as of 2016.

For each detailed occupational category, the model uses the distribution of wages to calculate the percent of worker households that would fall into each income category. The calculation is performed for each possible combination of household size and number of workers in the household. For households with more than one worker, individual *employee* income data was used to calculate the household income by assuming multiple earner households are, on average, formed of individuals with similar incomes.

At the end of Step 5, the nexus model has established a matrix indicating the percentages of households that would qualify in the affordable income tiers for every detailed occupational category and every potential combination of household size and number of workers in the household.

Step 6 – Distribution of Household Size and Number of Workers

In this step, we account for the distribution in household sizes and number of workers for Santa Barbara County households using local data obtained from the U.S. Census. Census data is used to develop a set of percentage factors representing the distribution of household sizes and number of workers within working households. The percentage factors are specific to Santa Barbara County and are derived from the 2011 – 2015 American Community Survey.

Application of these percentage factors accounts for the following:

- Households have a range in size and a range in the number of workers.
- Large households generally have more workers than smaller households.

The result of Step 6 is a distribution of Santa Barbara County working households by number of workers and household size.

Step 7 – Estimate of Number of Households that Meet Size and Income Criteria

Step 7 is the final step to calculate the number of worker households meeting the size and income criteria for the four affordability tiers. The calculation combines the matrix of results from Step 5 on percentage of worker households that would meet the income criteria at each potential household size / no. of workers combination, with Step 6, the percentage of worker household having a given household size / number of workers combination. The result is the percent of households that fall into each affordability tier. The percentages are then multiplied by the number of households from Step 3 to arrive at number of households in each affordability tier.

Table C-2A shows the result after completing Steps 5, 6, and 7 for the Extremely Low Income Tier. Tables C-2B, C-2C, C-2D show results for the Very Low, Low, and Moderate Income tiers.

Summary Findings

Table C-3 indicates the results of the analysis for all of the affordability tiers. The table presents the number of households generated in each affordability category and the total number over 120% of Area Median Income.

The findings in Table C-3 are presented below. The table shows the total demand for affordable housing units associated with 100 market rate AUD units. Each column indicates findings specific to the applicable prototype.

<i>New Worker Households per 100 Market Rate Units</i>						
	<i>Priority Overlay Rental</i>	<i>High Density Rental</i>	<i>Medium High Density Rental</i>	<i>Priority Overlay For-Sale</i>	<i>High Density For-Sale</i>	<i>Medium High Density For-Sale</i>
Extremely Low (0%-30% AMI)	1.8	1.8	1.9	3.0	3.2	3.5
Very Low (30%-50% AMI)	6.0	6.1	6.3	10.1	10.7	11.6
Low (50%-80% AMI)	7.5	7.6	7.9	12.5	13.3	14.4
Moderate (80%-120% AMI)	3.2	3.3	3.4	5.4	5.7	6.1
Total, Less than 120% AMI	18.4	18.8	19.6	31.0	33.0	35.6
Greater than 120% AMI	7.3	7.4	7.7	11.9	12.7	12.9
Total, New Households	25.7	26.2	27.3	43.0	45.7	48.5

Housing demand for new worker households earning less than 120% of AMI ranges from 35.6 units per 100 medium high density ownership AUD units to 18.4 per 100 priority overlap rental AUD units. The greatest level of housing demand is identified for the medium high density ownership AUD units as a result of the higher incomes of households within the larger for-sale units within this prototype which results in greater demand for goods and services, greater numbers of service jobs, and greater housing needs for workers who will be employed in these service jobs.

Housing demand is distributed across the lower income tiers with the greatest numbers of households in the Very Low and Low tiers. The finding that the jobs associated with consumer spending tend to be low-paying jobs where the workers will require housing affordable at the lower income levels is not surprising. As noted above, direct consumer spending results in employment that is concentrated in lower paid occupations including food preparation, administrative, and retail sales.

**TABLE C-1
NET NEW HOUSEHOLDS AND OCCUPATION DISTRIBUTION
EMPLOYEE HOUSEHOLDS GENERATED
RESIDENTIAL NEXUS ANALYSIS
CITY OF SANTA BARBARA, CA**

	Prototype 1 Priority Overlay Rental	Prototype 2 High Density Rental	Prototype 3 Medium High Density Rental	Prototype 4 Priority Overlay For-Sale	Prototype 5 High Density For-Sale	Prototype 6 Medium High Density For-Sale
Step 1 - Employees ¹	53.3	54.2	56.6	89.1	94.6	100.4
Step 2 - Adjustment for Changing Industries (10%) (2)	47.9	48.8	50.9	80.1	85.2	90.4
Step 3 - Adjustment for Number of Households (1.86) (3)	25.7	26.2	27.3	43.0	45.7	48.5
Step 4 - Occupation Distribution ⁴						
Management Occupations	4.5%	4.5%	4.5%	4.4%	4.4%	4.4%
Business and Financial Operations	4.8%	4.8%	4.8%	4.3%	4.3%	4.2%
Computer and Mathematical	1.3%	1.3%	1.3%	1.3%	1.3%	1.2%
Architecture and Engineering	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Life, Physical, and Social Science	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Community and Social Services	2.2%	2.2%	2.2%	2.2%	2.2%	2.4%
Legal	0.5%	0.5%	0.5%	0.8%	0.8%	0.7%
Education, Training, and Library	2.8%	2.8%	2.8%	3.2%	3.2%	4.5%
Arts, Design, Entertainment, Sports, and Media	2.0%	2.0%	2.0%	2.0%	2.0%	2.4%
Healthcare Practitioners and Technical	8.0%	8.0%	8.0%	8.3%	8.3%	6.8%
Healthcare Support	4.4%	4.4%	4.4%	4.4%	4.4%	4.2%
Protective Service	1.1%	1.1%	1.1%	1.0%	1.0%	1.1%
Food Preparation and Serving Related	15.0%	15.0%	15.0%	15.4%	15.4%	14.4%
Building and Grounds Cleaning and Maint.	5.5%	5.5%	5.5%	5.6%	5.6%	6.0%
Personal Care and Service	6.6%	6.6%	6.6%	6.6%	6.6%	7.4%
Sales and Related	12.9%	12.9%	12.9%	12.7%	12.7%	13.0%
Office and Administrative Support	15.9%	15.9%	15.9%	15.6%	15.6%	15.3%
Farming, Fishing, and Forestry	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Construction and Extraction	1.1%	1.1%	1.1%	1.0%	1.0%	1.0%
Installation, Maintenance, and Repair	3.9%	3.9%	3.9%	3.7%	3.7%	3.4%
Production	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Transportation and Material Moving	<u>5.2%</u>	<u>5.2%</u>	<u>5.2%</u>	<u>5.2%</u>	<u>5.2%</u>	<u>5.3%</u>
Totals	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Management Occupations	1.2	1.2	1.2	1.9	2.0	2.1
Business and Financial Operations	1.2	1.3	1.3	1.8	2.0	2.0
Computer and Mathematical	0.3	0.3	0.4	0.5	0.6	0.6
Architecture and Engineering	0.1	0.1	0.1	0.2	0.2	0.2
Life, Physical, and Social Science	0.1	0.1	0.1	0.1	0.1	0.1
Community and Social Services	0.6	0.6	0.6	1.0	1.0	1.2
Legal	0.1	0.1	0.1	0.3	0.3	0.4
Education, Training, and Library	0.7	0.7	0.8	1.4	1.5	2.2
Arts, Design, Entertainment, Sports, and Media	0.5	0.5	0.5	0.9	0.9	1.1
Healthcare Practitioners and Technical	2.1	2.1	2.2	3.6	3.8	3.3
Healthcare Support	1.1	1.2	1.2	1.9	2.0	2.0
Protective Service	0.3	0.3	0.3	0.4	0.4	0.5
Food Preparation and Serving Related	3.9	3.9	4.1	6.6	7.0	7.0
Building and Grounds Cleaning and Maint.	1.4	1.4	1.5	2.4	2.5	2.9
Personal Care and Service	1.7	1.7	1.8	2.8	3.0	3.6
Sales and Related	3.3	3.4	3.5	5.5	5.8	6.3
Office and Administrative Support	4.1	4.2	4.4	6.7	7.1	7.4
Farming, Fishing, and Forestry	0.0	0.0	0.0	0.0	0.0	0.0
Construction and Extraction	0.3	0.3	0.3	0.4	0.5	0.5
Installation, Maintenance, and Repair	1.0	1.0	1.1	1.6	1.7	1.7
Production	0.4	0.4	0.4	0.7	0.7	0.8
Transportation and Material Moving	<u>1.3</u>	<u>1.4</u>	<u>1.4</u>	<u>2.2</u>	<u>2.4</u>	<u>2.6</u>
Totals	25.7	26.2	27.3	43.0	45.7	48.5

Notes:
¹ Estimated employment generated by expenditures of households within 100 prototypical market rate units from Table B-1.
² The 10% adjustment is based upon job losses in declining sectors of the local economy over the past 10 years. "Downsized" workers from declining sectors are assumed to fill a portion of new jobs in sectors serving residents. 10% adjustment calculated as 4,000 jobs lost in declining sectors divided by 44,300 jobs gained in growing and stable sectors = 9%, rounded to 10%.
³ Adjustment from number of workers to households using county average of 1.86 workers per worker household derived from the U.S. Census American Community Survey 2011 to 2015.
⁴ See Appendix B Tables 1 - 6 for additional information on Major Occupation Categories.

**TABLE C-2A
EXTREMELY LOW-INCOME (ELI) EMPLOYEE HOUSEHOLDS¹ GENERATED
RESIDENTIAL NEXUS ANALYSIS
CITY OF SANTA BARBARA, CA**

Per 100 Market Rate Units

	<i>Prototype 1</i>	<i>Prototype 2</i>	<i>Prototype 3</i>	<i>Prototype 4</i>	<i>Prototype 5</i>	<i>Prototype 6</i>
	Priority Overlay Rental	High Density Rental	Medium High Density	Priority Overlay For- Sale	High Density For-Sale	Medium High Density For-Sale

Step 5 & 6 - Extremely Low Income Households (under 30% AMI) within Major Occupation Categories²

Management	-	-	-	-	-	-
Business and Financial Operations	0.00	0.00	0.00	0.00	0.00	0.00
Computer and Mathematical	-	-	-	-	-	-
Architecture and Engineering	-	-	-	-	-	-
Life, Physical and Social Science	-	-	-	-	-	-
Community and Social Services	0.00	0.00	0.00	0.01	0.01	0.01
Legal	-	-	-	-	-	-
Education Training and Library	0.03	0.03	0.03	0.05	0.05	0.08
Arts, Design, Entertainment, Sports, & Media	-	-	-	-	-	-
Healthcare Practitioners and Technical	0.00	0.00	0.00	0.02	0.02	0.01
Healthcare Support	0.06	0.06	0.07	0.10	0.10	0.13
Protective Service	-	-	-	-	-	-
Food Preparation and Serving Related	0.50	0.51	0.53	0.86	0.92	0.91
Building Grounds and Maintenance	0.12	0.12	0.13	0.20	0.22	0.25
Personal Care and Service	0.22	0.22	0.23	0.36	0.38	0.46
Sales and Related	0.37	0.38	0.39	0.63	0.67	0.73
Office and Admin	0.13	0.14	0.14	0.22	0.24	0.25
Farm, Fishing, and Forestry	-	-	-	-	-	-
Construction and Extraction	-	-	-	-	-	-
Installation Maintenance and Repair	0.03	0.03	0.03	0.05	0.05	0.05
Production	-	-	-	-	-	-
Transportation and Material Moving	0.11	0.11	0.12	0.18	0.20	0.20
ELI Households - Major Occupations	1.58	1.61	1.68	2.68	2.85	3.08
ELI Households¹ - all other occupations	0.21	0.21	0.22	0.34	0.37	0.42
Total ELI Households¹	1.79	1.82	1.90	3.03	3.22	3.50

(1) Includes households earning from zero through 30% of Santa Barbara County Area Median Income.

(2) See Appendix B Tables 1 - 6 for additional information on Major Occupation Categories. Note that the model places individual employees into households. Many households have multiple income sources and therefore household income is higher than the wages shown in Appendix B Tables 2, 4, and 6. The distribution of the number of workers per worker household and the distribution of household size are based on American Community Survey data.

TABLE C-2B

**VERY LOW-INCOME EMPLOYEE HOUSEHOLDS¹ GENERATED
RESIDENTIAL NEXUS ANALYSIS
CITY OF SANTA BARBARA, CA**

Per 100 Market Rate Units

	<i>Prototype 1</i>	<i>Prototype 2</i>	<i>Prototype 3</i>	<i>Prototype 4</i>	<i>Prototype 5</i>	<i>Prototype 6</i>
	Priority Overlay Rental	High Density Rental	Medium High Density Rental	Priority Overlay For- Sale	High Density For- Sale	Medium High Density For- Sale
Step 5 & 6 - Very Low Income Households (30%-50% AMI) within Major Occupation Categories ²						
Management	0.01	0.01	0.01	0.02	0.02	0.02
Business and Financial Operations	0.01	0.01	0.01	0.01	0.01	0.02
Computer and Mathematical	-	-	-	-	-	-
Architecture and Engineering	-	-	-	-	-	-
Life, Physical and Social Science	-	-	-	-	-	-
Community and Social Services	0.08	0.08	0.08	0.13	0.14	0.17
Legal	-	-	-	-	-	-
Education Training and Library	0.12	0.12	0.13	0.21	0.23	0.33
Arts, Design, Entertainment, Sports, & Media	-	-	-	-	-	-
Healthcare Practitioners and Technical	0.02	0.02	0.02	0.04	0.04	0.04
Healthcare Support	0.28	0.29	0.30	0.46	0.48	0.51
Protective Service	-	-	-	-	-	-
Food Preparation and Serving Related	1.34	1.36	1.42	2.30	2.44	2.43
Building Grounds and Maintenance	0.46	0.47	0.49	0.79	0.84	0.96
Personal Care and Service	0.57	0.58	0.60	0.94	1.00	1.19
Sales and Related	0.99	1.01	1.05	1.70	1.80	1.95
Office and Admin	0.84	0.86	0.90	1.40	1.48	1.54
Farm, Fishing, and Forestry	-	-	-	-	-	-
Construction and Extraction	-	-	-	-	-	-
Installation Maintenance and Repair	0.16	0.16	0.17	0.26	0.27	0.27
Production	-	-	-	-	-	-
Transportation and Material Moving	0.40	0.41	0.42	0.67	0.71	0.77
Very Low Households - Major Occupations	5.29	5.38	5.62	8.92	9.48	10.19
Very Low Households¹ - all other occupations	0.69	0.70	0.73	1.15	1.22	1.38
Total Very Low Inc. Households¹	5.98	6.09	6.35	10.06	10.69	11.57

(1) Includes households earning from 30% through 50% of Santa Barbara County Area Median Income.

(2) See Appendix B Tables 1 - 6 for additional information on Major Occupation Categories. Note that the model places individual employees into households. Many households have multiple income sources and therefore household income is higher than the wages shown in Appendix B Tables 2, 4, and 6. The distribution of the number of workers per worker household and the distribution of household size are based on American Community Survey data.

TABLE C-2C
LOW-INCOME EMPLOYEE HOUSEHOLDS¹ GENERATED
RESIDENTIAL NEXUS ANALYSIS
CITY OF SANTA BARBARA, CA

Per 100 Market Rate Units

	<i>Prototype 1</i> Priority Overlay Rental	<i>Prototype 2</i> High Density Rental	<i>Prototype 3</i> Medium High Density	<i>Prototype 4</i> Priority Overlay For- Sale	<i>Prototype 5</i> High Density For- Sale	<i>Prototype 6</i> Medium High Density For-Sale
Step 5 & 6 - Low Income Households (50%-80% AMI) within Major Occupation Categories²						
Management	0.07	0.07	0.08	0.12	0.13	0.14
Business and Financial Operations	0.11	0.11	0.12	0.17	0.18	0.19
Computer and Mathematical	-	-	-	-	-	-
Architecture and Engineering	-	-	-	-	-	-
Life, Physical and Social Science	-	-	-	-	-	-
Community and Social Services	0.17	0.18	0.18	0.29	0.31	0.36
Legal	-	-	-	-	-	-
Education Training and Library	0.20	0.20	0.21	0.35	0.38	0.56
Arts, Design, Entertainment, Sports, & Media	-	-	-	-	-	-
Healthcare Practitioners and Technical	0.08	0.08	0.08	0.14	0.15	0.15
Healthcare Support	0.38	0.38	0.40	0.63	0.66	0.67
Protective Service	-	-	-	-	-	-
Food Preparation and Serving Related	1.39	1.42	1.48	2.39	2.54	2.53
Building Grounds and Maintenance	0.48	0.49	0.51	0.82	0.87	1.00
Personal Care and Service	0.60	0.61	0.64	1.00	1.06	1.27
Sales and Related	1.04	1.06	1.10	1.75	1.86	2.01
Office and Admin	1.33	1.36	1.42	2.20	2.33	2.42
Farm, Fishing, and Forestry	-	-	-	-	-	-
Construction and Extraction	-	-	-	-	-	-
Installation Maintenance and Repair	0.29	0.29	0.31	0.47	0.49	0.48
Production	-	-	-	-	-	-
Transportation and Material Moving	0.47	0.48	0.50	0.79	0.84	0.90
Low Households - Major Occupations	6.61	6.73	7.02	11.11	11.81	12.66
Low Households ¹ - all other occupations	0.86	0.88	0.92	1.43	1.52	1.71
Total Low Inc. Households¹	7.47	7.61	7.94	12.54	13.32	14.38

(1) Includes households earning from 50% through 80% of Santa Barbara County Area Median Income.

(2) See Appendix B Tables 1 - 6 for additional information on Major Occupation Categories. Note that the model places individual employees into households. Many households have multiple income sources and therefore household income is higher than the wages shown in Appendix B Tables 2, 4, and 6. The distribution of the number of workers per worker household and the distribution of household size are based on American Community Survey data.

**TABLE C-2D
 MODERATE-INCOME EMPLOYEE HOUSEHOLDS¹ GENERATED
 RESIDENTIAL NEXUS ANALYSIS
 CITY OF SANTA BARBARA, CA**

Per 100 Market Rate Units

	<i>Prototype 1</i>	<i>Prototype 2</i>	<i>Prototype 3</i>	<i>Prototype 4</i>	<i>Prototype 5</i>	<i>Prototype 6</i>
	Priority Overlay Rental	High Density Rental	Medium High Density Rental	Priority Overlay For- Sale	High Density For- Sale	Medium High Density For- Sale

Step 5 & 6 - Moderate Income Households (80%-120% AMI) within Major Occupation Categories²

Management	0.10	0.10	0.11	0.17	0.18	0.20
Business and Financial Operations	0.15	0.15	0.16	0.22	0.24	0.25
Computer and Mathematical	-	-	-	-	-	-
Architecture and Engineering	-	-	-	-	-	-
Life, Physical and Social Science	-	-	-	-	-	-
Community and Social Services	0.10	0.10	0.11	0.17	0.18	0.21
Legal	-	-	-	-	-	-
Education Training and Library	0.11	0.11	0.12	0.20	0.22	0.31
Arts, Design, Entertainment, Sports, & Media	-	-	-	-	-	-
Healthcare Practitioners and Technical	0.10	0.10	0.10	0.21	0.22	0.20
Healthcare Support	0.19	0.19	0.20	0.32	0.34	0.32
Protective Service	-	-	-	-	-	-
Food Preparation and Serving Related	0.36	0.37	0.38	0.62	0.66	0.66
Building Grounds and Maintenance	0.19	0.19	0.20	0.32	0.34	0.40
Personal Care and Service	0.16	0.16	0.17	0.26	0.28	0.33
Sales and Related	0.37	0.38	0.40	0.62	0.66	0.71
Office and Admin	0.67	0.68	0.71	1.09	1.16	1.20
Farm, Fishing, and Forestry	-	-	-	-	-	-
Construction and Extraction	-	-	-	-	-	-
Installation Maintenance and Repair	0.18	0.18	0.19	0.28	0.30	0.29
Production	-	-	-	-	-	-
Transportation and Material Moving	0.17	0.17	0.18	0.29	0.31	0.34
Moderate Households - Major Occupations	2.84	2.89	3.02	4.79	5.09	5.42
Moderate Households ¹ - all other occupations	0.37	0.38	0.39	0.62	0.65	0.73
Total Moderate Inc. Households¹	3.21	3.27	3.41	5.40	5.74	6.15

(1) Includes households earning from 80% through 120% of Santa Barbara County Area Median Income.

(2) See Appendix B Tables 1 - 6 for additional information on Major Occupation Categories. Note that the model places individual employees into households. Many households have multiple income sources and therefore household income is higher than the wages shown in Appendix B Tables 2, 4, and 6. The distribution of the number of workers per worker household and the distribution of household size are based on American Community Survey data.

**TABLE C-3
IMPACT ANALYSIS SUMMARY
EMPLOYEE HOUSEHOLDS GENERATED
RESIDENTIAL NEXUS ANALYSIS
CITY OF SANTA BARBARA, CA**

RESIDENTIAL UNIT DEMAND IMPACTS - PER 100 MARKET RATE UNITS

Number of New Households¹	<i>Prototype 1</i> Priority Overlay Rental	<i>Prototype 2</i> High Density Rental	<i>Prototype 3</i> Medium High Density Rental	<i>Prototype 4</i> Priority Overlay For- Sale	<i>Prototype 5</i> High Density For-Sale	<i>Prototype 6</i> Medium High Density For- Sale
Under 30% AMI	1.8	1.8	1.9	3.0	3.2	3.5
30% to 50% AMI	6.0	6.1	6.3	10.1	10.7	11.6
50% to 80% AMI	7.5	7.6	7.9	12.5	13.3	14.4
80% to 120% AMI	3.2	3.3	3.4	5.4	5.7	6.1
Subtotal through 120% AMI	18.4	18.8	19.6	31.0	33.0	35.6
Over 120% AMI	7.3	7.4	7.7	11.9	12.7	12.9
Total Employee Households	25.7	26.2	27.3	43.0	45.7	48.5

RESIDENTIAL UNIT DEMAND IMPACTS - PER EACH (1) MARKET RATE UNIT

Number of New Households¹	<i>Prototype 1</i> Priority Overlay Rental	<i>Prototype 2</i> High Density Rental	<i>Prototype 3</i> Medium High Density Rental	<i>Prototype 4</i> Priority Overlay For- Sale	<i>Prototype 5</i> High Density For-Sale	<i>Prototype 6</i> Medium High Density For- Sale
Under 30% AMI	0.02	0.02	0.02	0.03	0.03	0.03
30% to 50% AMI	0.06	0.06	0.06	0.10	0.11	0.12
50% to 80% AMI	0.07	0.08	0.08	0.13	0.13	0.14
80% to 120% AMI	0.03	0.03	0.03	0.05	0.06	0.06
Subtotal through 120% AMI	0.18	0.19	0.20	0.31	0.33	0.36
Over 120% AMI	0.07	0.07	0.08	0.12	0.13	0.13
Total Employee Households	0.26	0.26	0.27	0.43	0.46	0.48

Notes

¹ Households of retail, education, healthcare and other workers that serve residents of new market rate units.

AMI = Area Median Income

D. Mitigation Costs

This section takes the conclusions of the previous section on the number of households in the lower income categories associated with the market rate units and identifies the total cost of assistance required to make housing affordable. This section puts a cost on the units for each income level to produce the “total nexus cost.” This is done for each of the prototype units.

A key component of the analysis is the size of the gap between what households can afford and the cost of producing new housing in Santa Barbara, known as the “affordability gap”.

Affordability gaps are calculated for each of the four categories of Area Median Income (AMI): Extremely Low Income (households earning less than 30% of AMI), Very Low Income (30% to 50% of AMI), Low Income (50% to 80% of AMI), and Moderate Income (80% to 120% of AMI). The following summarizes the analysis of the mitigation costs, which are based on the affordability gap or net cost to deliver units that are affordable to worker households in the lower income tiers.

City Assisted Affordable Unit Prototypes

In estimating the affordability gaps, there is a need to match a household of each income level with a unit type and size according to governmental regulations and City practices and policies. In consultation with City staff, this analysis assumes the City would assist households in the above affordability tiers in a multi-family rental unit. This assumption is being made due to the City’s long track record successfully partnering with affordable housing developers, including the City’s Housing Authority, to build affordable multi-family rental units with subsidies from the City. Should a new affordable housing fee be adopted for AUD rental projects, City staff anticipates such fees would likely be used to subsidize more multi-family units. This analysis assumes an average multi-family unit size of two bedrooms, recognizing that the City would likely subsidize a range of unit sizes from small studio units to as large as three- and possibly four-bedroom units.

Development Costs

KMA prepared an estimate of the total development cost for the affordable housing prototype inclusive of land acquisition costs, direct construction costs, indirect costs of development, and financing, based on a review of development pro formas for recent affordable projects, recent residential land sale comps, and other construction data. On this basis, it is estimated that a new two-bedroom affordable apartment unit would have a total development cost of approximately \$517,000. Development cost assumptions were designed to be reflective of averages for affordable projects in Santa Barbara. Tables D-1 provides further details.

The construction costs reflect the costs of building at higher densities, as well as the inclusion of common building areas such as internal hallways, lobbies, community rooms, and a manager’s office, all of which are common in affordable housing developments.

Development cost estimates were informed by KMA’s review of pro forma information for several local affordable housing projects. Direct construction costs from these projects were adjusted to account for such factors as time, unit size, and project density to appropriately reflect the multi-family prototype assumed in the analysis. Other costs, such as land acquisition costs, were based on recent land sales and listings of sites currently on the market. Prevailing wages are assumed in construction, since public funds may trigger the need to pay prevailing wages.

The list below identifies the multi-family affordable projects for which KMA had complete pro forma information. In addition to these projects, KMA also had access to data from other affordable projects and was provided input from local affordable housing developers.

Project	Location	Units	Affordable Developer
Jardin de las Rosas	510 N. Salsipuedes Street	40 units	Peoples’ Self Help Housing
Johnson Court	813 E. Carillo Street	17 units	Housing Authority
Grace Village Senior	3869 State Street	58 units	Housing Authority

Unit Values

Affordable housing unit values are based upon the funding sources available for the project. The funding sources assumed in this analysis include permanent debt financing supported by the project’s operating income, a deferred developer fee, and equity generated by the sale of 4% Low Income Housing Tax Credits (LIHTC), a common source of financing for affordable apartment projects. The higher-value 9% Tax Credits as well as other affordable housing subsidy sources such as CDBG, HOME, Section 8, and various Federal and State funding programs are very limited and difficult to obtain. As it is, existing funding sources are inadequate to fully address current affordable housing needs in Santa Barbara, let alone new impacts created by new market rate housing. Therefore, for purposes of this analysis the more competitive subsidy sources were not assumed to be available in the affordability gap estimates.

The unit values are summarized in the following table. Details for these calculations are included in Table D-1. It is noted that the low value associated with the Moderate Income unit is attributable to the ineligibility of Tax Credits at this income tier.

Unit Values for Affordable Units

Income Tier	Unit Size	Unit Value
Extremely Low Income (<30% AMI)	2 bedrooms	\$199,000
Very Low Income (30% to 50% AMI)	2 bedrooms	\$257,000
Low Income (50% to 80% AMI)	2 bedrooms	\$288,000
Moderate Income (80% to 120% AMI)	2 bedrooms	\$165,000

Affordability Gap

The affordability gap is the difference between the cost of developing the affordable units and the unit values based on the restricted affordable rent. The resulting affordability gaps are as follows:

Affordability Gap Calculation

Income Tier	Unit Value	Development Cost	Affordability Gap
Extremely Low Income (<30% AMI)	\$199,000	\$517,000	\$318,000
Very Low Income (30% to 50% AMI)	\$257,000	\$517,000	\$260,000
Low Income (50% to 80% AMI)	\$288,000	\$517,000	\$229,000
Moderate Income (80% to 120% AMI)	\$165,000	\$517,000	\$352,000

Total Nexus Cost / Maximum Fee Levels

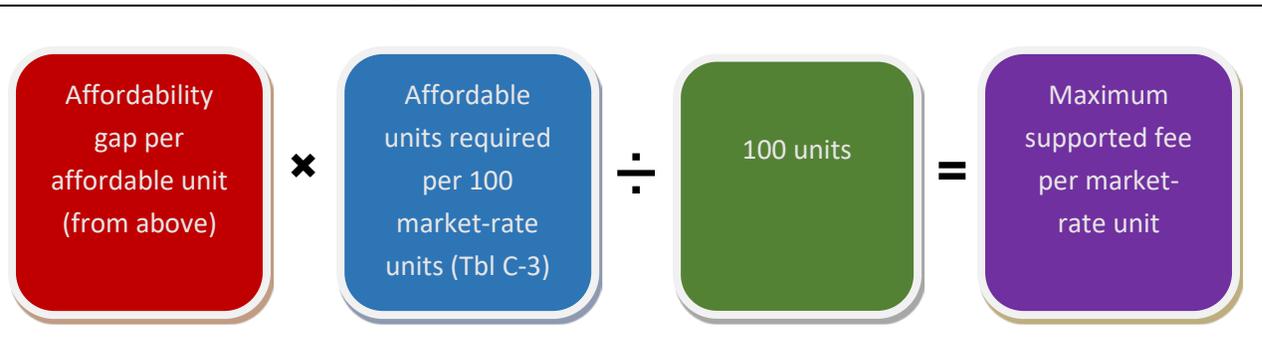
The last step in the linkage fee analysis marries the findings on the numbers of households in each of the lower income ranges associated with the six AUD prototypes to the affordability gaps, or the costs of delivering housing to them in Santa Barbara.

The table below summarizes the analysis of total nexus cost or maximum supported fee per AUD unit for each of the prototypes:

Total Nexus Cost Per Market Rate Unit, City of Santa Barbara						
<i>Income Category</i>	<i>Priority Overlay Rental</i>	<i>High Density Rental</i>	<i>Medium High Density Rental</i>	<i>Priority Overlay For-Sale</i>	<i>High Density For-Sale</i>	<i>Medium High Density For-Sale</i>
Extremely Low (0%-30% AMI)	\$5,700	\$5,800	\$6,000	\$9,600	\$10,200	\$11,100
Very Low (30%-50% AMI)	\$15,500	\$15,800	\$16,500	\$26,200	\$27,800	\$30,100
Low (50%-80% AMI)	\$17,100	\$17,400	\$18,200	\$28,700	\$30,500	\$32,900
Moderate (80%-120% AMI)	\$11,300	\$11,500	\$12,000	\$19,000	\$20,200	\$21,600
Total Supported Fee/ Nexus Costs	\$49,600	\$50,500	\$52,700	\$83,500	\$88,700	\$95,700

The "Total Nexus Cost per Market Rate Unit" in the table above is the results of the calculation shown in the illustration below. The Affordability Gaps are drawn from the prior discussion.

Calculation of Maximum Supported Fee Per Market-Rate Unit



The Total Nexus Costs, or Mitigation Costs, indicated above, may also be expressed on a per square foot level. The square foot area of the prototype AUD units used throughout the analysis becomes the basis for the calculation (the per unit findings from above are divided by unit size to get the per square foot findings). The results per square foot of building area (based on net rentable or sellable square feet excluding parking areas, external corridors and other common areas) are as follows:

Total Nexus Cost Per Sq. Ft., City of Santa Barbara						
	<i>Priority Overlay Rental</i>	<i>High Density Rental</i>	<i>Medium High Density Rental</i>	<i>Priority Overlay For-Sale</i>	<i>High Density For-Sale</i>	<i>Medium High Density For-Sale</i>
<i>Unit Size (Sq Ft)</i>	<i>780 SF</i>	<i>800 SF</i>	<i>900 SF</i>	<i>1,000 SF</i>	<i>1,100 SF</i>	<i>1,200 SF</i>
Extremely Low (0%-30% AMI)	\$7.30	\$7.30	\$6.70	\$9.60	\$9.30	\$9.30
Very Low (30%-50% AMI)	\$19.90	\$19.80	\$18.30	\$26.20	\$25.30	\$25.10
Low (50%-80% AMI)	\$21.90	\$21.80	\$20.20	\$28.70	\$27.70	\$27.40
Moderate (80%-120% AMI)	\$14.50	\$14.40	\$13.30	\$19.00	\$18.40	\$18.00
Total Nexus Costs	\$63.60	\$63.30	\$58.50	\$83.50	\$80.70	\$79.80

These costs express the total linkage or nexus costs for the six prototype AUD units in the City of Santa Barbara. These total nexus costs represent the ceiling for any requirement placed on these units. **The totals are not recommended levels for fees; they represent only the maximums established by the analysis, below which impact fee levels may be set.**

**TABLE D1
AFFORDABILITY GAPS
RESIDENTIAL NEXUS ANALYSIS
CITY OF SANTA BARBARA**

	Extremely Low Income	Very Low Income	Low Income	Moderate Income
I. Affordable Prototype				
Tenure	Rental			
Average Unit Size	800 square feet			
Average Number of Bedrooms	2-Bedrooms			
Assumed Density	45 units/acre			
II. Development Costs ⁽¹⁾				
	Per Unit	Per Unit	Per Unit	Per Unit
Land Acquisition	\$110,000	\$110,000	\$110,000	\$110,000
Directs	\$312,000	\$312,000	\$312,000	\$312,000
Indirects	\$78,000	\$78,000	\$78,000	\$78,000
Financing	<u>\$17,000</u>	<u>\$17,000</u>	<u>\$17,000</u>	<u>\$17,000</u>
Total Development Costs	\$517,000	\$517,000	\$517,000	\$517,000
III. Supported Financing				
	Per Unit	Per Unit	Per Unit	Per Unit
<u>Affordable Rents</u>				
Maximum Rent - TCAC ⁽²⁾	\$607	\$1,012	\$1,215	\$1,909
(Less) Utility Allowance ⁽³⁾	<u>(\$118)</u>	<u>(\$118)</u>	<u>(\$118)</u>	<u>(\$118)</u>
Maximum Monthly Rent	\$489	\$894	\$1,097	\$1,791
<u>Net Operating Income (NOI)</u>				
Gross Potential Income				
Monthly	\$489	\$894	\$1,097	\$1,791
Annual	\$5,868	\$10,728	\$13,164	\$21,486
Other Income	\$125	\$125	\$125	\$125
(Less) Vacancy 5.0%	<u>(\$300)</u>	<u>(\$543)</u>	<u>(\$664)</u>	<u>(\$1,081)</u>
Effective Gross Income (EGI)	\$5,693	\$10,310	\$12,625	\$20,530
(Less) Operating Expenses	(\$6,000)	(\$6,000)	(\$6,000)	(\$6,000)
(Less) Property Taxes	\$0	\$0	\$0	<u>(\$2,900)</u> ⁽⁴⁾
Net Operating Income (NOI)	(\$307)	\$4,310	\$6,625	\$11,630
<u>Permanent Financing</u>				
Permanent Loan 5.0%	\$0	\$58,000	\$89,000	\$155,000
Deferred Developer Fee	\$10,000	\$10,000	\$10,000	\$10,000
4% Tax Credit Equity	<u>\$189,000</u>	<u>\$189,000</u>	<u>\$189,000</u>	<u>\$0</u> ⁽⁴⁾
Total Sources	\$199,000	\$257,000	\$288,000	\$165,000
IV. Affordability Gap				
	Per Unit	Per Unit	Per Unit	Per Unit
Supported Permanent Financing	\$199,000	\$257,000	\$288,000	\$165,000
(Less) Total Development Costs	(\$517,000)	(\$517,000)	(\$517,000)	(\$517,000)
Affordability Gap	<u>(\$318,000)</u>	<u>(\$260,000)</u>	<u>(\$229,000)</u>	<u>(\$352,000)</u>

⁽¹⁾ Development costs estimated by KMA based in part on affordable project pro formas in Santa Barbara and residential land sale comps.

⁽²⁾ Maximum rents per Tax Credit Allocation Committee (TCAC) for projects utilizing Low Income Housing Tax Credits.

⁽³⁾ Utility allowances estimated by KMA from Housing Authority of the City of Santa Barbara (2017).

⁽⁴⁾ Property tax exemption and Low Income Housing Tax Credits not applicable to Moderate Income units.

**TABLE D-2
SUPPORTED FEE / NEXUS SUMMARY
RESIDENTIAL NEXUS ANALYSIS
CITY OF SANTA BARBARA, CA**

TOTAL NEXUS COST PER MARKET RATE UNIT

		Nexus Cost Per Market Rate Unit ²					
		Prototype 1 Priority Overlay Rental	Prototype 2 High Density Rental	Prototype 3 Medium High Density	Prototype 4 Priority Overlay For- Sale	Prototype 5 High Density For-Sale	Prototype 6 Medium High Density For- Sale
Affordability Gap Per Unit							
Household Income Level							
Under 30% AMI	\$318,000 ¹	\$5,700	\$5,800	\$6,000	\$9,600	\$10,200	\$11,100
30% to 50% AMI	\$260,000 ¹	\$15,500	\$15,800	\$16,500	\$26,200	\$27,800	\$30,100
50% to 80% AMI	\$229,000 ¹	\$17,100	\$17,400	\$18,200	\$28,700	\$30,500	\$32,900
80% to 120% AMI	\$352,000 ¹	\$11,300	\$11,500	\$12,000	\$19,000	\$20,200	\$21,600
Total Supported Fee Per Unit		\$49,600	\$50,500	\$52,700	\$83,500	\$88,700	\$95,700

TOTAL NEXUS COST PER SQUARE FOOT ³

		Nexus Cost Per Square Foot ³					
		Prototype 1 Priority Overlay Rental	Prototype 2 High Density Rental	Prototype 3 Medium High Density	Prototype 4 Priority Overlay For- Sale	Prototype 5 High Density For-Sale	Prototype 6 Medium High Density For- Sale
Avg. Unit Size (SF)		780 SF	800 SF	900 SF	1,000 SF	1,100 SF	1,200 SF
Household Income Level							
Under 30% AMI		\$7.30	\$7.30	\$6.70	\$9.60	\$9.30	\$9.30
30% to 50% AMI		\$19.90	\$19.80	\$18.30	\$26.20	\$25.30	\$25.10
50% to 80% AMI		\$21.90	\$21.80	\$20.20	\$28.70	\$27.70	\$27.40
80% to 120% AMI		\$14.50	\$14.40	\$13.30	\$19.00	\$18.40	\$18.00
Total Supported Fee Per Sq.Ft.		\$63.60	\$63.30	\$58.50	\$83.50	\$80.70	\$79.80

Notes:

¹ Assumes affordable rental units. Affordability gaps represent the remaining affordability gap after tax credit financing (for Extremely Low, Very Low and Low Income units). See affordability gap section for details.

² Nexus cost per unit calculated by multiplying the affordable unit demand from Table C-3 by the affordability gap.

³ Nexus cost per square foot computed by dividing the nexus cost per unit from above by the average unit size.

IV. ADDENDUM: ADDITIONAL BACKGROUND AND NOTES ON SPECIFIC ASSUMPTIONS

No Excess Supply of Affordable Housing

An assumption of this residential nexus analysis is that there is no excess supply of affordable housing available to absorb or offset new demand; therefore, new affordable units are needed to mitigate the new affordable housing demand generated by development of new market rate residential units. Based on a review of the current Census information for Santa Barbara, conditions are consistent with this underlying assumption. According to the Census (2011 to 2015 ACS), approximately 50% of all households in the City were paying thirty percent or more of their income on housing. In addition, housing vacancy is minimal.

Geographic Area of Impact

The analysis quantifies impacts occurring within Santa Barbara County. While many of the impacts will occur within the City, some impacts will be experienced elsewhere in Santa Barbara County and beyond. The IMPLAN model computes the jobs generated within the county and sorts out those that occur beyond the county boundaries. The KMA Jobs Housing Nexus Model analyzes the income structure of jobs and their worker households, without assumptions as to where the worker households live.

In summary, the nexus analysis quantifies all the jobs impacts occurring within the county and related worker households. Job impacts, like most types of impacts, occur irrespective of political boundaries. And like other types of impact analyses, such as traffic, impacts beyond jurisdictional boundaries are experienced, are relevant, and are important.

For clarification, counting all impacts associated with new housing units does not result in double counting, even if all jurisdictions were to adopt similar programs. The impact of a new housing unit is only counted once, in the jurisdiction in which it occurs. Obviously, within a metropolitan region such as Santa Barbara and the greater Los Angeles Area, there is much commuting among jurisdictions, and cities house each other's workers in a very complex web of relationships. The important point is that impacts of residential development are only counted once.

Affordability Gap

The use of the affordability gap for establishing a maximum fee supported from the nexus analysis is grounded in the concept that a jurisdiction will be responsible for delivering affordable units to mitigate impacts. The nexus analysis has established that units will be needed at one or more different affordability levels and the type of unit to be delivered depends on the income/affordability level. In Santa Barbara, the City is anticipated to assist in the development of rental units.

The units assisted by the public sector for affordable households are usually small in square foot area (for the number of bedrooms) and modest in finishes and amenities. As a result, in some communities these units are similar in physical configuration to what the market is delivering at market rate; in other communities (particularly very high income communities), they may be smaller and more modest than what the market is delivering. Parking, for example, is usually the minimum permitted by the code. Where there is a wide range in land cost per acre or per unit, it may be assumed that affordable units are built on land parcels in the lower portion of the cost range. KMA tries to develop a total development cost summary that represents the lower half of the average range, but not so low as to be unrealistic.

Excess Capacity of Labor Force

In the context of economic downturns such as the last recession, the question is sometimes raised as to whether there is excess capacity in the labor force to the extent that consumption impacts generated by new households will be in part, absorbed by existing jobs and workers, thus resulting in fewer net new jobs. In response, an impact analysis of this nature is a one-time impact requirement to address impacts generated over the life of the project. Recessions are temporary conditions; a healthy economy will return and the impacts will be experienced. The economic cycle also self-adjusts. Development of new residential units is likely to be reduced until conditions improve or there is confidence that improved conditions are imminent. When this occurs, the improved economic condition of the households in the local area will absorb the current underutilized capacity of existing workers, employed and unemployed. By the time new units become occupied, economic conditions will have likely improved.

The Burden of Paying for Affordable Housing

The burden of affordable housing is borne by many sectors of the economy and society. A most important source in recent years of funding for affordable housing development comes from the federal government in the form of tax credits (which result in reduced income tax payment by tax credit investors in exchange for equity funding) as well as Community Reinvestment Act (CRA) credits. Additionally, there are other federal grant and loan programs administered by the Department of Housing and Urban Development and other federal agencies. The State of California also plays a major role with a number of special financing and funding programs. Much of the state money is funded by voter approved bond measures paid for by all Californians.

Local governments play a large role in affordable housing in a variety of ways such as direct funding of affordable housing projects, local housing authorities that directly provide affordable units, efforts to foster development of more affordable housing types and parking standard reductions and fee waivers for affordable units that lower development costs. In addition, private sector lenders play an important role, some voluntarily and others less so with the requirements of the Community Reinvestment Act. Then there is the non-profit sector, both sponsors and developers that build much of the affordable housing.

In summary, all levels of government and many private parties, for profit and non-profit contribute to supplying affordable housing. Residential developers are not being asked to bear the burden alone any more than they are assumed to be the only source of demand or cause for needing affordable housing in our communities. Affordable housing requirements placed on AUD units will satisfy only a small percentage of the affordable housing needs in the City of Santa Barbara.

ATTACHMENT A: AUD MARKET SURVEY

I. INTRODUCTION

One of the underlying components of the Residential Nexus Study is an understanding of the types of residential units being built and proposed through the City's AUD program. It is from this understanding that estimates can be made of what the units can ultimately be rented and sold for. These market rate rents and sale prices can then be used to estimate the incomes of the new households that will live in the units and quantify the number and types of jobs created as a result of the new households' demand for goods and services. In this Appendix A, KMA describes the residential building prototypes utilized for the analysis, summarizes the residential market data researched, and describes the market price point conclusions drawn therefrom.

II. RESIDENTIAL PROTOTYPES

KMA worked with City staff to select representative development prototypes for each of three density tiers in the current AUD program – Priority Overlay, High Density, and Medium-High Density. In developing these prototypes, KMA analyzed the characteristics of all the AUD projects in the development pipeline. The following summarizes the basic characteristics of these prototypes. As a general rule, the prototype density and unit sizes were based on rough averages of the pipeline projects, though some slight modifications were made in some cases. For reference, the master list of AUD projects is included in Appendix A Table 1.

AUD Prototypes

	Density	Unit Size	Average Rent/Price	\$/SF
Rental Prototypes				
1) Priority Overlay	57 du/acre	780 sq. ft.	\$2,750	\$3.53/SF
2) High Density	30 du/acre	800 sq. ft.	\$2,800	\$3.50/SF
3) Medium-High Density	20 du/acre	900 sq. ft.	\$2,925	\$3.25/SF
For-Sale Prototypes				
4) Priority Overlay	43 du/acre	1,000 sq. ft.	\$875,000	\$875/SF
5) High Density	23 du/acre	1,100 sq. ft.	\$950,000	\$864/SF
6) Medium-High Density	17 du/acre	1,200 sq. ft.	\$1,010,000	\$842/SF

Source: Prototype densities and unit sizes by KMA in collaboration with City of Santa Barbara; prices and sale prices estimated by KMA.

III. MARKET SURVEY & PRICING ESTIMATES

A. Overview of Residential Market

When the AUD program was adopted in 2013, one of the City's objectives was to stimulate new development of rental housing projects and smaller more affordable units in higher density projects. At the time the AUD program was adopted, Santa Barbara had experienced little development of multi-family apartments for many years. It has been reported that the first AUD

project to be completed, The Marc, is the first large-scale apartment development built in Santa Barbara in over 30 years.

In performing this assignment, KMA identified five large-scale apartment projects in or near Downtown Santa Barbara. While all five of these developments are over 45 years old, the occupancy rates are all very high, which is a reflection of the tight housing conditions in the current market. This snapshot of older apartment properties provides the context for the existing market into which new AUD projects are being built.

Apartment Developments – Downtown & Vicinity

Project	Address	Year Built	Units	Average Sq.Ft./Unit	Average BRs/Unit	Current Occupancy
Hope Gardens	102 N Hope Ave	1964	141	703	1.2	98.0%
Hope Ranch	3999 Via Lucero	1965	108	593	1.0	97.3%
La Colina Gardens	4099 Foothill Rd	1968	116	1,449	2.4	100.0%
Monterey Pines Apartments	3732 Monterey Pines St	1971	103	763	1.6	99.0%
Country Club	66 Ocean View	<u>1963</u>	<u>66</u>	<u>800</u>	<u>2.0</u>	<u>100.0%</u>
Weighted Average		1966	107	866	1.6	98.2%

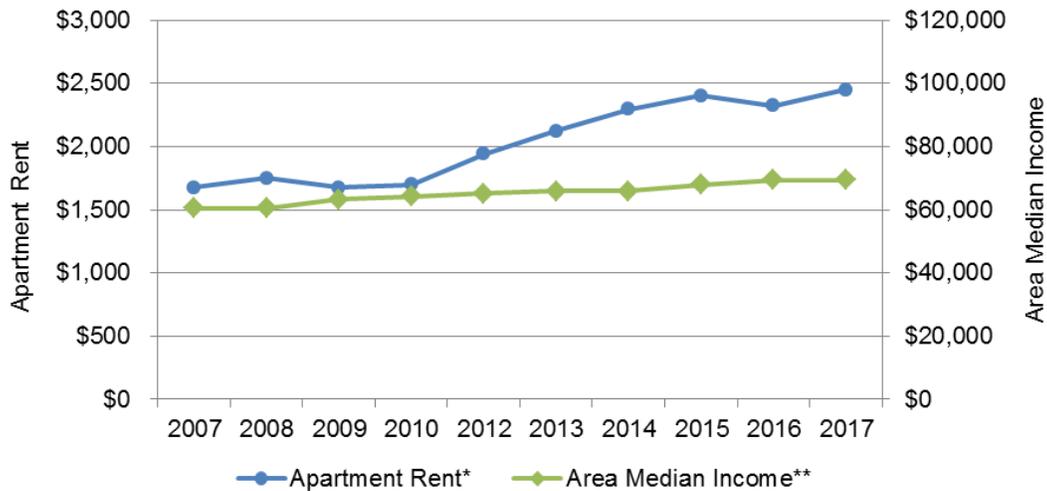
Source: Axiometrics (July 2017), KMA

Clearly the AUD program is attracting interest in new rental housing development. Of the 68 AUD projects proposed, all but two are proposed to be rental projects. Local developers interviewed for this assignment have indicated that construction defects liability risks are the primary factor affecting developer and investor interest in higher density for-sale projects.

B. Apartment Rents

As has been the case for most local markets in California, apartment rents have been on a steady rise since the end of the recession. As shown in the chart below, the average monthly two-bedroom rent in the City of Santa Barbara is now about \$2,500, which is a roughly 50% increase since 2010. The fact that median household incomes in Santa Barbara have not kept pace with rising rents further compounds local affordability challenges.

Apartment Rents vs. Household Incomes



* Median apartment rent for 2-bedroom unit - City of Santa Barbara.

** Area median income for 3-person household - Santa Barbara County.

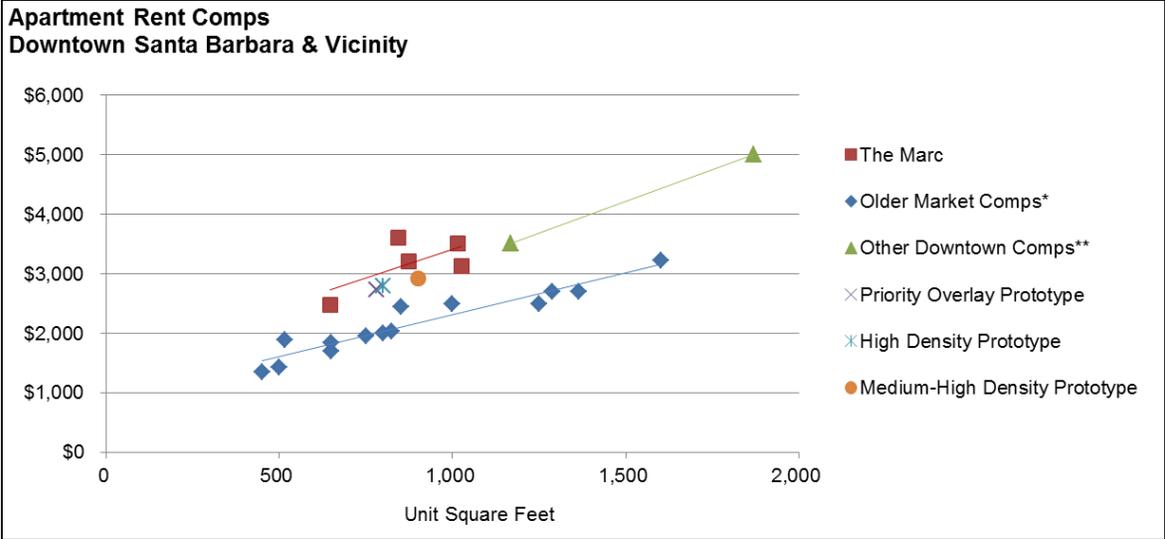
Source: Rent - Dyer Sheehan (note: 2011 data not available); Income - California HCD.

With regard to apartment rents applicable to newly built AUD projects, since there is only one AUD project completed and on the market (The Marc) there is a limited amount of data to inform rents in AUD projects in the pipeline. The following chart summarizes asking rents at The Marc, rents for the five older apartment properties, and two other properties in the Downtown.

The high rents at The Marc benefit not only from being a newly built project with high quality design and materials but also from its extensive array of amenities including a heated swimming pool, spa, fitness center, rooftop deck, resident lounge, and plentiful on-site parking. Most of the AUD projects in the pipeline are much smaller than the 89 units in The Marc and therefore cannot sustain the same level of amenities (the average project size is 27 units, 11 units, and 7 units for Priority Overlay, High Density, and Medium-High Density projects respectively).

Recognizing that achievable rents are influenced by a variety of factors beyond amenities, principally location, and without the benefit of rental data from other AUD projects, it is difficult to estimate rents in “prototypical” AUD projects with precision. Nonetheless, based on KMA’s experience with apartment pricing in other markets we estimate the prototypical AUD apartment rents will be close to but slightly below those of The Marc on average.

As shown in the chart below, the AUD prototype project rents have been estimated at \$2,750, \$2,800, and \$2,925 for the Priority Overlay, High Density, and Medium-High Density prototypes respectively (all expressed in current 2017 dollars).



* Older Market Comps

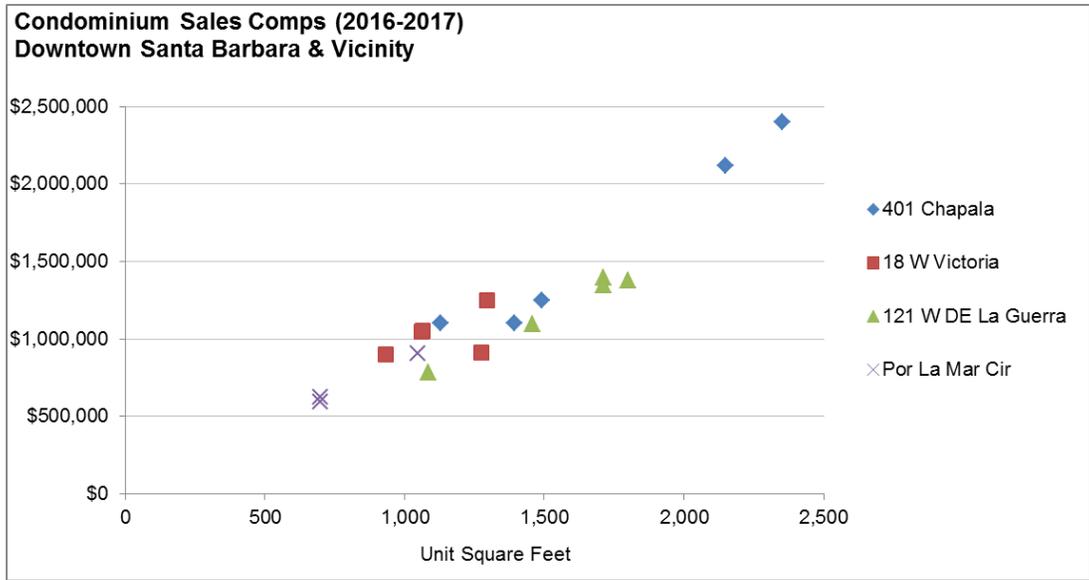
- Hope Gardens (1964)
- Hope Ranch (1965)
- Country Club (1963)
- Monterey Pines (1971)
- La Colina Gardens (1968)

** Other Downtown Comps

- Olive Street Lofts
- 121 De La Guerra

C. Condo Prices

As noted previously, there has been a notable lack of higher density condominium development in Santa Barbara in recent years. In lieu of newly built projects on the market, KMA researched re-sale prices of other condo units in and around the Downtown in order to inform prices of newly built AUD condo units. These prices are shown in the following chart. Although most of the sales have been for units much larger than the AUD prototypes, the sales data suggests an achievable sale price for a 1,000 square foot condo in the \$875,000 range. Of course, as with the apartments, other factors influence the achievable price point for condo projects including location and amenities, unit finishes and materials, as well as HOA dues.



Source: Redfin (August 2017)

APPENDIX A Table 1. Master List of AUD Projects (Active) ⁽¹⁾

City of Santa Barbara

Address	Zoning	Acres	Units	DU/ Acre	Avg Unit Sq.Ft.	Avg BR's ⁽²⁾	Max Height	Comm'l Sq.Ft.	Total Pkg	Resid Pkg	Spaces/ Unit	Comm'l Pkg	Spaces/ 1,000SF	
<i>Sorted by Density</i>														
Priority Housing Overlay Projects			37-62 DU/Acre											
1	618 Castillo Street	R-4	0.17	4	23.2	1,091	1.75	23'	0	4	4	1.00	0	0.00
2	333 W Ortega Street	R-4	0.22	8	37.2	698	1.25	29'	0	8	8	1.00	0	0.00
3	1115 Garden Street	R-0	0.11	4	37.4	906	2.25	43'	0	5	5	1.25	0	0.00
4	510 E Ortega Street	C-M	0.11	5	43.6	961	1.80	37'	0	5	5	1.00	0	0.00
5	711 Bath Street	R-4	0.21	9	43.6	589	1.44	33'	0	10	10	1.11	0	0.00
6	325 W Anapamu Street	R-4	0.22	10	45.4	626	1.00	26'	0	10	10	1.00	0	0.00
7	1124 Castillo Street	R-4	0.24	11	45.6	835	1.64	35'	0	11	11	1.00	0	0.00
8	1032 Santa Barbara Street	C-2	0.17	8	46.5	970	1.88	43'	1,261	11	11	1.38	0	0.00
9	711 N Milpas Street	C-2	1.55	73	47.2	700	1.56	45'	6,656	91	73	1.00	18	2.70
10	809 De La Vina Street	C-2	0.67	34	50.4	647	1.26	44'	0	34	34	1.00	0	0.00
11	24 W Gutierrez Street	R-4	0.15	8	51.9	935	1.75	40'	0	10	10	1.25	0	0.00
12	800 Santa Barbara Street	C-2	0.43	23	54.0	779	2.00	35'	1,383	29	23	1.00	6	4.34
13	401 E Haley Street	C-M	0.52	29	56.1	775	1.48	44'	3,306	58	29	1.00	29	8.77
14	15 S Hope Avenue	C-2	0.78	46	59.1	794	1.07	45'	631	51	46	1.00	5	7.92
15	214 E De La Guerra Street	C-2	0.44	26	59.7	554	1.00	45'	4,843	41	32	1.23	9	1.86
16	116 E Cota Street	C-M	0.25	15	60.1	827	1.93	45'	738	16	15	1.00	1	1.36
17	414 Chapala Street	C-M	0.36	22	60.6	808	1.18	45'	1,324	25	25	1.14	0	0.00
18	604 E Cota Street	C-M	0.47	29	61.1	595	1.10	43'	2,028	37	29	1.00	8	3.94
19	113 W De La Guerra Street	C-2	0.37	23	61.6	725	1.78	43'	1,651	27	23	1.00	4	2.42
20	125 E Gutierrez Street	C-M	0.16	10	61.8	802	1.80	37'	0	10	10	1.00	0	0.00
21	219 E Haley Street	C-M	0.58	36	62.4	737	1.36	45'	2,077	44	36	1.00	8	3.85
22	835 E Canon Peridido Street	C-2	0.80	50	62.6	642	1.52	45'	0	50	50	1.00	0	0.00
23	3885 State Street	C-2	1.42	89	62.7	811	1.94	45'	4,469	145	127	1.43	18	4.03
24	825 De La Vina Street	C-2	0.34	21	62.0	801	1.24	45'	0	27	27	1.29	0	0.00
25	634 Anacapa Street	C-M	0.48	30	62.8	733	1.30	40'	4,705	32	30	1.00	2	0.43
Total			11.21	623	55.6	19,341	1.50		35,072	791	683	1.27	108	3.08
Average			0.45	25	52.7	774	1.50		1,403	32	27	1.08	4	1.66
Median			0.36	22	56.1	779	1.52		631	27	23	1.00	0	0.00
High Density Projects			28-36 DU/Acre											
1	810 Castillo Street (condos)	R-4	0.24	4	16.4	1,130	1.50	45'	0	4	4	1.00	0	0.00
2	610 Castillo Street	R-4	0.26	5	19.4	1,003	2.80	24'	0	6	6	1.20	0	0.00
3	715 Bond Avenue	C-2	0.11	3	26.1	516	1.67	12'	0	3	3	1.00	0	0.00
4	1330 Chapala Street	C-2	1.12	33	29.5	822	1.79	41'	895	35	33	1.00	2	2.23
Total			1.74	45	25.9	3,471	1.87		895	48	46	1.07	2	2.23
Average			0.43	11	25.9	868	1.87		224	12	12	1.05	1	0.56
Median			0.25	5	17.9	913	1.73		0	5	5	1.00	0	0
Medium-High Density Projects			15-27 DU/Acre											
1	1120 & 1122 Indio Muerto St	R-3	0.96	12	12.5	1,229	2.08	32'	0	19	19	1.58	0	0.00
2	11 W Pedregosa Street	C-2	0.43	6	14.1	1,213	2.00	26'	1,492	12	6	1.00	6	4.02
3	601 San Pascual Street	R-3	0.28	4	14.5	1,098	3.00	24'	0	8	8	2.00	0	0.00
4	1023 Cacique Street A	R-3	0.26	4	15.5	963	2.00	29'	0	4	4	1.00	0	0.00

Address	Zoning	Acres	Units	DU/ Acre	Avg Unit Sq.Ft.	Avg BR's ⁽²⁾	Max Height	Comm'l Sq.Ft.	Total Pkg	Resid Pkg	Spaces/ Unit	Comm'l Pkg	Spaces/ 1,000SF	
<i>Sorted by Density</i>														
5	810 E Canon Perdido St A	R-3	0.26	4	15.5	503	1.50	18'	0	6	6	1.50	0	0.00
6	1135 San Pascual St (condos)	R-3	0.26	4	15.7	1,221	3.00	25	0	4	0	1.00	0	0.00
7	909 Laguna Street	C-2	0.11	2	17.8	834	2.00	18'	0	2	2	1.00	0	0.00
8	1220 & 1222 San Andres St	R-3	0.67	12	17.8	1,044	2.75	37'	0	21	21	1.75	0	0.00
9	1703 Chapala Street	R-4	0.22	4	17.9	1,033	1.50	33'	0	4	4	1.00	0	0.00
10	1116 San Pascual Street	R-3	0.16	3	19.0	779	1.67	28'	0	3	3	1.00	0	0.00
11	226 S Voluntario Street	R-3	0.26	5	19.4	1,084	2.40	26'	0	5	5	1.00	0	0.00
12	422 E Figueroa Street	R-3	0.10	2	19.6	599	1.50	13'	0	2	2	1.00	0	0.00
13	321 E Micheltorena Street	R-3	0.15	3	19.6	1,032	2.33	23'	0	3	3	1.00	0	0.00
14	1810 San Pascual Street	R-3	0.20	4	20.5	1,040	2.00	24'	0	4	4	1.00	0	0.00
15	115 W Pedregosa Street	R-4	0.10	2	20.7	664	1.50	21'	0	2	2	1.00	0	0.00
16	130 S Alisos Street	R-3	0.38	8	20.9	1,040	2.50	25'	0	8	8	1.00	0	0.00
17	217 Voluntario Street	R-3	0.29	6	20.9	1,024	2.00	23'	0	6	6	1.00	0	0.00
18	228 Cottage Grove Avenue	C-P	0.14	3	20.9	734	1.67	25'	0	5	5	1.67	0	0.00
19	502 Vera Cruz Lane	C-M	0.23	5	21.5	1,000	2.00	32'	0	7	7	1.40	0	0.00
20	422 W Padre Street	R-3	0.13	3	22.7	953	2.00	23'	0	3	3	1.00	0	0.00
21	1005 N Milpas Street	R-3	0.17	4	23.0	895	2.50	34'	0	4	4	1.00	0	0.00
22	2118 Oak Park Lane	R-3	0.22	5	23.2	937	2.00	21'	0	5	5	1.00	0	0.00
23	1818 Castillo Street	R-4	0.29	7	24.1	944	2.71	35'	0	8	8	1.14	0	0.00
24	530 E Anapamu Street	R-3	0.28	7	25.1	642	1.29	23'	0	8	8	1.14	0	0.00
25	1105 N Milpas Street	R-3	0.23	6	25.6	648	1.17	25'	0	6	6	1.00	0	0.00
26	1623 De La Vina Street	R-4	0.12	3	25.6	788	2.00	25'	0	3	3	1.00	0	0.00
27	316 W Micheltorena Street	R-4	0.81	21	25.9	767	1.38	31'	0	21	21	1.00	0	0.00
28	915 E Anapamu Street	R-3	0.92	24	26.1	833	1.21	42'	0	28	28	1.17	0	0.00
29	414 & 420 E Carrilo Street	C-2	0.80	21	26.2	768	1.43	45'	0	57	57	2.71	0	0.00
30	522 Garden Street	C-M	0.08	2	26.2	718	1.00	34'	0	4	4	2.00	0	0.00
31	312 Rancheria Street	R-4	0.26	7	26.8	812	2.00	22'	0	7	7	1.00	0	0.00
Total			9.77	203	20.8	27,839	1.84		1,492	279	269	1.33	6	4.02
Average			0.32	7	20.8	898	1.84		48	9	9	1.37	0	0.13
Median			0.26	4	20.9	937	2.00		0	5	5	1.00	0	0.00
Affordable Projects														
1	510 N Salsipuedes Street	C-M	0.94	40	42.4	930	2.20	41'	0	46	46	1.15	0	0.00
2	813 E Carillo Street	R-3	0.34	17	49.4	357	1.00	34'	0	8	8	0.47	0	0.00
3	251 S Hope Avenue	E-3	1.76	90	51.1	347	1.00	43'	0	34	34	0.38	0	0.00
4	3869 State Street	C-2	1.04	58	55.9	489	1.00	38'	0	16	16	0.28	0	0.00
5	115 W Anapamu Street	C-2	0.39	46	117.9	360	1.00	47'	0	20	20	0.43	0	0.00
Total			4.48	251	56.1	2,483	1.19		0	124	124	0.49	0	0.00
Average			0.90	50	56.1	497	1.24		0	25	25	0.49	0	0.00
Median			0.94	46	51.1	360	1.00		0	20	20	0.43	0	0.00
65 Total All Projects (Active)			27.19	1,122	41.3	53,134	1.51		37,459	1,242	1,122	1.11	116	3.10
Average All Projects			0.42	17	41.3	817	1.51		576	19	17	1.11	2	3.10

⁽¹⁾ Inactive/withdrawn projects include 3891 State Street, 418 N. Milpas, and 1118 Indio Muerto.

⁽²⁾ For bedroom count, studios are counted as one-bedroom.

ATTACHMENT B: WORKER OCCUPATIONS AND COMPENSATION LEVELS

**RESIDENTIAL NEXUS APPENDIX B TABLE 1
 WORKER OCCUPATION DISTRIBUTION, 2016
 SERVICES TO HOUSEHOLDS EARNING \$100 - \$150K, RESIDENT SERVICES
 RESIDENTIAL NEXUS ANALYSIS
 CITY OF SANTA BARBARA, CA**

Major Occupations (2% or more)	Worker Occupation Distribution¹ Services to Households Earning \$100,000 to \$150,000
Management Occupations	4.4%
Business and Financial Operations Occupations	4.6%
Community and Social Service Occupations	2.1%
Education, Training, and Library Occupations	2.7%
Healthcare Practitioners and Technical Occupations	7.7%
Healthcare Support Occupations	4.3%
Food Preparation and Serving Related Occupations	14.5%
Building and Grounds Cleaning and Maintenance Occupations	5.3%
Personal Care and Service Occupations	6.4%
Sales and Related Occupations	12.4%
Office and Administrative Support Occupations	15.4%
Installation, Maintenance, and Repair Occupations	3.7%
Transportation and Material Moving Occupations	5.0%
All Other Worker Occupations - Services to Households Earning \$100,000 to \$150,000	<u>11.6%</u>
INDUSTRY TOTAL	100.0%

¹ Distribution of employment by industry is per the IMPLAN model and the distribution of occupational employment within those industries is based on the Bureau of Labor Statistics Occupational Employment Survey.

RESIDENTIAL NEXUS APPENDIX B TABLE 2
 AVERAGE ANNUAL WORKER COMPENSATION, 2017
 SERVICES TO HOUSEHOLDS EARNING \$100,000 TO \$150,000
 RESIDENTIAL NEXUS ANALYSIS
 CITY OF SANTA BARBARA, CA

Occupation ³	2017 Avg. Compensation ¹	% of Total Occupation Group ²	% of Total No. of Service Workers
Page 1 of 4			
<i>Management Occupations</i>			
Chief Executives	\$217,400	3.0%	0.1%
General and Operations Managers	\$135,400	35.0%	1.5%
Sales Managers	\$107,400	4.0%	0.2%
Administrative Services Managers	\$105,200	3.5%	0.2%
Financial Managers	\$147,700	8.7%	0.4%
Food Service Managers	\$64,900	5.0%	0.2%
Medical and Health Services Managers	\$130,400	6.4%	0.3%
Property, Real Estate, and Community Association Managers	\$75,500	10.8%	0.5%
Social and Community Service Managers	\$72,900	3.4%	0.1%
Managers, All Other	\$138,000	3.3%	0.1%
All other Management Occupations (Avg. All Categories)	<u>\$122,200</u>	<u>16.9%</u>	<u>0.7%</u>
Weighted Mean Annual Wage	\$122,200	100.0%	4.4%
<i>Business and Financial Operations Occupations</i>			
Human Resources Specialists	\$71,800	5.1%	0.2%
Management Analysts	\$99,600	5.4%	0.3%
Training and Development Specialists	\$65,200	3.2%	0.2%
Market Research Analysts and Marketing Specialists	\$70,900	7.6%	0.3%
Business Operations Specialists, All Other	\$83,700	8.8%	0.4%
Accountants and Auditors	\$83,800	19.7%	0.9%
Financial Analysts	\$90,000	8.6%	0.4%
Personal Financial Advisors	\$137,800	12.1%	0.6%
Loan Officers	\$79,000	3.5%	0.2%
All Other Business and Financial Operations Occupations (Avg. All Categories)	<u>\$91,300</u>	<u>25.9%</u>	<u>1.2%</u>
Weighted Mean Annual Wage	\$91,300	100.0%	4.6%
<i>Community and Social Service Occupations</i>			
Substance Abuse and Behavioral Disorder Counselors	\$39,900	4.5%	0.1%
Educational, Guidance, School, and Vocational Counselors	\$54,500	4.4%	0.1%
Mental Health Counselors	\$42,300	8.0%	0.2%
Rehabilitation Counselors	\$37,700	5.0%	0.1%
Child, Family, and School Social Workers	\$40,700	11.3%	0.2%
Healthcare Social Workers	\$63,000	7.0%	0.1%
Mental Health and Substance Abuse Social Workers	\$50,700	5.7%	0.1%
Social and Human Service Assistants	\$37,600	18.9%	0.4%
Community and Social Service Specialists, All Other	\$51,600	3.7%	0.1%
Clergy	\$65,400	11.3%	0.2%
Directors, Religious Activities and Education	\$55,100	6.8%	0.1%
All Other Community and Social Service Occupations (Avg. All Categories)	<u>\$44,300</u>	<u>13.4%</u>	<u>0.3%</u>
Weighted Mean Annual Wage	\$47,500	100.0%	2.1%

RESIDENTIAL NEXUS APPENDIX B TABLE 2
 AVERAGE ANNUAL WORKER COMPENSATION, 2017
 SERVICES TO HOUSEHOLDS EARNING \$100,000 TO \$150,000
 RESIDENTIAL NEXUS ANALYSIS
 CITY OF SANTA BARBARA, CA

Occupation ³	2017 Avg. Compensation ¹	% of Total Occupation Group ²	% of Total No. of Service Workers
<i>Page 2 of 4</i>			
<i>Education, Training, and Library Occupations</i>			
Vocational Education Teachers, Postsecondary	\$70,900	4.0%	0.1%
Preschool Teachers, Except Special Education	\$41,500	13.6%	0.4%
Elementary School Teachers, Except Special Education	\$73,400	6.9%	0.2%
Secondary School Teachers, Except Special and Career/Technical Education	\$75,800	4.4%	0.1%
Self-Enrichment Education Teachers	\$38,700	15.0%	0.4%
Teachers and Instructors, All Other, Except Substitute Teachers	\$45,600	8.3%	0.2%
Substitute Teachers	\$40,100	3.7%	0.1%
Teacher Assistants	\$33,000	14.0%	0.4%
All Other Education, Training, and Library Occupations (Avg. All Categories)	<u>\$50,000</u>	<u>30.2%</u>	<u>0.8%</u>
Weighted Mean Annual Wage	\$47,600	100.0%	2.7%
<i>Healthcare Practitioners and Technical Occupations</i>			
Pharmacists	\$145,700	3.6%	0.3%
Physicians and Surgeons, All Other	\$211,300	4.3%	0.3%
Physical Therapists	\$102,000	3.4%	0.3%
Registered Nurses	\$101,700	28.9%	2.2%
Dental Hygienists	\$101,900	3.8%	0.3%
Pharmacy Technicians	\$41,600	4.9%	0.4%
Licensed Practical and Licensed Vocational Nurses	\$58,800	7.5%	0.6%
All Other Healthcare Practitioners and Technical Occupations (Avg. All Categ)	<u>\$116,000</u>	<u>43.7%</u>	<u>3.4%</u>
Weighted Mean Annual Wage	\$108,100	100.0%	7.7%
<i>Healthcare Support Occupations</i>			
Home Health Aides	\$26,600	22.6%	1.0%
Nursing Assistants	\$35,100	24.9%	1.1%
Massage Therapists	\$48,000	4.4%	0.2%
Dental Assistants	\$46,300	10.8%	0.5%
Medical Assistants	\$38,000	18.4%	0.8%
Veterinary Assistants and Laboratory Animal Caretakers	\$30,400	3.5%	0.1%
All Other Healthcare Support Occupations (Avg. All Categories)	<u>\$35,400</u>	<u>15.5%</u>	<u>0.7%</u>
Weighted Mean Annual Wage	\$35,400	100.0%	4.3%

RESIDENTIAL NEXUS APPENDIX B TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION, 2017
SERVICES TO HOUSEHOLDS EARNING \$100,000 TO \$150,000
RESIDENTIAL NEXUS ANALYSIS
CITY OF SANTA BARBARA, CA

Occupation ³	2017 Avg. Compensation ¹	% of Total Occupation Group ²	% of Total No. of Service Workers
<i>Page 3 of 4</i>			
<i>Food Preparation and Serving Related Occupations</i>			
First-Line Supervisors of Food Preparation and Serving Workers	\$35,000	6.9%	1.0%
Cooks, Fast Food	\$24,800	3.9%	0.6%
Cooks, Restaurant	\$31,500	9.0%	1.3%
Food Preparation Workers	\$25,200	6.4%	0.9%
Bartenders	\$31,400	7.0%	1.0%
Combined Food Preparation and Serving Workers, Including Fast Food	\$24,500	25.9%	3.7%
Counter Attendants, Cafeteria, Food Concession, and Coffee Shop	\$24,600	3.5%	0.5%
Waiters and Waitresses	\$29,200	19.6%	2.8%
Dishwashers	\$24,700	4.0%	0.6%
Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	\$23,500	3.0%	0.4%
All Other Food Preparation and Serving Related Occupations (Avg. All Categories)	<u>\$29,900</u>	<u>11.0%</u>	<u>1.6%</u>
Weighted Mean Annual Wage	\$27,900	100.0%	14.5%
<i>Building and Grounds Cleaning and Maintenance Occupations</i>			
First-Line Supervisors of Landscaping, Lawn Service, and Groundskeeping Workers	\$48,300	3.8%	0.2%
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	\$31,300	43.8%	2.3%
Maids and Housekeeping Cleaners	\$27,400	10.0%	0.5%
Landscaping and Groundskeeping Workers	\$32,300	33.9%	1.8%
All Other Building and Grounds Cleaning and Maintenance Occupations (Avg. All Categories)	<u>\$31,900</u>	<u>8.5%</u>	<u>0.5%</u>
Weighted Mean Annual Wage	\$31,900	100.0%	5.3%
<i>Personal Care and Service Occupations</i>			
First-Line Supervisors of Personal Service Workers	\$41,400	4.0%	0.3%
Nonfarm Animal Caretakers	\$29,300	8.4%	0.5%
Amusement and Recreation Attendants	\$23,900	3.5%	0.2%
Hairdressers, Hairstylists, and Cosmetologists	\$27,000	13.9%	0.9%
Manicurists and Pedicurists	\$22,700	3.7%	0.2%
Childcare Workers	\$28,300	8.6%	0.5%
Personal Care Aides	\$25,300	33.2%	2.1%
Fitness Trainers and Aerobics Instructors	\$56,900	7.8%	0.5%
Recreation Workers	\$36,300	4.8%	0.3%
All Other Personal Care and Service Occupations (Avg. All Categories)	<u>\$27,100</u>	<u>12.2%</u>	<u>0.8%</u>
Weighted Mean Annual Wage	\$29,800	100.0%	6.4%
<i>Sales and Related Occupations</i>			
First-Line Supervisors of Retail Sales Workers	\$46,800	9.1%	1.1%
Cashiers	\$26,200	26.5%	3.3%
Counter and Rental Clerks	\$29,400	5.2%	0.6%
Retail Salespersons	\$28,200	36.1%	4.5%
Securities, Commodities, and Financial Services Sales Agents	\$82,500	3.6%	0.4%
Sales Representatives, Services, All Other	\$68,700	4.6%	0.6%
Sales Representatives, Wholesale and Manufacturing, Except Technical and Sales Representatives	\$61,700	3.5%	0.4%
Real Estate Sales Agents	\$76,900	3.3%	0.4%
All Other Sales and Related Occupations (Avg. All Categories)	<u>\$36,700</u>	<u>8.3%</u>	<u>1.0%</u>
Weighted Mean Annual Wage	\$36,700	100.0%	12.4%

**RESIDENTIAL NEXUS APPENDIX B TABLE 2
 AVERAGE ANNUAL WORKER COMPENSATION, 2017
 SERVICES TO HOUSEHOLDS EARNING \$100,000 TO \$150,000
 RESIDENTIAL NEXUS ANALYSIS
 CITY OF SANTA BARBARA, CA**

Occupation ³	2017 Avg. Compensation ¹	% of Total Occupation Group ²	% of Total No. of Service Workers
<i>Page 4 of 4</i>			
<i>Office and Administrative Support Occupations</i>			
First-Line Supervisors of Office and Administrative Support Workers	\$62,800	6.6%	1.0%
Bookkeeping, Accounting, and Auditing Clerks	\$46,800	7.8%	1.2%
Customer Service Representatives	\$40,400	10.6%	1.6%
Receptionists and Information Clerks	\$32,300	8.6%	1.3%
Stock Clerks and Order Fillers	\$27,500	10.2%	1.6%
Medical Secretaries	\$42,900	4.4%	0.7%
Secretaries and Administrative Assistants, Except Legal, Medical, and Execu	\$42,800	12.2%	1.9%
Office Clerks, General	\$37,600	14.8%	2.3%
All Other Office and Administrative Support Occupations (Avg. All Categories)	<u>\$40,300</u>	<u>24.9%</u>	<u>3.8%</u>
Weighted Mean Annual Wage	\$40,300	100.0%	15.4%
<i>Installation, Maintenance, and Repair Occupations</i>			
First-Line Supervisors of Mechanics, Installers, and Repairers	\$73,100	7.8%	0.3%
Automotive Body and Related Repairers	\$38,100	6.2%	0.2%
Automotive Service Technicians and Mechanics	\$42,900	18.5%	0.7%
Bus and Truck Mechanics and Diesel Engine Specialists	\$52,300	3.4%	0.1%
Maintenance and Repair Workers, General	\$42,400	37.2%	1.4%
All Other Installation, Maintenance, and Repair Occupations (Avg. All Catego)	<u>\$45,900</u>	<u>26.9%</u>	<u>1.0%</u>
Weighted Mean Annual Wage	\$45,900	100.0%	3.7%
<i>Transportation and Material Moving Occupations</i>			
Bus Drivers, School or Special Client	\$32,800	6.4%	0.3%
Driver/Sales Workers	\$38,700	7.5%	0.4%
Heavy and Tractor-Trailer Truck Drivers	\$47,800	12.1%	0.6%
Light Truck or Delivery Services Drivers	\$36,800	10.1%	0.5%
Taxi Drivers and Chauffeurs	\$25,200	3.9%	0.2%
Parking Lot Attendants	\$24,700	9.9%	0.5%
Cleaners of Vehicles and Equipment	\$25,500	7.8%	0.4%
Laborers and Freight, Stock, and Material Movers, Hand	\$29,800	18.7%	0.9%
Packers and Packagers, Hand	\$25,900	6.5%	0.3%
All Other Transportation and Material Moving Occupations (Avg. All Categorie)	<u>\$32,800</u>	<u>17.2%</u>	<u>0.9%</u>
Weighted Mean Annual Wage	\$32,800	100.0%	5.0%
			88.4%

¹ The methodology utilized by the California Employment Development Department (EDD) assumes that hourly paid employees are employed full-time. Annual compensation is calculated by EDD by multiplying hourly wages by 40 hours per work week by 52 weeks.

² Occupation percentages are based on the 2016 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on Occupational Employment Survey data applicable to Santa Barbara County and updated to 1st Quarter 2017.

³ Including occupations representing 3% or more of the major occupation group

**RESIDENTIAL NEXUS APPENDIX B TABLE 3
 WORKER OCCUPATION DISTRIBUTION, 2016
 SERVICES TO HOUSEHOLDS EARNING \$150K - \$200K, RESIDENT SERVICES
 RESIDENTIAL NEXUS ANALYSIS
 CITY OF SANTA BARBARA, CA**

Major Occupations (2% or more)	Worker Occupation Distribution¹ Services to Households Earning \$150k - \$200k
Management Occupations	4.2%
Business and Financial Operations Occupations	4.1%
Community and Social Service Occupations	2.1%
Education, Training, and Library Occupations	3.1%
Healthcare Practitioners and Technical Occupations	8.0%
Healthcare Support Occupations	4.2%
Food Preparation and Serving Related Occupations	14.8%
Building and Grounds Cleaning and Maintenance Occupations	5.4%
Personal Care and Service Occupations	6.4%
Sales and Related Occupations	12.3%
Office and Administrative Support Occupations	15.1%
Installation, Maintenance, and Repair Occupations	3.6%
Transportation and Material Moving Occupations	5.0%
All Other Worker Occupations - Services to Households Earning \$150k - \$200k	<u>11.4%</u>
INDUSTRY TOTAL	100.0%

¹ Distribution of employment by industry is per the IMPLAN model and the distribution of occupational employment within those industries is based on the Bureau of Labor Statistics Occupational Employment Survey.

**RESIDENTIAL NEXUS APPENDIX B TABLE 4
 AVERAGE ANNUAL WORKER COMPENSATION, 2017
 SERVICES TO HOUSEHOLDS EARNING \$150K - \$200K
 RESIDENTIAL NEXUS ANALYSIS
 CITY OF SANTA BARBARA, CA**

Occupation ³	2017 Avg. Compensation ¹	% of Total Occupation Group ²	% of Total No. of Service Workers
<i>Page 1 of 4</i>			
<i>Management Occupations</i>			
General and Operations Managers	\$135,400	35.2%	1.5%
Sales Managers	\$107,400	4.0%	0.2%
Administrative Services Managers	\$105,200	3.5%	0.1%
Financial Managers	\$147,700	7.7%	0.3%
Food Service Managers	\$64,900	5.3%	0.2%
Medical and Health Services Managers	\$130,400	6.8%	0.3%
Property, Real Estate, and Community Association Managers	\$75,500	10.5%	0.4%
Social and Community Service Managers	\$72,900	3.4%	0.1%
Managers, All Other	\$138,000	3.3%	0.1%
All other Management Occupations (Avg. All Categories)	<u>\$118,300</u>	<u>20.2%</u>	<u>0.9%</u>
Weighted Mean Annual Wage	\$118,300	100.0%	4.2%
<i>Business and Financial Operations Occupations</i>			
Human Resources Specialists	\$71,800	5.6%	0.2%
Management Analysts	\$99,600	5.7%	0.2%
Training and Development Specialists	\$65,200	3.7%	0.2%
Market Research Analysts and Marketing Specialists	\$70,900	8.2%	0.3%
Business Operations Specialists, All Other	\$83,700	9.6%	0.4%
Accountants and Auditors	\$83,800	20.2%	0.8%
Financial Analysts	\$90,000	7.4%	0.3%
Personal Financial Advisors	\$137,800	9.9%	0.4%
Loan Officers	\$79,000	3.2%	0.1%
All Other Business and Financial Operations Occupations (Avg. All Categories)	<u>\$89,400</u>	<u>26.5%</u>	<u>1.1%</u>
Weighted Mean Annual Wage	\$89,400	100.0%	4.1%
<i>Community and Social Service Occupations</i>			
Substance Abuse and Behavioral Disorder Counselors	\$39,900	4.6%	0.1%
Educational, Guidance, School, and Vocational Counselors	\$54,500	5.1%	0.1%
Mental Health Counselors	\$42,300	8.2%	0.2%
Rehabilitation Counselors	\$37,700	5.0%	0.1%
Child, Family, and School Social Workers	\$40,700	11.3%	0.2%
Healthcare Social Workers	\$63,000	7.0%	0.2%
Mental Health and Substance Abuse Social Workers	\$50,700	5.8%	0.1%
Social and Human Service Assistants	\$37,600	18.8%	0.4%
Community and Social Service Specialists, All Other	\$51,600	3.7%	0.1%
Clergy	\$65,400	10.9%	0.2%
Directors, Religious Activities and Education	\$55,100	6.5%	0.1%
All Other Community and Social Service Occupations (Avg. All Categories)	<u>\$44,500</u>	<u>13.2%</u>	<u>0.3%</u>
Weighted Mean Annual Wage	\$47,400	100.0%	2.1%

**RESIDENTIAL NEXUS APPENDIX B TABLE 4
 AVERAGE ANNUAL WORKER COMPENSATION, 2017
 SERVICES TO HOUSEHOLDS EARNING \$150K - \$200K
 RESIDENTIAL NEXUS ANALYSIS
 CITY OF SANTA BARBARA, CA**

Occupation ³	2017 Avg. Compensation ¹	% of Total Occupation Group ²	% of Total No. of Service Workers
<i>Page 2 of 4</i>			
<i>Education, Training, and Library Occupations</i>			
Vocational Education Teachers, Postsecondary	\$70,900	4.1%	0.1%
Preschool Teachers, Except Special Education	\$41,500	12.3%	0.4%
Elementary School Teachers, Except Special Education	\$73,400	6.9%	0.2%
Secondary School Teachers, Except Special and Career/Technical Education	\$75,800	4.5%	0.1%
Self-Enrichment Education Teachers	\$38,700	14.1%	0.4%
Teachers and Instructors, All Other, Except Substitute Teachers	\$45,600	8.2%	0.3%
Substitute Teachers	\$40,100	3.6%	0.1%
Teacher Assistants	\$33,000	13.2%	0.4%
All Other Education, Training, and Library Occupations (Avg. All Categories)	<u>\$50,500</u>	<u>33.2%</u>	<u>1.0%</u>
	Weighted Mean Annual Wage	\$48,200	100.0%
<i>Healthcare Practitioners and Technical Occupations</i>			
Pharmacists	\$145,700	3.5%	0.3%
Physicians and Surgeons, All Other	\$211,300	4.2%	0.3%
Physical Therapists	\$102,000	3.5%	0.3%
Registered Nurses	\$101,700	29.4%	2.4%
Dental Hygienists	\$101,900	3.7%	0.3%
Pharmacy Technicians	\$41,600	4.8%	0.4%
Licensed Practical and Licensed Vocational Nurses	\$58,800	6.9%	0.6%
All Other Healthcare Practitioners and Technical Occupations (Avg. All Categ)	<u>\$115,500</u>	<u>44.1%</u>	<u>3.5%</u>
	Weighted Mean Annual Wage	\$108,100	100.0%
<i>Healthcare Support Occupations</i>			
Home Health Aides	\$26,600	21.6%	0.9%
Nursing Assistants	\$35,100	23.9%	1.0%
Massage Therapists	\$48,000	4.6%	0.2%
Dental Assistants	\$46,300	10.9%	0.5%
Medical Assistants	\$38,000	18.4%	0.8%
Veterinary Assistants and Laboratory Animal Caretakers	\$30,400	3.5%	0.1%
Phlebotomists	\$48,800	3.6%	0.2%
All Other Healthcare Support Occupations (Avg. All Categories)	<u>\$36,100</u>	<u>13.4%</u>	<u>0.6%</u>
	Weighted Mean Annual Wage	\$36,100	100.0%

**RESIDENTIAL NEXUS APPENDIX B TABLE 4
 AVERAGE ANNUAL WORKER COMPENSATION, 2017
 SERVICES TO HOUSEHOLDS EARNING \$150K - \$200K
 RESIDENTIAL NEXUS ANALYSIS
 CITY OF SANTA BARBARA, CA**

Occupation ³	2017 Avg. Compensation ¹	% of Total Occupation Group ²	% of Total No. of Service Workers
<i>Page 3 of 4</i>			
<i>Food Preparation and Serving Related Occupations</i>			
First-Line Supervisors of Food Preparation and Serving Workers	\$35,000	6.9%	1.0%
Cooks, Fast Food	\$24,800	3.9%	0.6%
Cooks, Restaurant	\$31,500	9.1%	1.3%
Food Preparation Workers	\$25,200	6.3%	0.9%
Bartenders	\$31,400	7.0%	1.0%
Combined Food Preparation and Serving Workers, Including Fast Food	\$24,500	26.1%	3.9%
Counter Attendants, Cafeteria, Food Concession, and Coffee Shop	\$24,600	3.5%	0.5%
Waiters and Waitresses	\$29,200	19.8%	2.9%
Dishwashers	\$24,700	3.9%	0.6%
Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	\$23,500	3.0%	0.4%
All Other Food Preparation and Serving Related Occupations (Avg. All Categ	<u>\$29,900</u>	<u>10.6%</u>	<u>1.6%</u>
Weighted Mean Annual Wage	\$27,900	100.0%	14.8%
<i>Building and Grounds Cleaning and Maintenance Occupations</i>			
First-Line Supervisors of Landscaping, Lawn Service, and Groundskeeping W	\$48,300	3.8%	0.2%
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	\$31,300	44.0%	2.4%
Maids and Housekeeping Cleaners	\$27,400	9.8%	0.5%
Landscaping and Groundskeeping Workers	\$32,300	34.0%	1.8%
All Other Building and Grounds Cleaning and Maintenance Occupations (Avg	<u>\$32,000</u>	<u>8.4%</u>	<u>0.5%</u>
Weighted Mean Annual Wage	\$32,000	100.0%	5.4%
<i>Personal Care and Service Occupations</i>			
First-Line Supervisors of Personal Service Workers	\$41,400	4.1%	0.3%
Nonfarm Animal Caretakers	\$29,300	8.4%	0.5%
Amusement and Recreation Attendants	\$23,900	3.7%	0.2%
Hairdressers, Hairstylists, and Cosmetologists	\$27,000	14.1%	0.9%
Manicurists and Pedicurists	\$22,700	3.8%	0.2%
Childcare Workers	\$28,300	9.2%	0.6%
Personal Care Aides	\$25,300	32.8%	2.1%
Fitness Trainers and Aerobics Instructors	\$56,900	8.5%	0.5%
Recreation Workers	\$36,300	4.8%	0.3%
All Other Personal Care and Service Occupations (Avg. All Categories)	<u>\$27,100</u>	<u>10.7%</u>	<u>0.7%</u>
Weighted Mean Annual Wage	\$30,100	100.0%	6.4%
<i>Sales and Related Occupations</i>			
First-Line Supervisors of Retail Sales Workers	\$46,800	9.1%	1.1%
Cashiers	\$26,200	26.9%	3.3%
Counter and Rental Clerks	\$29,400	5.1%	0.6%
Retail Salespersons	\$28,200	36.5%	4.5%
Sales Representatives, Services, All Other	\$68,700	4.7%	0.6%
Sales Representatives, Wholesale and Manufacturing, Except Technical and	\$61,700	3.5%	0.4%
Real Estate Sales Agents	\$76,900	3.1%	0.4%
All Other Sales and Related Occupations (Avg. All Categories)	<u>\$34,700</u>	<u>11.1%</u>	<u>1.4%</u>
Weighted Mean Annual Wage	\$34,700	100.0%	12.3%

**RESIDENTIAL NEXUS APPENDIX B TABLE 4
 AVERAGE ANNUAL WORKER COMPENSATION, 2017
 SERVICES TO HOUSEHOLDS EARNING \$150K - \$200K
 RESIDENTIAL NEXUS ANALYSIS
 CITY OF SANTA BARBARA, CA**

Occupation ³	2017 Avg. Compensation ¹	% of Total Occupation Group ²	% of Total No. of Service Workers
<i>Page 4 of 4</i>			
<i>Office and Administrative Support Occupations</i>			
First-Line Supervisors of Office and Administrative Support Workers	\$62,800	6.5%	1.0%
Bookkeeping, Accounting, and Auditing Clerks	\$46,800	7.6%	1.2%
Customer Service Representatives	\$40,400	10.5%	1.6%
Receptionists and Information Clerks	\$32,300	8.8%	1.3%
Stock Clerks and Order Fillers	\$27,500	10.4%	1.6%
Medical Secretaries	\$42,900	4.6%	0.7%
Secretaries and Administrative Assistants, Except Legal, Medical, and Execu	\$42,800	12.2%	1.8%
Office Clerks, General	\$37,600	14.9%	2.2%
All Other Office and Administrative Support Occupations (Avg. All Categories)	<u>\$40,100</u>	<u>24.5%</u>	<u>3.7%</u>
Weighted Mean Annual Wage	\$40,200	100.0%	15.1%
<i>Installation, Maintenance, and Repair Occupations</i>			
First-Line Supervisors of Mechanics, Installers, and Repairers	\$73,100	7.7%	0.3%
Automotive Body and Related Repairers	\$38,100	6.0%	0.2%
Automotive Service Technicians and Mechanics	\$42,900	18.1%	0.7%
Bus and Truck Mechanics and Diesel Engine Specialists	\$52,300	3.5%	0.1%
Maintenance and Repair Workers, General	\$42,400	37.1%	1.3%
All Other Installation, Maintenance, and Repair Occupations (Avg. All Catego	<u>\$45,900</u>	<u>27.5%</u>	<u>1.0%</u>
Weighted Mean Annual Wage	\$45,900	100.0%	3.6%
<i>Transportation and Material Moving Occupations</i>			
Bus Drivers, School or Special Client	\$32,800	7.0%	0.4%
Driver/Sales Workers	\$38,700	7.6%	0.4%
Heavy and Tractor-Trailer Truck Drivers	\$47,800	12.1%	0.6%
Light Truck or Delivery Services Drivers	\$36,800	10.1%	0.5%
Taxi Drivers and Chauffeurs	\$25,200	4.1%	0.2%
Parking Lot Attendants	\$24,700	9.8%	0.5%
Cleaners of Vehicles and Equipment	\$25,500	7.4%	0.4%
Laborers and Freight, Stock, and Material Movers, Hand	\$29,800	18.6%	0.9%
Packers and Packagers, Hand	\$25,900	6.4%	0.3%
All Other Transportation and Material Moving Occupations (Avg. All Categorie	<u>\$32,800</u>	<u>16.9%</u>	<u>0.9%</u>
Weighted Mean Annual Wage	\$32,800	100.0%	5.0%
			88.6%

¹ The methodology utilized by the California Employment Development Department (EDD) assumes that hourly paid employees are employed full-time. Annual compensation is calculated by EDD by multiplying hourly wages by 40 hours per work week by 52 weeks.

² Occupation percentages are based on the 2016 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on Occupational Employment Survey data applicable to Santa Barbara County and updated to 1st Quarter 2017.

³ Including occupations representing 3% or more of the major occupation group

**RESIDENTIAL NEXUS APPENDIX B TABLE 5
 WORKER OCCUPATION DISTRIBUTION, 2016
 SERVICES TO HOUSEHOLDS EARNING \$200K+, RESIDENT SERVICES
 RESIDENTIAL NEXUS ANALYSIS
 CITY OF SANTA BARBARA, CA**

Major Occupations (2% or more)	Worker Occupation Distribution¹ Services to Households Earning \$200k+
Management Occupations	4.3%
Business and Financial Operations Occupations	4.0%
Community and Social Service Occupations	2.3%
Education, Training, and Library Occupations	4.3%
Healthcare Practitioners and Technical Occupations	6.5%
Healthcare Support Occupations	4.0%
Food Preparation and Serving Related Occupations	13.9%
Building and Grounds Cleaning and Maintenance Occupations	5.8%
Personal Care and Service Occupations	7.2%
Sales and Related Occupations	12.5%
Office and Administrative Support Occupations	14.8%
Installation, Maintenance, and Repair Occupations	3.3%
Transportation and Material Moving Occupations	5.1%
All Other Worker Occupations - Services to Households Earning \$200k+	<u>11.9%</u>
INDUSTRY TOTAL	100.0%

¹ Distribution of employment by industry is per the IMPLAN model and the distribution of occupational employment within those industries is based on the Bureau of Labor Statistics Occupational Employment Survey.

RESIDENTIAL NEXUS APPENDIX B TABLE 6
 AVERAGE ANNUAL WORKER COMPENSATION, 2017
 SERVICES TO HOUSEHOLDS EARNING \$200K+
 RESIDENTIAL NEXUS ANALYSIS
 CITY OF SANTA BARBARA, CA

Occupation ³	2017 Avg. Compensation ¹	% of Total Occupation Group ²	% of Total No. of Service Workers
<i>Page 1 of 4</i>			
<i>Management Occupations</i>			
General and Operations Managers	\$135,400	35.9%	1.5%
Sales Managers	\$107,400	4.0%	0.2%
Administrative Services Managers	\$105,200	3.5%	0.1%
Financial Managers	\$147,700	7.3%	0.3%
Food Service Managers	\$64,900	4.9%	0.2%
Medical and Health Services Managers	\$130,400	5.6%	0.2%
Property, Real Estate, and Community Association Managers	\$75,500	10.1%	0.4%
Social and Community Service Managers	\$72,900	3.9%	0.2%
Managers, All Other	\$138,000	3.3%	0.1%
All other Management Occupations (Avg. All Categories)	<u>\$118,200</u>	<u>21.5%</u>	<u>0.9%</u>
Weighted Mean Annual Wage	\$118,200	100.0%	4.3%
<i>Business and Financial Operations Occupations</i>			
Human Resources Specialists	\$71,800	5.8%	0.2%
Management Analysts	\$99,600	5.4%	0.2%
Training and Development Specialists	\$65,200	4.2%	0.2%
Market Research Analysts and Marketing Specialists	\$70,900	8.4%	0.3%
Business Operations Specialists, All Other	\$83,700	9.8%	0.4%
Accountants and Auditors	\$83,800	21.5%	0.9%
Financial Analysts	\$90,000	6.5%	0.3%
Personal Financial Advisors	\$137,800	8.5%	0.3%
Loan Officers	\$79,000	3.1%	0.1%
All Other Business and Financial Operations Occupations (Avg. All Categories)	<u>\$88,100</u>	<u>26.7%</u>	<u>1.1%</u>
Weighted Mean Annual Wage	\$88,100	100.0%	4.0%
<i>Community and Social Service Occupations</i>			
Substance Abuse and Behavioral Disorder Counselors	\$39,900	4.5%	0.1%
Educational, Guidance, School, and Vocational Counselors	\$54,500	6.2%	0.1%
Mental Health Counselors	\$42,300	8.0%	0.2%
Rehabilitation Counselors	\$37,700	5.4%	0.1%
Child, Family, and School Social Workers	\$40,700	12.8%	0.3%
Healthcare Social Workers	\$63,000	6.3%	0.1%
Mental Health and Substance Abuse Social Workers	\$50,700	5.5%	0.1%
Social and Human Service Assistants	\$37,600	20.2%	0.5%
Community and Social Service Specialists, All Other	\$51,600	3.9%	0.1%
Clergy	\$65,400	9.1%	0.2%
Directors, Religious Activities and Education	\$55,100	5.5%	0.1%
All Other Community and Social Service Occupations (Avg. All Categories)	<u>\$44,200</u>	<u>12.7%</u>	<u>0.3%</u>
Weighted Mean Annual Wage	\$46,700	100.0%	2.3%

RESIDENTIAL NEXUS APPENDIX B TABLE 6
 AVERAGE ANNUAL WORKER COMPENSATION, 2017
 SERVICES TO HOUSEHOLDS EARNING \$200K+
 RESIDENTIAL NEXUS ANALYSIS
 CITY OF SANTA BARBARA, CA

Occupation ³	2017 Avg. Compensation ¹	% of Total Occupation Group ²	% of Total No. of Service Workers
<i>Page 2 of 4</i>			
<i>Education, Training, and Library Occupations</i>			
Vocational Education Teachers, Postsecondary	\$70,900	4.7%	0.2%
Preschool Teachers, Except Special Education	\$41,500	11.8%	0.5%
Elementary School Teachers, Except Special Education	\$73,400	7.6%	0.3%
Secondary School Teachers, Except Special and Career/Technical Education	\$75,800	5.2%	0.2%
Self-Enrichment Education Teachers	\$38,700	14.8%	0.6%
Teachers and Instructors, All Other, Except Substitute Teachers	\$45,600	9.1%	0.4%
Substitute Teachers	\$40,100	3.9%	0.2%
Teacher Assistants	\$33,000	13.7%	0.6%
All Other Education, Training, and Library Occupations (Avg. All Categories)	<u>\$51,100</u>	<u>29.2%</u>	<u>1.3%</u>
Weighted Mean Annual Wage	\$48,600	100.0%	4.3%
<i>Healthcare Practitioners and Technical Occupations</i>			
Pharmacists	\$145,700	4.0%	0.3%
Physicians and Surgeons, All Other	\$211,300	4.1%	0.3%
Physical Therapists	\$102,000	4.1%	0.3%
Registered Nurses	\$101,700	26.7%	1.7%
Dental Hygienists	\$101,900	3.5%	0.2%
Pharmacy Technicians	\$41,600	5.6%	0.4%
Licensed Practical and Licensed Vocational Nurses	\$58,800	8.1%	0.5%
All Other Healthcare Practitioners and Technical Occupations (Avg. All Categories)	<u>\$116,500</u>	<u>43.8%</u>	<u>2.9%</u>
Weighted Mean Annual Wage	\$107,600	100.0%	6.5%
<i>Healthcare Support Occupations</i>			
Home Health Aides	\$26,600	28.5%	1.1%
Nursing Assistants	\$35,100	22.7%	0.9%
Massage Therapists	\$48,000	4.6%	0.2%
Dental Assistants	\$46,300	9.0%	0.4%
Medical Assistants	\$38,000	17.4%	0.7%
Veterinary Assistants and Laboratory Animal Caretakers	\$30,400	3.1%	0.1%
Phlebotomists	\$48,800	2.2%	0.1%
All Other Healthcare Support Occupations (Avg. All Categories)	<u>\$34,900</u>	<u>12.5%</u>	<u>0.5%</u>
Weighted Mean Annual Wage	\$34,900	100.0%	4.0%

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<i>Page 3 of 4</i>			
<i>Food Preparation and Serving Related Occupations</i>			
First-Line Supervisors of Food Preparation and Serving Workers	\$35,000	6.9%	1.0%
Cooks, Fast Food	\$24,800	3.8%	0.5%
Cooks, Restaurant	\$31,500	9.0%	1.2%
Food Preparation Workers	\$25,200	6.4%	0.9%
Bartenders	\$31,400	7.0%	1.0%
Combined Food Preparation and Serving Workers, Including Fast Food	\$24,500	25.9%	3.6%
Counter Attendants, Cafeteria, Food Concession, and Coffee Shop	\$24,600	3.6%	0.5%
Waiters and Waitresses	\$29,200	19.6%	2.7%
Dishwashers	\$24,700	3.9%	0.5%
Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	\$23,500	3.0%	0.4%
All Other Food Preparation and Serving Related Occupations (Avg. All Categories)	<u>\$29,900</u>	<u>10.8%</u>	<u>1.5%</u>
Weighted Mean Annual Wage	\$27,900	100.0%	13.9%
<i>Building and Grounds Cleaning and Maintenance Occupations</i>			
First-Line Supervisors of Landscaping, Lawn Service, and Groundskeeping Workers	\$48,300	3.9%	0.2%
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	\$31,300	44.0%	2.6%
Maids and Housekeeping Cleaners	\$27,400	8.8%	0.5%
Landscaping and Groundskeeping Workers	\$32,300	34.7%	2.0%
All Other Building and Grounds Cleaning and Maintenance Occupations (Avg. All Categories)	<u>\$32,000</u>	<u>8.6%</u>	<u>0.5%</u>
Weighted Mean Annual Wage	\$32,000	100.0%	5.8%
<i>Personal Care and Service Occupations</i>			
First-Line Supervisors of Personal Service Workers	\$41,400	4.0%	0.3%
Nonfarm Animal Caretakers	\$29,300	7.2%	0.5%
Amusement and Recreation Attendants	\$23,900	4.0%	0.3%
Hairdressers, Hairstylists, and Cosmetologists	\$27,000	11.3%	0.8%
Manicurists and Pedicurists	\$22,700	3.0%	0.2%
Childcare Workers	\$28,300	10.5%	0.8%
Personal Care Aides	\$25,300	35.9%	2.6%
Fitness Trainers and Aerobics Instructors	\$56,900	8.9%	0.6%
Recreation Workers	\$36,300	4.7%	0.3%
All Other Personal Care and Service Occupations (Avg. All Categories)	<u>\$27,000</u>	<u>10.5%</u>	<u>0.8%</u>
Weighted Mean Annual Wage	\$30,100	100.0%	7.2%
<i>Sales and Related Occupations</i>			
First-Line Supervisors of Retail Sales Workers	\$46,800	9.2%	1.2%
Cashiers	\$26,200	26.8%	3.4%
Counter and Rental Clerks	\$29,400	5.0%	0.6%
Retail Salespersons	\$28,200	36.8%	4.6%
Sales Representatives, Services, All Other	\$68,700	4.8%	0.6%
Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific	\$61,700	3.4%	0.4%
Real Estate Sales Agents	\$76,900	3.0%	0.4%
All Other Sales and Related Occupations (Avg. All Categories)	<u>\$34,700</u>	<u>11.1%</u>	<u>1.4%</u>
Weighted Mean Annual Wage	\$34,700	100.0%	12.5%

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<i>Office and Administrative Support Occupations</i>			
First-Line Supervisors of Office and Administrative Support Workers	\$62,800	6.4%	1.0%
Bookkeeping, Accounting, and Auditing Clerks	\$46,800	7.8%	1.2%
Customer Service Representatives	\$40,400	10.6%	1.6%
Receptionists and Information Clerks	\$32,300	8.6%	1.3%
Stock Clerks and Order Fillers	\$27,500	10.8%	1.6%
Medical Secretaries	\$42,900	3.9%	0.6%
Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	\$42,800	12.4%	1.8%
Office Clerks, General	\$37,600	15.2%	2.2%
All Other Office and Administrative Support Occupations (Avg. All Categories)	<u>\$40,100</u>	<u>24.2%</u>	<u>3.6%</u>
Weighted Mean Annual Wage	\$40,200	100.0%	14.8%
<i>Installation, Maintenance, and Repair Occupations</i>			
First-Line Supervisors of Mechanics, Installers, and Repairers	\$73,100	7.7%	0.3%
Automotive Body and Related Repairers	\$38,100	5.6%	0.2%
Automotive Service Technicians and Mechanics	\$42,900	17.6%	0.6%
Bus and Truck Mechanics and Diesel Engine Specialists	\$52,300	3.6%	0.1%
Maintenance and Repair Workers, General	\$42,400	39.5%	1.3%
All Other Installation, Maintenance, and Repair Occupations (Avg. All Categories)	<u>\$45,900</u>	<u>25.9%</u>	<u>0.9%</u>
Weighted Mean Annual Wage	\$45,900	100.0%	3.3%
<i>Transportation and Material Moving Occupations</i>			
Bus Drivers, School or Special Client	\$32,800	8.6%	0.4%
Driver/Sales Workers	\$38,700	7.3%	0.4%
Heavy and Tractor-Trailer Truck Drivers	\$47,800	12.2%	0.6%
Light Truck or Delivery Services Drivers	\$36,800	10.0%	0.5%
Taxi Drivers and Chauffeurs	\$25,200	4.5%	0.2%
Parking Lot Attendants	\$24,700	9.0%	0.5%
Cleaners of Vehicles and Equipment	\$25,500	6.3%	0.3%
Laborers and Freight, Stock, and Material Movers, Hand	\$29,800	18.9%	1.0%
Packers and Packagers, Hand	\$25,900	6.4%	0.3%
All Other Transportation and Material Moving Occupations (Avg. All Categories)	<u>\$32,900</u>	<u>16.8%</u>	<u>0.9%</u>
Weighted Mean Annual Wage	\$32,900	100.0%	5.1%

88.1%

¹ The methodology utilized by the California Employment Development Department (EDD) assumes that hourly paid employees are employed full-time. Annual compensation is calculated by EDD by multiplying hourly wages by 40 hours per work week by 52 weeks.

² Occupation percentages are based on the 2016 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on Occupational Employment Survey data applicable to Santa Barbara County and updated to 1st Quarter 2017.

³ Including occupations representing 3% or more of the major occupation group