

## Comparison of Current and Proposed Inclusionary Housing Program and In-Lieu Fee Policy

Key Components	1993 Inclusionary Housing Program & In-Lieu Fee Policy	Proposed Inclusionary Housing Program & In-Lieu Fee Policy	Comments
<b>Percent of Units to be Affordable<sup>1</sup></b>			
<i>South Coast &amp; Santa Ynez HMAs</i>	<ul style="list-style-type: none"> <li>• 5% of units at very low (50% of AMI), <b>or</b></li> <li>• 10% of units at low (75%), <b>or</b></li> <li>• 15% of units at lower-moderate (90%), <b>or</b></li> <li>• 20% of units at upper-moderate (110%).</li> </ul>	<ul style="list-style-type: none"> <li>• 5% of units at very low (50% of AMI), <b>and</b></li> <li>• 5% of units at low (75%), <b>and</b></li> <li>• 10% of units at moderate (110%), <b>and</b></li> <li>• 10% of units at workforce (160%).</li> </ul>	<p>Under the current program, projects that meet the inclusionary requirement by building affordable units on-site typically do so by building very low income units because this category requires the fewest number of units.</p> <p>Under the revised program, projects would provide affordable units in each income category to ensure a variety of needs are addressed by each project.</p>
<i>Santa Maria HMA</i>	<ul style="list-style-type: none"> <li>• 5% of units at very low (50% of AMI), <b>or</b></li> <li>• 10% of units at low (75%).</li> </ul>	<ul style="list-style-type: none"> <li>• 5% of units at very low (50% of AMI), <b>and</b></li> <li>• 5% of units at low (75%), <b>and</b></li> <li>• 10% of units at moderate (110%).</li> </ul>	
<i>Lompoc HMA</i>	<ul style="list-style-type: none"> <li>• 5% of units at very low (50% of AMI).</li> </ul>	<ul style="list-style-type: none"> <li>• 5% of units at very low (50% of AMI), <b>and</b></li> <li>• 5% of units at low (75%), <b>and</b></li> <li>• 10% of units at moderate (110%).</li> </ul>	
<b>Density Increase</b>			
	Discretionary increase up to 10% for projects of 10+ units for meeting inclusionary requirements on-site.	1:1 density increase for meeting moderate and/or workforce inclusionary requirements on-site.	Land cost is the largest factor affecting the cost of development in the county. A density increase spreads the cost of affordable units over more market rate units and doesn't put the burden of high land costs on the affordable units in the project, which could increase the cost of the market rate units.

<sup>1</sup>The original Inclusionary Housing Program, adopted in 1981, required 25% of total units in a development to be affordable. The requirements were shifted downward in 1993 as a result of the economic recession of the early 1990's. The proposed change was intended to make it more economically feasible for developers to provide inclusionary units on-site.

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<b>Projects Eligible for Alternative Compliance Options (In-Lieu Fees and Land Donation)</b>			
	<ul style="list-style-type: none"> <li>• Lot sale subdivisions</li> <li>• Projects on sites zoned 4.6 u/a or less</li> <li>• Projects in Santa Maria and Lompoc HMAs</li> <li>• Project with 3 or fewer inclusionary units required based on maximum requirement in respective HMA</li> </ul>	<p>Projects may build units on-site, pay in-lieu fees, donate land, or do some combination of these options to meet inclusionary requirements.</p> <p>(Note: Fee structure encourages payment of fees for very low and low requirements and discourages payment for moderate and workforce requirements. Density increase incentive encourages building moderate and workforce units on-site.)</p>	<p>Alternative ways of meeting inclusionary requirements offers flexibility while still meeting the overall goals of the program.</p> <p>Because state and federal subsidies are available for very low and low income housing the county can leverage funds to produce more units in these categories than would otherwise be built in individual projects. Conversely, few if any subsidies are available for moderate and workforce housing so the fee for these categories reflects the full cost of producing a unit.</p>
<b>In-Lieu Fee Per Affordable Unit</b>			
	<ul style="list-style-type: none"> <li>• South Coast HMA: \$74,115</li> <li>• Montecito Sub-Area: \$357,335</li> <li>• Santa Ynez HMA: \$37,342</li> <li>• Santa Maria HMA: \$53,150</li> <li>• Lompoc HMA: \$44,380</li> </ul>	<ul style="list-style-type: none"> <li>• South Coast HMA: \$110,000 (very low &amp; low)/\$422,700 (moderate &amp; workforce)</li> <li>• Montecito Sub-Area: \$110,000/ \$871,300</li> <li>• Santa Ynez HMA: \$110,000/ \$324,700</li> <li>• Santa Maria HMA: \$80,000/ \$205,700</li> <li>• Lompoc HMA: \$80,000/ \$182,800</li> </ul>	<p>Fees for very low and low income units are based on the amount needed for CHCD to subsidize an affordable unit in these categories in each HMA.</p> <p>Fees for moderate and workforce units are based on the cost to produce a unit in each HMA.</p> <p>The revised fees can be more easily updated to keep pace with rapidly escalating housing prices.</p>
<b>Reduction of In-Lieu Fee for Smaller Projects</b>			
	<p>Fee pro-rated by 10% for every unit less than 13 except in the Montecito Sub-Area. (Ex: 10 unit project=70% of fee)</p>	<p>Fees pro-rated for projects of 2-4 units (i.e. 2 units =40% of fee, 3 units=60% of fee, 4 units=80% of fee) except in Montecito Sub-Area.</p>	<p>Fees for projects of 2 to 4 units are pro-rated to encourage small parcel infill development.</p>

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<b>Land Donation Option</b>			
	<p>Options:</p> <ul style="list-style-type: none"> <li>• Rehabilitation of existing housing stock, or</li> <li>• Preservation of existing affordable housing, or</li> <li>• Conversions of market rate housing to affordable housing, or</li> <li>• New construction of special needs housing, or</li> <li>• New construction of affordable housing off-site.</li> </ul> <p>Eligibility: Requires agreement with P&amp;D on project-by-project basis.</p>	<p>Option: Projects may donate land adequate to accommodate inclusionary units that would otherwise be required.</p> <p>Eligibility: Requires CHCD approval on project-by-project basis.</p>	<p>Land cost is the greatest factor affecting the cost of development and as the county approaches build out less and less land is available. As an alternative to building affordable units on-site projects may donate land which can then be used to build affordable housing.</p>
<b>Project Threshold</b>			
	5+ net new primary units or lots or rental conversions	2+ net new primary units or lots or rental conversions	<p>With less undeveloped land available, there is a trend toward smaller projects in some parts of the county. Reducing the project threshold requires that these smaller projects also contribute to meeting the need for affordable housing.</p>
<b>Exemptions</b>			
	<ul style="list-style-type: none"> <li>• State Density Bonus Program projects providing affordable units</li> <li>• Projects in Cuyama HMA</li> <li>• Parcels under Williamson Act contract</li> </ul>	<ul style="list-style-type: none"> <li>• Duplexes on a single lot,</li> <li>• State Density Bonus Program projects providing affordable units,</li> <li>• Projects in Cuyama HMA,</li> <li>• Parcels under Williamson Act contract,</li> <li>• Parcels zoned Agriculture II with a minimum parcel size 40 acres or greater,</li> </ul>	<p>Various mixed use, rental and employee housing projects and projects on agricultural land are exempted from the Inclusionary Housing Program (IHP) to encourage certain types of development which are often affordable by design or meet other county goals.</p>

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<b>Exemptions (continued)</b>			
		<ul style="list-style-type: none"> <li>• Projects constructed by non-profit developers with United States Department of Agriculture (USDA) funding,</li> <li>• Mixed use rental projects,</li> <li>• Mixed use projects of less than 10 units,</li> <li>• 100% rental projects at a density of 10 u/a or greater, and</li> <li>• On- or off-site employee housing.</li> </ul>	

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