COMMUNITY DEVELOPMENT DEPARTMENT

AFFORDABLE OWNERSHIP PROGRAM

2025 Housing Santa Barbara Day

Presentation Overview

- Overview of the Affordable Ownership Program
- Outline of eligibility requirements
- Process of being selected to purchase
- Affordability Covenant
- Recommendations
- Contact Information
- Answer questions

Affordable Home Ownership Program

- Defining “Affordable” in the ownership program
  - Gross household income does not exceed 40%
  - Principal, Interest, Tax & Insurance (PITI) & HOA
  - Kept affordable through a recorded Covenant (ACOP) which transfers with each sale
- 396 units (includes Workforce Housing – Westmont and Cottage):

  Low Income: 25 Moderate: 209

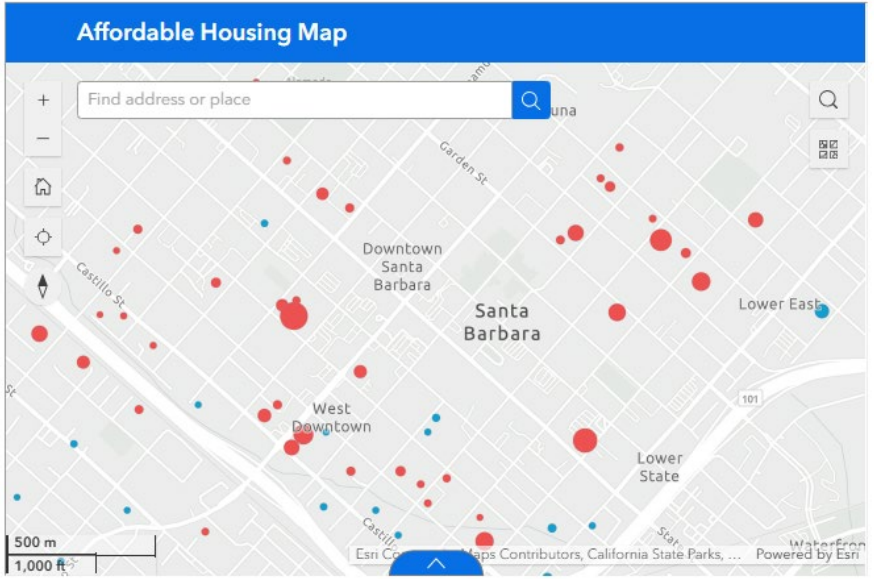
  Middle: 108 Upper-Middle: 17

  Price Restricted/East Beach Collection: 37

Location of Affordable Units – online Map

https://www.santabarbaraca.gov/services/hhs/housing/affordablehousingmap.asp

1. SantaBarbaraCA.gov
2. Services drop down menu
3. Click on Housing and Human Services, scroll down
4. Then click on Affordable Housing
5. Scroll down until you see the map
6. Click on the link that says “click here” to see in another window to view information about various developments



Click Here to open map in a different window. Includes ability to see the map in a larger window, information about each project, charts, and download a table of projects.

How do I know if I am eligible?

- Live or work in Santa Barbara (Gaviota to the Ventura County line)
- Household income can not exceed Income Category for the selected Unit
  - Example: moderate income unit is for sale and a 2 person household wants to buy it - their current gross income can not exceed $108,768

	Income Limits (effective 4/1/2025)				
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons
Low Income 80% AMI (25 units)	$98,850	$113,000	$127,100	$141,200	$152,500
Moderate Income 120% AMI (209 units)	$95,172	$108,768	$122,364	$135,960	$146,837
Middle Income 160% AMI (108 units)	$126,896	$145,024	$163,152	$181,280	$195,782
Upper-Middle 200% AMI (17 units)	$158,620	$181,280	$203,940	$226,600	$244,728

How do I know if I am eligible? – cont'd-

- 5% down payment required, must not exceed 40% down
- Credit score of 620 or better
  - Credit report: Experian, Equifax, Transunion – Fico Score
- Debt to Income Ratio (DTI)
  - 40% for housing
  - 50% for housing plus all other debts
- Not a current homeowner at the time of application or during ownership of the affordable unit

How do I know if I am eligible – cont'd-

- Gift funds up to 20% of purchase price (12 months review)
- All occupants, 18 years or older, within the household are subject to eligibility requirements and must sign all loan paperwork including the Promissory Note and Deed of Trust
- Co-signer is allowed for loan purposes but you must qualify through the City's requirements without Co-signer's income (Co-signer becomes1% owner and can not occupy the property as their primary residence)

How am I chosen for one of the Affordable Units?

- Resale
  - Owner chooses from the interest list
  - or they can select an “eligible” buyer
- Lottery for newly constructed units, no current lotteries in the City of Santa Barbara

  Interest List – not a waiting list – forms are at the City of Santa Barbara’s table or the City website

What are the requirements or restrictions of owning one of the City's affordable units?

- 90 year recorded Covenant
  - Restricts value which is calculated from Area Median Income (AMI). Housing and Urban Development (HUD) release that figure yearly. You do gain EQUITY.
  - Owner Occupancy – 10 out of 12 months
  - Notify the City of any financing or title changes
  - Rental of unit requires the City's approval and we calculate maximum rent
  - Can not own other real estate

Recommendations

- Choose a lender and get prequalified
- Work on any items that need to be addressed to put you in a better position to buy. This give you time to increase your credit score, pay down debt, put aside savings and/or ask family if they would consider gifting money for a down payment.
- Sign up for other Interest Lists and review information in the Santa Barbara Affordable Housing Resource Guide

How do I contact someone at the City to put my name on the Interest List?

Maria Schroeder 805-564-5461 x4473
mschroeder@santabarbaraca.gov

Myndi Hegeman 805-564-5461 x4578
mhegeman@santabarbaraca.gov

Questions

- Who handles affordable units to rent?
- How long would I have to be on the interest list before I am chosen?
- It sounds like most of the units are condos with HOAs. Would my HOA be lower because it's an affordable unit?
- What happens if I own one of the affordable units and then my income increases?
- Can my heirs inherit the property?

City of Santa Barbara
Affordable Housing Program
Eligibility Requirements
effective 4-1-2025

- Each buyer must live or work within the South Coast area of Santa Barbara County (from Gaviota to the Ventura County line). The work address (remote work not eligible) or home address must be within required area. NOTE: East Beach Collection buyer must live *and* work within the South Coast area of Santa Barbara County.
- Each buyer must certify his/her/their intent to occupy the affordable unit as his/her/their principal place of residence.
- Buyer cannot have any form of ownership or ownership interest in residential real estate at the time of application or at any time during their ownership of an affordable unit. "Residential real estate" is defined as residential real property including single family dwellings, undeveloped residentially zoned land, mobile homes, and manufactured housing.
- If the buyer previously owned residential real estate at any time during the two years prior to the application to purchase an affordable unit, the buyer's total equity (net proceeds) in that property cannot exceed 50% of the purchase price of the affordable unit. For example, if you sold residential real estate in the past two years and your equity (net proceeds) from that sale were $100,000 then you could only qualify to purchase an affordable unit that is priced at $200,000 or higher.
- Buyer's annual Current Gross Household Income (including all wages, salaries, profits, interest payments, rents, income earned from investment assets, and all other forms of earnings, before any deductions or taxes) cannot exceed the maximum amount allowed for the income category designated for the particular affordable housing unit.
- No income will be counted or inputted from those assets used for the down payment and closing costs on the affordable unit, except to the extent that the down payment exceeds 20% of the purchase price.
- The maximum value of the buyer's assets, excluding retirement accounts subject to IRS rules, cannot exceed three times the purchase price of the affordable unit.
- Buyer's Housing Expense Ratio cannot exceed 40%. "Housing Expense Ratio" is defined as the percentage of Gross Household Income that goes toward paying housing expenses, including the mortgage loan payment(s), mortgage insurance premium (if applicable), hazard insurance premium, property taxes, and homeowners' association dues (if applicable). In the case of an adjustable-rate mortgage, the mortgage loan payment will be calculated using the fully indexed rate or the start rate, whichever is greater. Housing Expense Ratio is calculated by dividing total monthly housing expenses by monthly Gross Household Income.
- Buyer's Total Debt-to-income Ratio cannot exceed 50%. "Total Debt-to-income Ratio" is defined as the percentage of Gross Household Income that goes toward paying all recurring debt payments, including housing expenses and other debts such as credit card payments, car loan payments, student loan payments, child support payments, alimony payments, legal judgements, and all other debt payments. Total Debt-to-income Ratio is calculated by dividing total monthly debt payments by monthly Gross Household Income.

- Buyers' first mortgage loan must be amortized over the loan period and cannot include graduated interest, graduated payments, interest-only payments, balloon payments, or negative amortization. If the buyer obtains a second mortgage loan as part of their purchase money financing, the second mortgage loan may have an interest only payment and/or a balloon payment. Adjustable-rate mortgages are allowed as long as the loan terms satisfy the preceding requirements for a first mortgage loan and second mortgage loan.
- Buyer is required to provide a down payment of at least 5% of the purchase price. A buyer's down payment cannot exceed 40% of the purchase price. The buyer may receive all or a portion of the down payment as a gift as long as the gift amount does not exceed 20% of the purchase price.
- Buyer is allowed to have a co-signer for financing purposes, if needed, to help the buyer qualify for a loan. For purposes of calculating the Housing Expense Ratio and Total Debt-to-income Ratio, the income of the co-signer will not be included.
- A credit ("FICO") score below 620 disqualifies a buyer from owning an affordable unit.
- Buyers of units with three or more bedrooms must have a Household of three or more persons. "Household" is defined as persons who will live in the property as their primary residence and who are unrelated, related by blood, marriage, law, or are registered domestic partners. Persons (including sons and daughters) aged 18 and older who live away from home for purposes of either work or study and return to the household periodically will not be counted as household members.
- All adults (18 years and older) in the Household are subject to eligibility requirements. All adult residents must be owners of record and included on all loan documentation (including the Promissory Note and Deed of Trust).

This is a brief summary. The City Community Development Director or the Director's designee may consider modifications to certain requirements. For more detailed information, including a list of waivers that may be considered, please review the example *Affordability Covenant and Option to Purchase* online at: www.SantaBarbaraCA.gov/HousingDocs

Income Limits (effective 4-1-2025)					
	1 Person	**2 Persons**	**3 Persons**	**4 Persons**	**5 Persons**
Low Income	$98,850	$113,000	$127,100	$141,200	$152,500
Moderate Income	$95,172	$108,768	$122,364	$135,960	$146,837
Middle Income	$126,896	$145,024	$163,152	$181,280	$195,782
Upper-Middle Income	$158,620	$181,280	$203,940	$226,600	$244,728

Ciudad de Santa Bárbara
Programa de Vivienda Asequible
Requisitos de elegibilidad

- Cada comprador debe vivir o trabajar dentro del área de la costa sur del condado de Santa Bárbara (desde Gaviota hasta la línea del condado de Ventura). La dirección de trabajo (trabajo remoto no es elegible) o la dirección de la casa deben estar dentro del área requerida
- Cada comprador debe certificar su intención de ocupar la unidad asequible como su lugar principal de residencia.
- El comprador no puede tener ninguna forma de propiedad o interés de propiedad en bienes raíces residenciales al momento de la solicitud o en cualquier momento durante su propiedad de una unidad asequible. Los "bienes raíces residenciales" se definen como bienes inmuebles residenciales, que incluyen viviendas unifamiliares, terrenos residenciales no desarrollados, casas móviles y las viviendas prefabricadas.
- Si el comprador fue propietario de bienes inmuebles residenciales en cualquier momento durante los dos años anteriores a la solicitud de compra de una unidad asequible, el capital total del comprador (ingresos netos) en esa propiedad no puede exceder el 50 % del precio de compra de la unidad asequible. Por ejemplo, si vendió bienes raíces residenciales en los últimos dos años y su capital (ingresos netos) de esa venta fue de $100,000, entonces solo podría calificar para comprar una unidad asequible que tenga un precio de $200,000 o más.
- El ingreso familiar bruto actual anual del comprador (incluyendo todos los sueldos, salarios, ganancias, pagos de intereses, alquileres, ingresos obtenidos de activos de inversión y todas las demás formas de ganancias, antes de cualquier deducción o impuesto) no puede exceder la cantidad máxima permitida para la categoría de ingresos designada para la unidad de vivienda asequible en particular.
- No se contará ni ingresará ningún ingreso de esos activos utilizados para el pago inicial y los costos de cierre de la unidad asequible, excepto en la medida en que el pago inicial supere el 20 % del precio de compra.
- El valor máximo de los activos del comprador, excluyendo las cuentas de jubilación sujetas a las reglas del IRS, no puede exceder tres veces el precio de compra de la unidad asequible.
- La relación de gastos de vivienda del comprador no puede exceder el 40%. La "proporción de gastos de vivienda" se define como el porcentaje del ingreso bruto del hogar que se destina a pagar los gastos de vivienda, incluidos los pagos del préstamo hipotecario, la prima del seguro hipotecario (si corresponde), la prima del seguro contra riesgos, los impuestos a la propiedad y las cuotas de la asociación de propietarios. (si es aplicable). En el caso de una hipoteca de tasa ajustable, el pago del préstamo hipotecario se calculará utilizando la tasa totalmente indexada o la tasa inicial, la que sea mayor. La proporción de gastos de vivienda se calcula dividiendo los gastos de vivienda mensuales totales por el ingreso familiar bruto mensual.
- La relación deuda-ingreso total del comprador no puede exceder el 50 %. La "proporción total de deuda a ingresos" se define como el porcentaje del ingreso bruto del hogar que se destina a pagar todos los pagos de deudas recurrentes, incluidos los gastos de vivienda y otras deudas, como pagos de tarjetas de crédito, pagos de préstamos para automóviles, pagos de préstamos estudiantiles, pagos de manutención infantil, pagos de pensión

alimenticia, sentencias judiciales y todos los demás pagos de deudas. La relación deuda-ingreso total se calcula dividiendo los pagos de deuda mensuales totales por el ingreso familiar bruto mensual.

- El primer préstamo hipotecario del comprador debe amortizarse durante el período del préstamo y no puede incluir intereses graduados, pagos graduados, pagos de interés solamente, pagos globales o amortización negativa. Si el comprador obtiene un segundo préstamo hipotecario como parte de su financiamiento de dinero de compra, el segundo préstamo hipotecario puede tener un pago de interés solamente y/o un pago global. Se permiten hipotecas de tasa ajustable siempre que los términos del préstamo cumplan con los requisitos anteriores para un préstamo de primera hipoteca y un préstamo de segunda hipoteca.
- El comprador debe proporcionar un pago inicial de al menos el 5% del precio de compra. El pago inicial de un comprador no puede exceder el 40% del precio de compra. El comprador puede recibir todo o una parte del pago inicial como regalo siempre que el monto del regalo no exceda el 20% del precio de compra.
- El comprador puede tener un codeudor con fines de financiación, si es necesario, para ayudar al comprador a calificar para un préstamo. A efectos de calcular la Relación de gastos de vivienda y la Relación de deuda total a ingresos, no se incluirán los ingresos del codeudor.
- Un puntaje de crédito ("FICO") por debajo de 620 descalifica a un comprador para ser propietario de una unidad asequible.
- Los compradores de unidades con tres o más dormitorios deben tener un Hogar de tres o más personas. “Hogar” se define como las personas que vivirán en la propiedad como su residencia principal y que no son parientes, son parientes por sangre, matrimonio, ley o son parejas de hecho registradas. Las personas (incluidos los hijos e hijas) de 18 años o más que vivan fuera del hogar por motivos de trabajo o estudio y regresen al hogar periódicamente no se contarán como miembros del hogar.
- Todos los adultos (mayores de 18 años) en el Hogar están sujetos a los requisitos de elegibilidad. Todos los residentes adultos deben ser propietarios registrados e incluidos en toda la documentación del préstamo (incluido el pagaré y la escritura de fideicomiso).

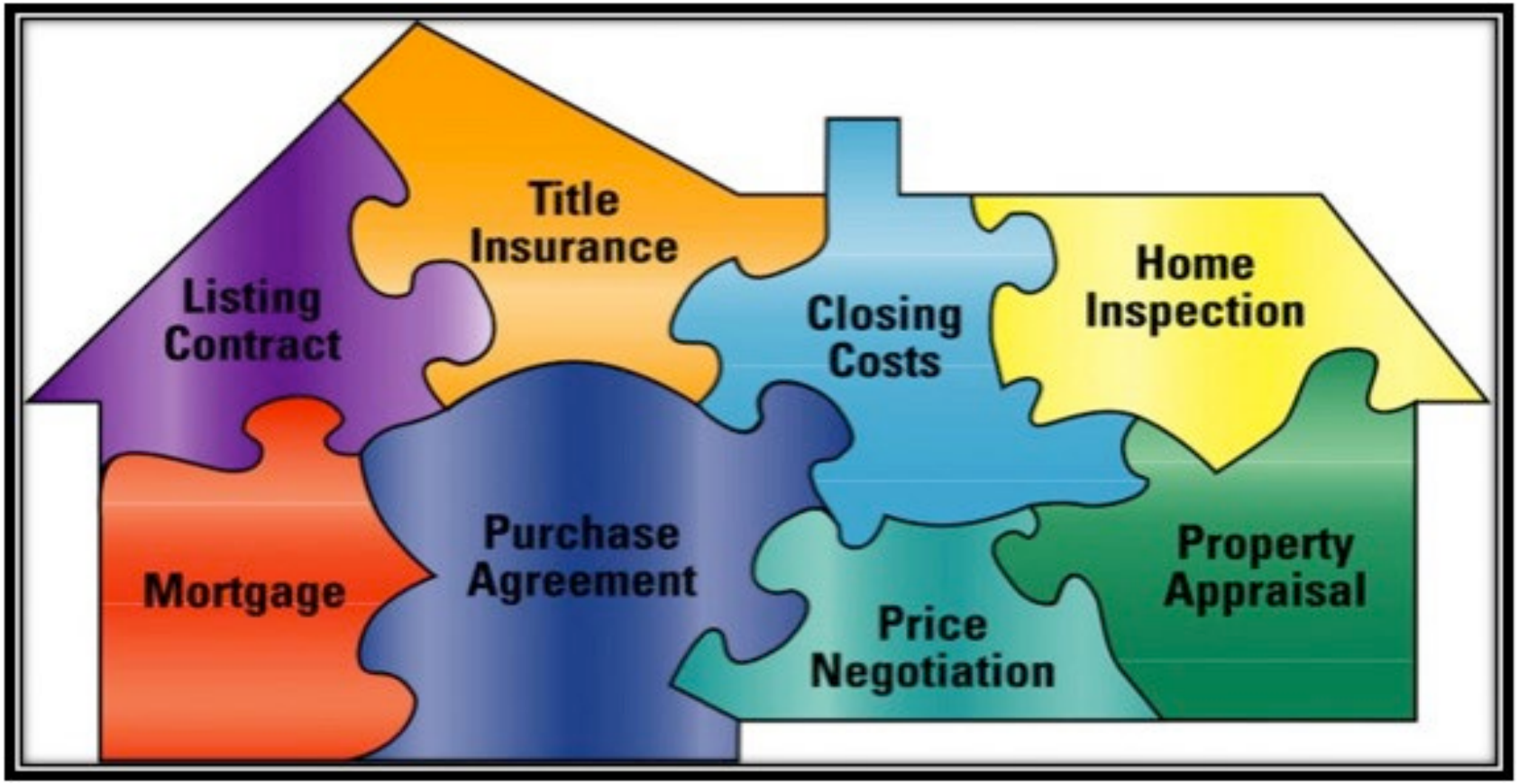
Este es un breve resumen. El Director de Desarrollo Comunitario de la Ciudad o la persona designada por el Director puede considerar modificaciones a ciertos requisitos. Para obtener información más detallada, incluida una lista de exenciones que se pueden considerar, revise el ejemplo de Pacto de Asequibilidad y Opción de Compra en línea en: www.SantaBarbaraCA.gov/HousingDoc

Límites de ingresos (efectivo 01/04/2025)					
	1 Persona	2 Personas	3 Personas	4 Personas	5 Personas
Ingreso bajo	$98,850	$113,000	$127,100	$141,200	$152,500
Ingreso moderado	$95,172	$108,768	$122,364	$135,960	$146,837
Ingreso medio	$126,896	$145,024	$163,152	$181,280	$195,782
Ingreso medio-alto	$158,620	$181,280	$203,940	$226,600	$244,728

Workforce Homeownership

by
County of Santa Barbara's
Housing & Community Development Division

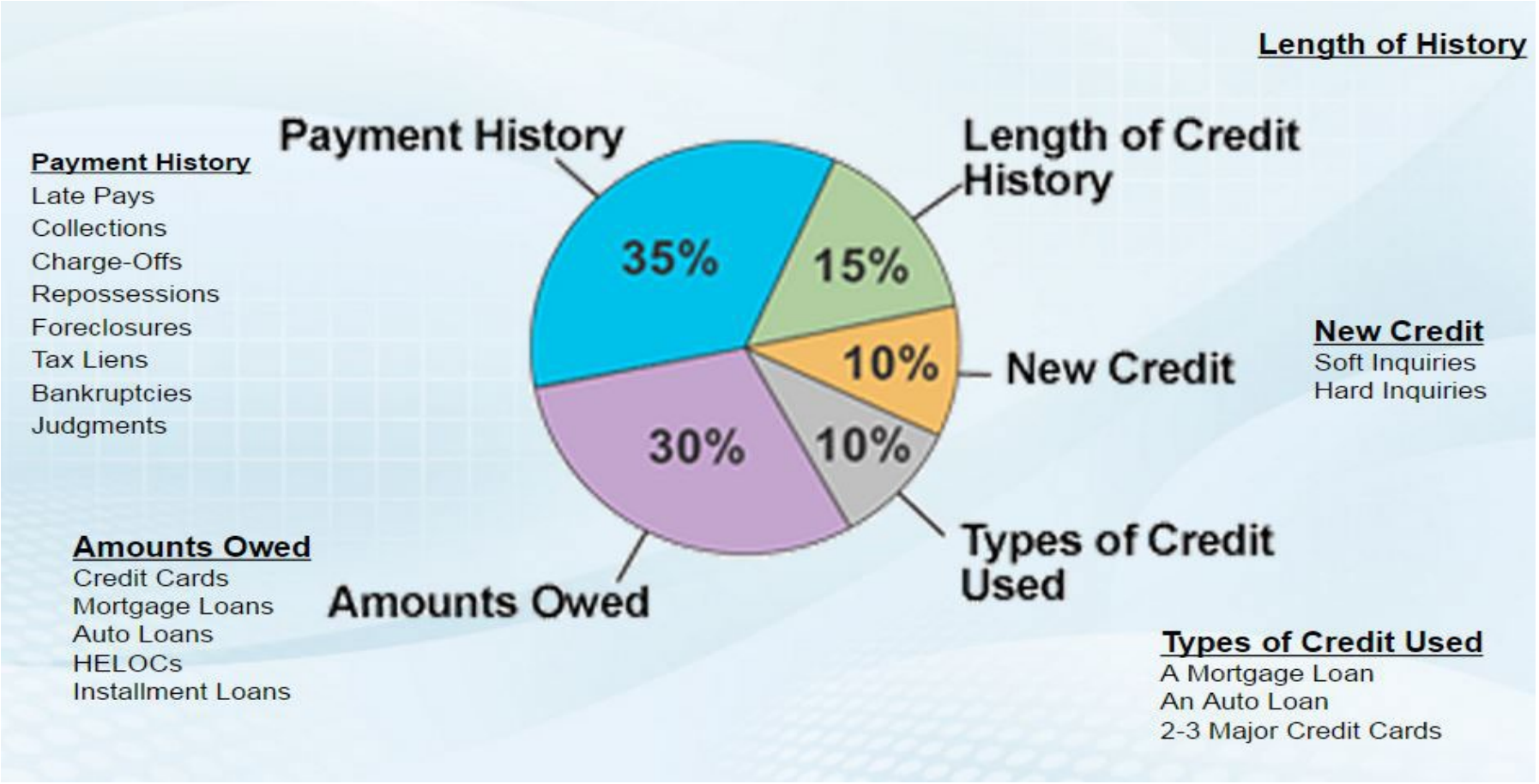
Purchase Process Components



Mortgage Qualification – Know the Numbers

- Down Payment = minimum of 3-5%
- Closing Costs = 3-5%
- Credit Score = minimum of 620+
- Debt to Income Ratio = maximum of 45%

Credit Score Factors



Building Your Credit Score

- Improving your Credit Score
  - Make payments on time (30/60/90)
  - Pay off collection accounts
  - Obtain a Secured Credit Card, if necessary
  - Pay down balances

Obtain your Credit Reports:
www.annualcreditreport.com
Or call 1-877-322-8228

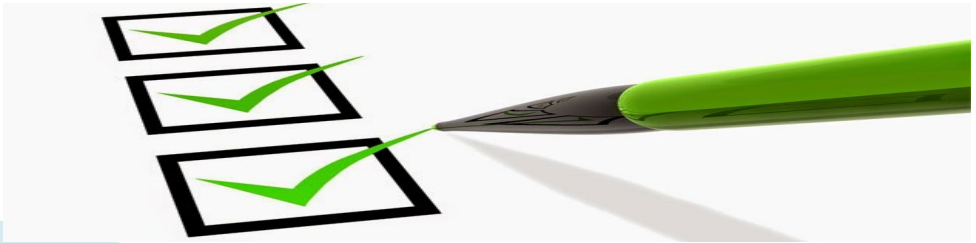
County's Inclusionary Housing Program Restrictions

- No residential ownership for previous 3 years
- Household established for 6 months
- Applicants must live or work within SB County
- Unit will be the applicant's Primary Residence
- Requirement of at least a 3% down payment
- Agree to sign and abide by a Resale Covenant
- Income and Asset restrictions
- FICO Score of 620+
- Max. Debt to Income Ratio of 45%

Getting Started

- Complete an Interest List Sign Up Form
- Gather necessary docs for application:

1. 6 months worth of Paystubs
2. 6 months worth of Bank Statements
3. 2 years worth of Tax Returns
4. Last quarter's retirement account statement
5. Proof of right to permanently reside in US
6. Credit Reports from all 3 Bureaus
7. Pre-qualification from mortgage lender



Action Steps

- Pre-purchase education
- Gather Necessary Application Documents
- Obtain Copies of Credit Reports:
  1-877-322-8228 or www.annualcreditreport.com
- Increase Savings for down payment & closing costs
- Contact your lender for Pre-Qualification

Contact Information

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County of Santa Barbara
Housing & Community Development
(805) 568-3534, akish@countyofsb.org

www.countyofsb.org/395/How-To-Apply

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