

***DRAFT 4 (Format Revisions)***  
*City of Goleta, California*  
June 10, 2004

**BACKGROUND REPORT NO. 14**

**Housing Affordability**  
**City of Goleta, California**

**INTRODUCTION**

This planning report describes housing affordability in the City of Goleta, California. Most of the information in this report is derived from the 2000 US Census of Population. This report is prepared as a part of the City of Goleta General Plan process.

Several data elements in this analysis are prescribed by State law, either directly or indirectly, as requirements to be addressed in general plans. Where appropriate this report shall identify those elements. This particular report will examine housing costs and rents, new home price trends, rental prices, and an affordability gap analysis. These are all recommended for inclusion in the housing analysis by the State general plan guidelines.

This is one of three reports that address housing characteristics. One report describes the physical characteristics of housing and another describes housing conditions.

Housing affordability and how to measure it is a controversial issue involving complex analytical and policy issues. This report seeks to lay out the basic data pertaining to housing affordability with only minimal analysis of the implications of this information on planning issues and housing needs. This allows the reader to interpret the data directly without it being framed in a particular policy orientation. Consequently, this report does not include a discussion of planning implications as is found in other background reports.

This report will rely primarily on the US Census of Population for the year 2000. Since information for this type of analysis is only available at the level of detail needed from the Census data, most planning analyses of this issue use this source as a basis even though costs may change in future years. Use of the most recent Census data meets the requirements for the State of California Housing and Community Development Department .

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## DATA LIMITATIONS, TERMINOLOGY AND PARAMETERS.

The general limitations of using census data for assessing housing characteristics in the City of Goleta are described in the planning background reports on Characteristics of Population and the General Characteristics of Housing. The methodologies used for preparing estimates of the Census data within the area that is now the incorporated limits of the city is described there along with the terminology and methods used to compare data for Goleta with other areas.<sup>1</sup>

A limitation of data relating to affordability is the timeliness of the US Census of Population. Since affordability of housing is a function of income and housing costs, understanding housing affordability requires detailed information regarding both. Such detailed information is only available in the US Census of Population, which is only available once every ten years. Although income patterns tend to be relatively stable over time, housing values in contrast can change significantly in a few years and this may alter relationships between incomes and housing costs. However, it should also be noted that while housing values can change dramatically rents are more stable over time and rents tend to increase more consistently with other general cost of living and income factors.

While there are data sources that indicate trends in housing values, these sources can not be directly related to Census data due to varying methodologies and definitions. Nonetheless, the analysis here, as most analyses of this type, depends on Census data to provide a basic benchmark of information.<sup>2</sup> While this report will supplement this base of data with other information that indicates trends in housing values, it will leave the more speculative analysis of interim change in housing values relative to incomes to further studies. Nonetheless, the analysis here should more directly reflect current patterns for rents since the change in this housing sector is not as dramatic.<sup>3</sup>

The terms used in this report are the terms the Census Bureau uses to report the data. All of the census data used herein was downloaded from the Bureau's web site at <http://factfinder.census.gov/servlet/BasicFactsServlet> and definitions of the terms used here may also be found there. This data source does present a

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<sup>1</sup> As in the case of the General Characteristics of Housing report, this report includes data for the Storke Ranch area.

<sup>2</sup> For example, recent housing updates for the City of Santa Barbara and the County rely on this same data for analyzing their housing needs. Also the recently published *State of the Work Force*, Santa Barbara County Work Force Investment Board, 2003 used Census Data to examine housing needs associated with the County's workforce.

<sup>3</sup> Any analysis of trends in housing costs is subject to change, because housing prices and rents have historically been very cyclical. Periods of rapid increase followed by leveling of periods are common for both housing prices and rents.

limitation in providing information regarding owner occupied units. American Factfinder does not report housing costs as a percent of income for all owner occupied units—only for “specified” owner occupied units. Specified owner occupied units are defined as:

Specified owner-occupied housing units: Specified owner-occupied units include only 1-family houses on less than 10 acres without a business or medical office on the property. The data for "specified units" exclude mobile homes, houses with a business or medical office, houses on 10 or more acres, and housing units in multiunit buildings.

While this exclusion involves several types of owner occupied units, the exclusion of owner occupied attached units and mobile homes is a significant data limitation for the Goleta area. Consequently some adjustment to the data is necessary to estimate the magnitude of potential housing affordability considerations relative to all owner occupied units. In contrast, “American Factfinder” reports this information almost completely for renter occupied units.<sup>4</sup>

Since housing affordability depends on income, it should be noted that the Census reports income for the year proceeding the year the census is taken. The 2000 Census of Population reports income for 1999 and the 1990 census reports it for 1989. Another important consideration in evaluating this information is that the Census data is generated by the responses of residents on census forms. Consequently housing values are based on what people believe their houses are worth, not on market data. This limitation is likely to be more significant for owner occupied housing value where people may only generally be aware of the value of their homes. Renters are more likely to have specific knowledge of their monthly rent payment amounts.

One of the areas that is compared to the City of Goleta is the Goleta Census Defined Place (CDP). The Goleta CDP is roughly the Goleta Valley area west of the City of Santa Barbara to the western limits of the current City of Goleta, including Hope Ranch, excluding Isla Vista, the UCSB campus and the airport. In other background reports the Isla Vista CDP was included in various area comparisons. Due to the effect of the large student population in Isla Vista which distorts affordability considerations, this place is not included as a separate area in this report (Isla Vista is included in the Santa Barbara CCD).

Another Geographic area reported herein is the Santa Barbara County Census Division (CCD). This is a sub area of the county that includes the City of Santa Barbara, Montecito, the Goleta Area and Isla Vista (including the UCSB Campus) and related areas. This area would include most of what people may generally

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<sup>4</sup> While renter units are also referred to as “specified” renter units in the Census tables, this term excludes very few units and the reported data can be considered to address all renter occupied units.

refer to as the “South Coast” of the county, although it does not include the Carpinteria area.

An important housing standard in state guidelines is the number of low income households that pay more than 30% of their income in housing costs. “American Factfinder” does not directly report this. It does report the percent of income for housing by income group. Since 80% of income amount falls within an income group, the number of households below the 80% level is estimated by interpolating the number of households above or below the 80% level within that income group.

While most of the data included in this report is from the US Census of Population, three other sources are used to identify trends in housing values. The UCSB Economic Forecast Project reports housing value trends for the Goleta Valley and the South Coast. The State Department of Finance reports housing value trends for different housing markets in the state.<sup>5</sup> Also the Seattle Times recently published data developed by Coldwell Bankers Corporation which includes housing values for many California Housing Markets, including Santa Barbara, as of 2003.<sup>6</sup> While each of these sources provides useful insight into housing costs, each uses different methodologies that do not allow direct comparison between them or the Census data. In particular, each one may use different geographic areas as the “housing market area” for Santa Barbara.

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<sup>5</sup> [http://www.dof.ca.gov/HTML/FS\\_DATA/stat-abs/toc.htm](http://www.dof.ca.gov/HTML/FS_DATA/stat-abs/toc.htm)

<sup>6</sup> Seattle Times, Sunday, November 2, 2003, page 1, Section I.  
City of Goleta, California

# INCOME

Housing affordability is a function of income and cost. The background report on Economic Conditions and Character described the income levels of households in the City of Goleta and contrasted those levels with other areas.

Figure 1 presents income groups for the 10,540 households reported in the Census for the City of Goleta by tenure (somewhat different than common usage, the US Census uses the term “Tenure” to designate type of occupancy; owner occupied or renter occupied). While most renter and owner households have most of the households in the middle income groups (\$25,000 to \$75,000 per year) the curves for each type is skewed in opposite directions—owners have many more higher income households while renters have more lower income households.

Figure 1

*City of Goleta, California*  
**Household Income by Tenure In City of Goleta**  
**1999**

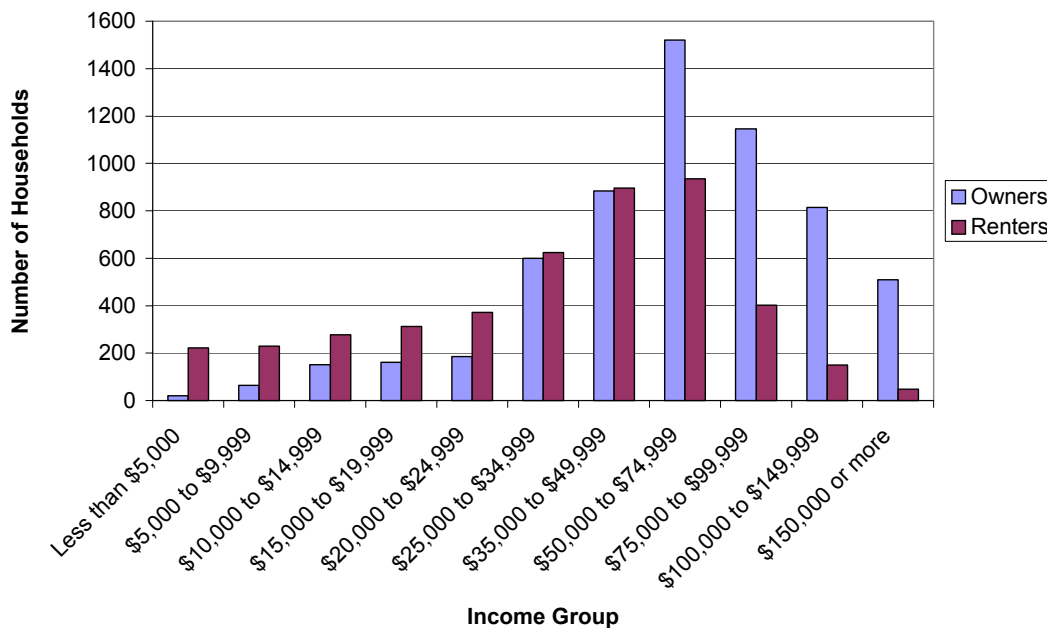
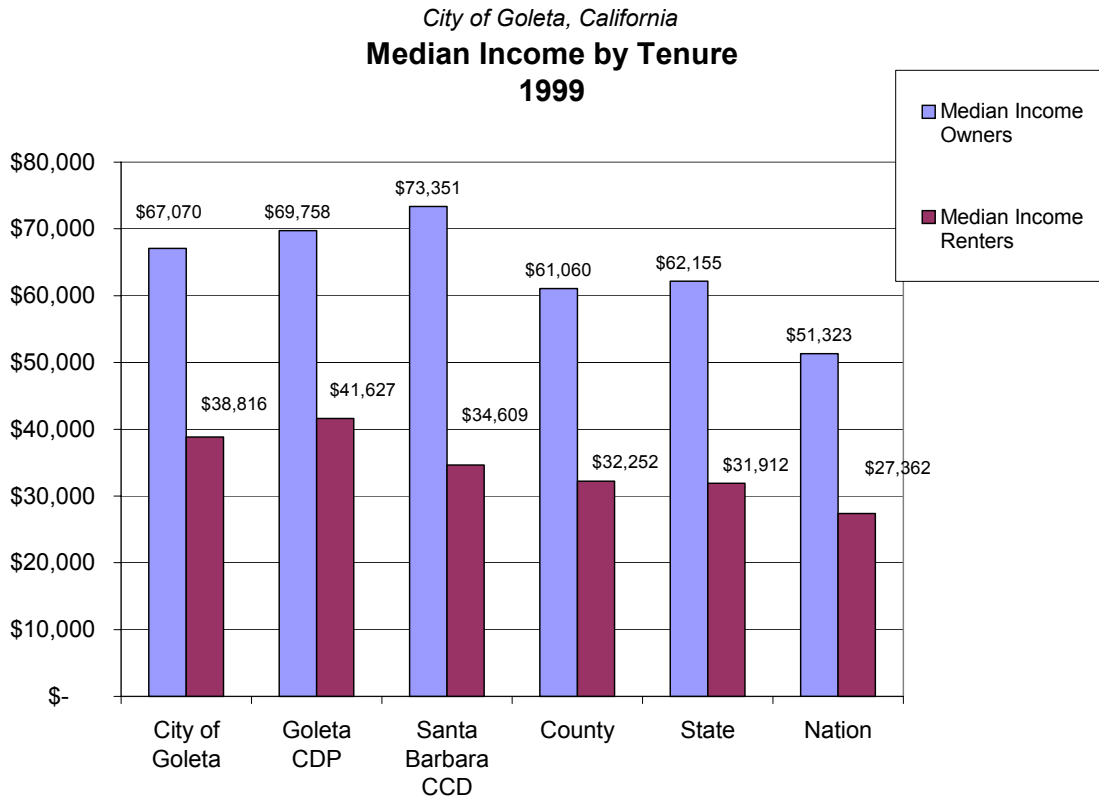


Figure 2 compares median income levels (by tenure) in the City of Goleta with other larger geographic areas. Figure 2 shows that owners have substantially higher incomes than renters do in all of the areas compared. While the income “gap” between renters and owners is in Goleta substantial, the gap for the City of Goleta is less than for the entire Santa Barbara County Census Division (CCD)

Figure 2



Figures 3 and 4 compare the income profiles of residents of the City of Goleta with larger areas that includes the city. Figure 3 compares all households, while Figure 4 compares only renters.

Figure 3 shows significant differences in the income composition between Goleta residents and the other areas. While the proportion of upper income households is larger in the City of Goleta than the state average, the proportions in the city are much lower than the county, South Coast and the Goleta Census Place. The city share of these groups is also lower than the national average. The city’s share of lower income groups shows the reverse pattern, lower than the state but higher than the County South Coast, Goleta CDP and nation.

The contrast between areas is less for the 4,467 renting households in Goleta than for all households. The concentrations of upper income groups who rent

are similar among all the areas—all having much lower shares of the renting households in these groups than for all households. The proportion of renting households that are in the lower income groups is lower in the City of Goleta than the South Coast, county, state and nation.

Figure 3

City of Goleta, California  
**Income Levels Compared**  
**All Households**  
**1999**

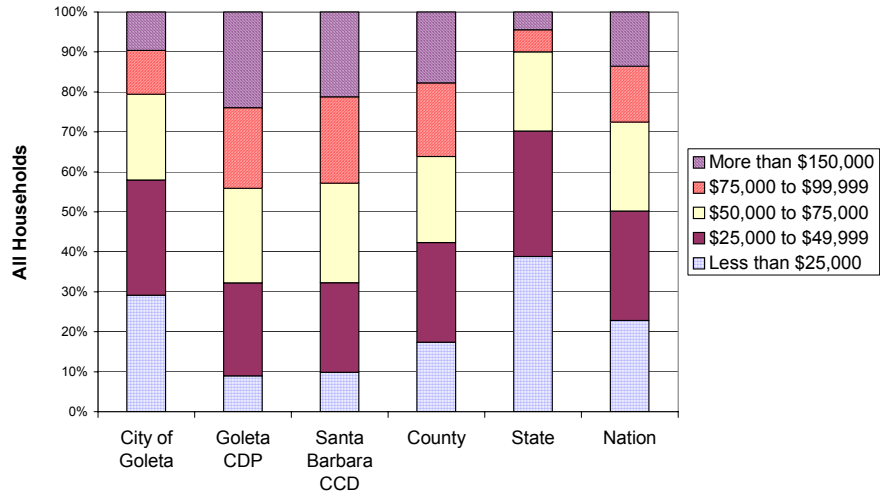
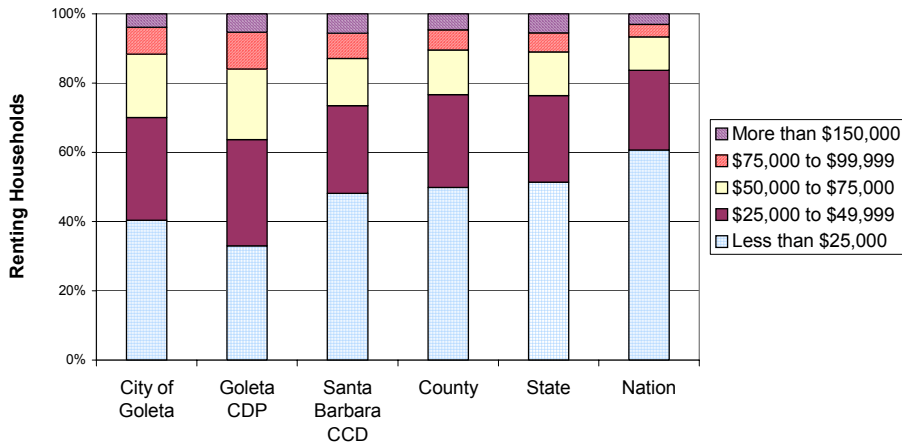


Figure 4

City of Goleta, California  
**Income Levels Compared**  
**Renting Households**  
**1999**





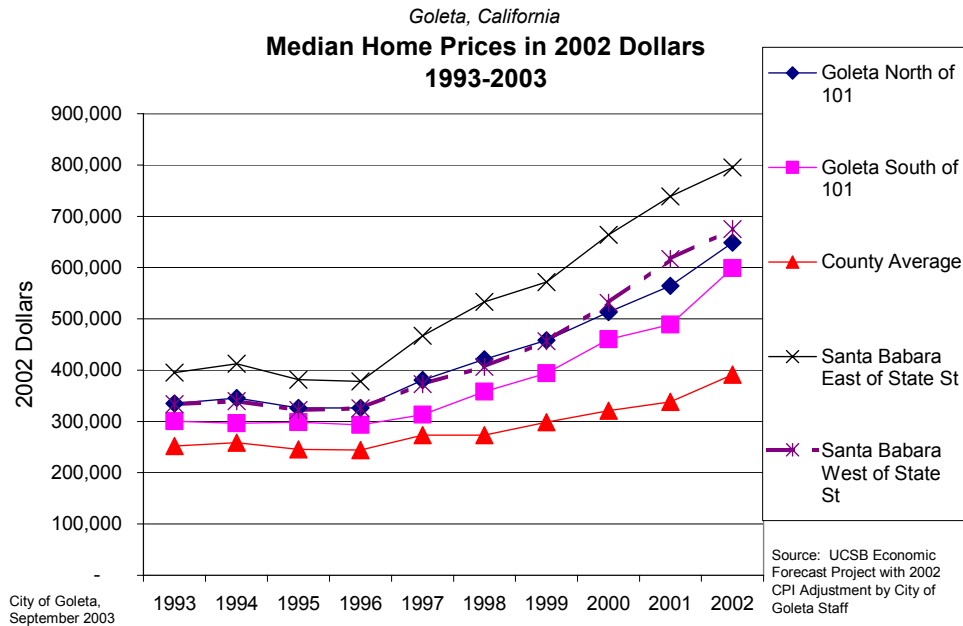
# HOUSING COSTS AND VALUES

## Owner Occupied

As will be noted in this section, housing prices for owner occupied units are rapidly increasing in the Goleta area. Unfortunately, since it requires time to tabulate and report data, most data sources that provide detailed information about housing values that are comparable to other areas is not current. This makes any analysis of housing prices relative to other areas or information (such as income) or on a detailed basis somewhat dated. This is particularly a problem with Census data that provides the most detailed and comparative information, since it is now three years old and housing prices have increased significantly in the interim. Consequently this section of the report will first present current trends in housing values to place the more detailed discussion based on Census data into that perspective.

Figure 5 shows the increase in current (2003) dollars in housing prices in the area since 1993. Goleta Valley prices are increasing significantly faster than the county average, but lower than the prices in the City of Santa Barbara. The increase in the northern part of Goleta tracks very closely with prices in the area west of State Street.

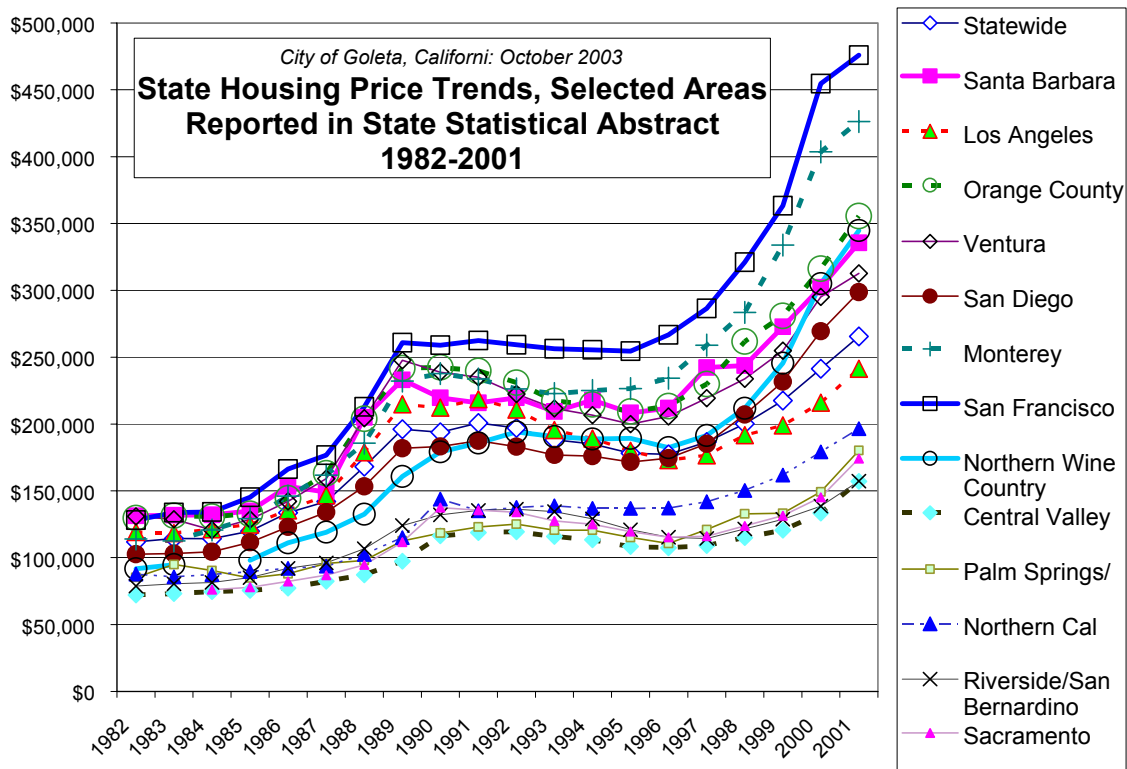
Figure 5



While the increase in housing costs has been dramatic in the area during recent years, the pattern of increase is similar to other California areas. The State of California Statistical Abstract issued by the State Department of Finance on the web reports housing prices for numerous areas of the state.<sup>7</sup> Figure 6 portrays that information.<sup>8</sup> While the range of increase varies from area to area, housing prices in the state follow a clear pattern. Housing prices are cyclical, experiencing rapid increases and then leveling off or declining at different times. The increases in Santa Barbara County are consistent with several other areas of the state.

Santa Barbara County has the fourth highest housing costs of the areas shown as of 2001,<sup>9</sup> following San Francisco, Monterey, and Orange County. The San Diego and Ventura costs are just under the Santa Barbara area.

Figure 6



<sup>7</sup> [http://www.dof.ca.gov/HTML/FS\\_DATA/stat-abs/toc.htm](http://www.dof.ca.gov/HTML/FS_DATA/stat-abs/toc.htm).

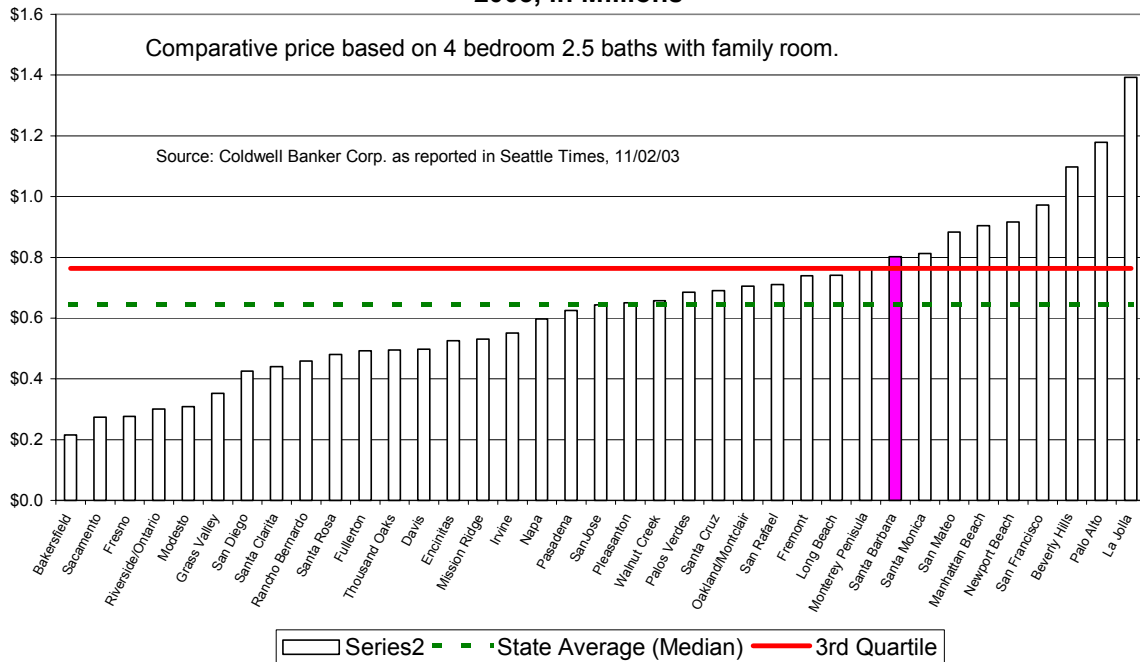
<sup>8</sup> Figure 40 includes all places reported on the web site in order to show the full range of areas in the state, even though it does make for a “busy” graph. The state data identifies the areas as regions that generally follow counties. See the web site for specific definitions of the areas shown.

<sup>9</sup> As noted above, the South Coast cost of housing increased faster than the county average as presented on figure 40. Other areas portrayed on the graph would have similar “hot spots” above the average for the particular housing market areas.

Figure 7 presents a comparison of housing costs between different areas of the state from another source. The Coldwell Banker Corporation compares an index of housing costs for housing markets through out the nation. Figure 7 presents the data for the housing market comparisons for California.

Figure 7

City of Goleta, California  
**California Housing Costs**  
**2003, in Millions**



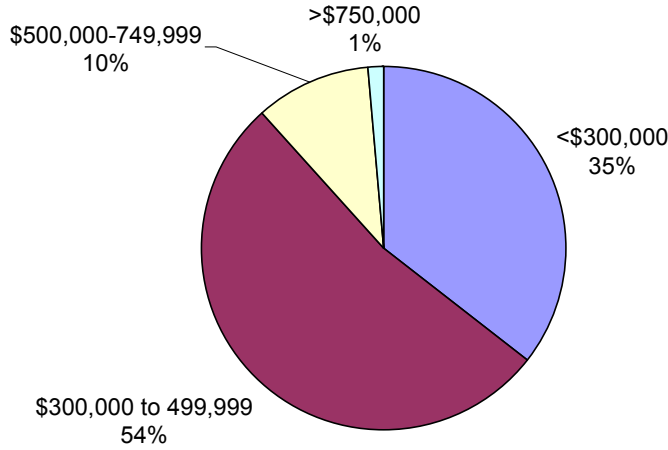
Unlike other data sources Coldwell Banker does not report these comparisons on the basis of median price for all homes. Typically the median price is reported without regard to the type of house. The presence of a lot of large, higher value houses in a market will raise the median price irrespective of the housing sizes of moderate priced homes. This makes it difficult to compare the price of similar houses between markets. The Coldwell Banker approach avoids this problem. Instead it compares the costs of the same type of house in each market. In the data presented on Figure 6, the comparisons are for a 2,200 square foot house with four bedrooms, two and a half baths and a family room. For the Santa Barbara area, Coldwell Banker reports the price of \$801,750. While this is higher than many areas of the state, it is just above the 3<sup>rd</sup> quartile of the reported values. This means that one quarter of the areas report values higher.

The US Census of Population data allows a more detailed look at the distribution of housing units by value, although it reports the data as of 2000 while the sources above report more current information. Also, since the Census reports

the value of homes as reported by owners, it is not directly comparable to the data above which reports the sale price of homes on the market.

Figure 8

*City of Goleta, California*  
Distribution of Owner Occupied Housing Units by Value  
2000



Source: 2000 US Census of  
Population STP3

City of Goleta,  
September 2003

Figure 5 compares the distribution of 6,053 owner occupied housing units in different areas of the City of Goleta. As noted, the total number of units in the city is concentrated in the middle cost range of housing prices, between \$300,000 and \$750,000. Only 1% of all units have values above \$750,000 and 35% have units value less than \$300,000. Over 64% of all units were valued at between 300,000 and \$750,000 in 2000.

Sources of information on current housing prices do not provide much detailed information regarding the variation of values within and between communities. Only the US Census of population provides this type of insight and the Census will be used here for that purpose. Although prices have increased overall since 2000, a community's housing will have the same relative proportions of lower price houses relative to higher priced houses; even though the definition of what is lower and higher will increase. Consequently, while the values in the following discussion may be low in terms of today's values, the relationships described for groups of housing should still be relevant.

Figure 6 compares the values of homes in the City of Goleta with larger areas that include the City as of 2000. The distribution of homes is similar to the distribution of household incomes presented in Figure 3. While one-third (33%) of all owner occupied units are worth more than \$500,000 on the South Coast (Santa Barbara CCD), only 12% exceeded this value in the City of Goleta. From Figure 6 housing in general is more affordable in Goleta than elsewhere on the south coast..

Figure 6

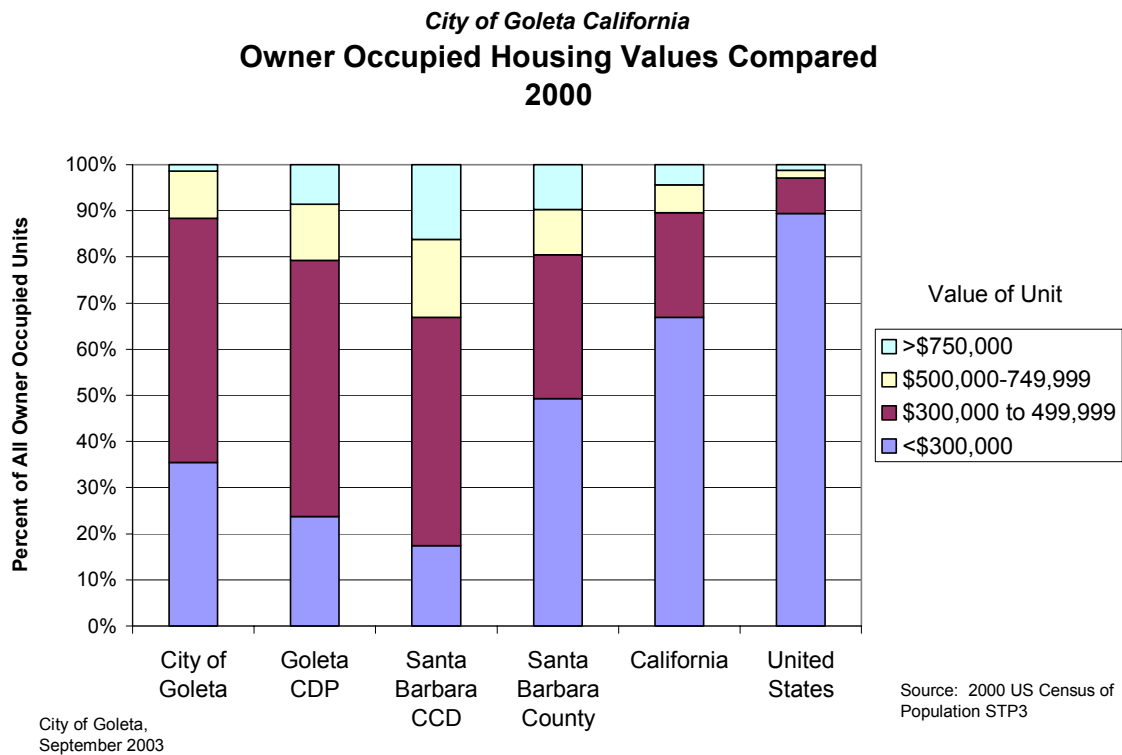
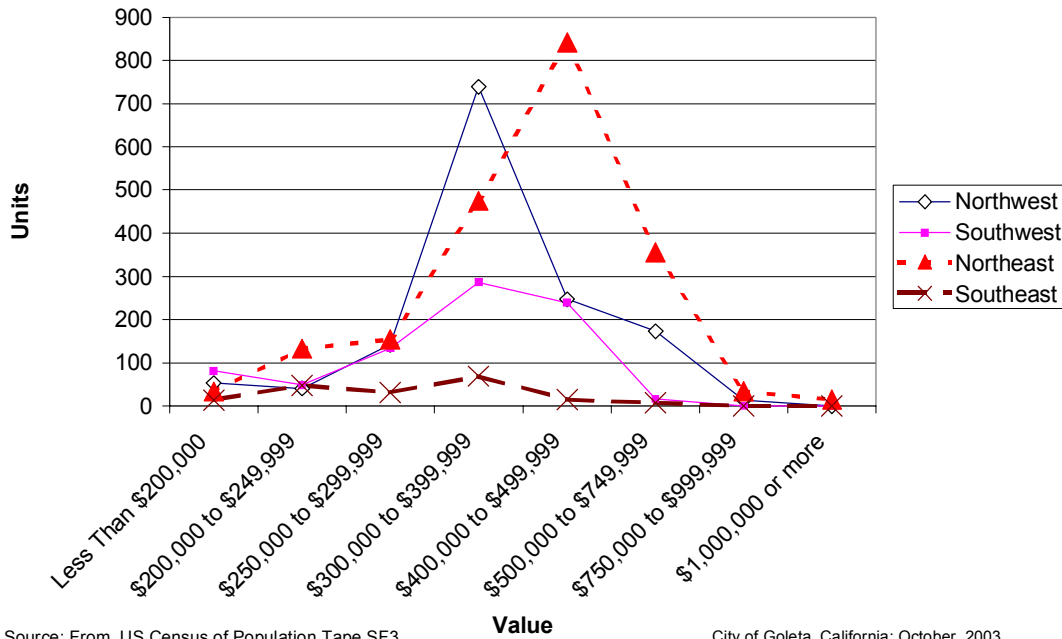


Figure 7 shows the distribution of 6,053 owner occupied housing units through the city by value by area as of the year 2000. In three of the four areas, the highest number of units is in the \$300,000 to \$400,000 range. While the Northeast has the greatest number of units in the \$500,000 to \$750,000 range, none of the areas have an appreciable (as of 2000) number of units valued by the owners at more than \$1,000,000.

Figure 7

City of Goleta, California  
**Number of Owner Housing Units by Value  
 2000**



Source: From US Census of Population Tape SF3

City of Goleta, California: October, 2003

## Renter Occupied

Unlike owner occupied units, housing costs for renter occupied units do not change as dramatically. From 1985 to 2003 HUD's calculation of fair market rents for Santa Barbara County has increased by an annual average of 3.2%, although this rate has increased to 3.7% in the last couple of years. Recent rent trends as estimated by a local service, "Realfacts," indicate a consistent trend for the Goleta area zip codes. As noted in the table below, this rate of increase is generally consistent with the estimated increase in consumer price increases and estimated median incomes since 2000. For comparison, the estimated long term increase in average wages on the South Coast, according to the economic Forecast Project, increased at an annual rate of 3.4% over the last decade.

Consequently, the data reported by the 2000 census for renters is not subject to the same degree of change as increases in housing costs for owner occupied units.

	2000	2003	% Change	Annual Percent Change
Average Rent According to Realfacts	\$1,107	\$1,238	11.8%	3.8%
County Median Household Income According to the Economic Forecast Project UCSB <sup>10</sup>	53,500	59,400	11.0%	3.4%
County CPI According to the Economic Forecast Project UCSB <sup>11</sup>	107.0	118.6	10.8%	3.5%
HUD County Fair Market Rent County <sup>12</sup>	\$878	\$980	11.6%	3.7%

<sup>10</sup> Economic Outlook 2003, Santa Barbara County, UCSB Economic Forecast Project, page 37. 2003 based on forecast.

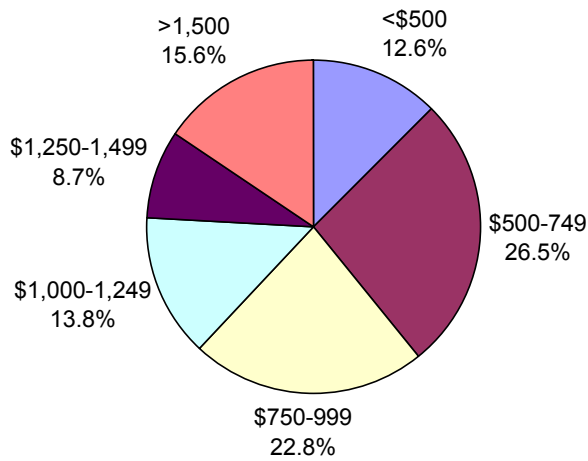
<sup>11</sup> Economic Outlook 2003, Santa Barbara County, UCSB Economic Forecast Project, page 39. 2003 based on forecast.

<sup>12</sup> These are the values published by HUD for Santa Barbara County. While South Coast values may have been adjusted to reflect higher local rents, these published numbers still should reflect overall trends.

Figure 8 portrays the distribution of 4,467 renter units in the City of Goleta by amount of rent as of the year 2000. Nearly two thirds (62%) of all units rented for less than \$1,000 and 39% rented for less than \$750 per month (including units with no cash rent).

Figure 8

City of Goleta, California  
Distribution of Renter Occupied Housing Units by Amount of Monthly Rent  
2000



Source: 2000 US Census of Population STP3

City of Goleta,  
September 2003



Figure 9 compares the proportion of rental units in the City of Goleta by amount of monthly rent with other areas as of the year 2000. While all three of the South Coast areas shown, (the City of Goleta, the Goleta CDP and the Santa Barbara Census Division), have about the same proportion of very low cost units under \$500 per month, the City of Goleta has significantly more units renting for under \$750 and under \$1,000 than the average for the South Coast. There are fewer lower cost rental units in the City than the average for the County, state and nation.

Figure 9

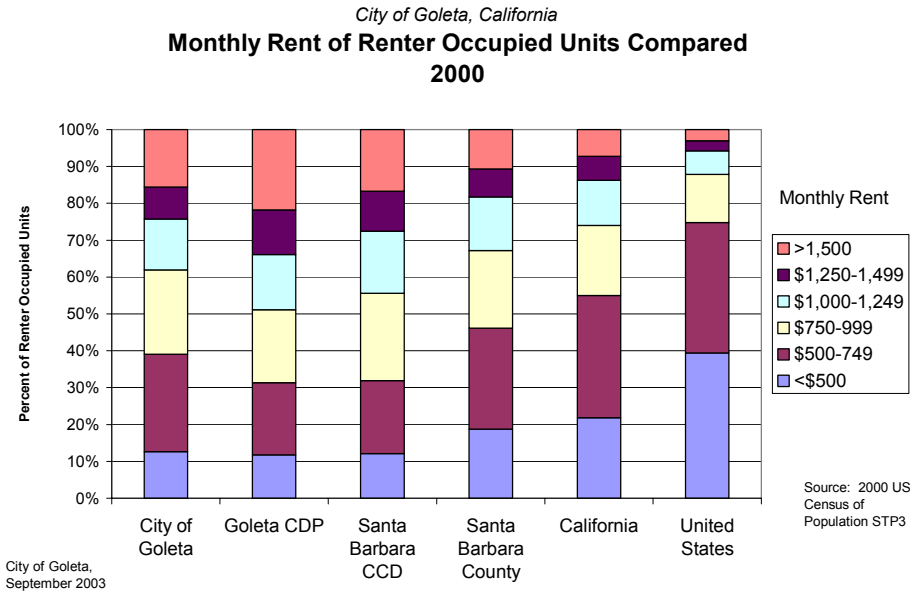


Figure 10 compares the distribution of the 4,467 rental units by amount of monthly rent in various areas of the city as of the year 2000. While there are fewer units in the northern areas of the city, these units tend to be in the higher cost ranges of over \$900 per month. In contrast the southern areas have both more units in total and more of these units are found at lower rental rates (less than \$900 per month) indicating a more diverse range of housing choices in these areas in general and specifically in the South west.

Figure 10

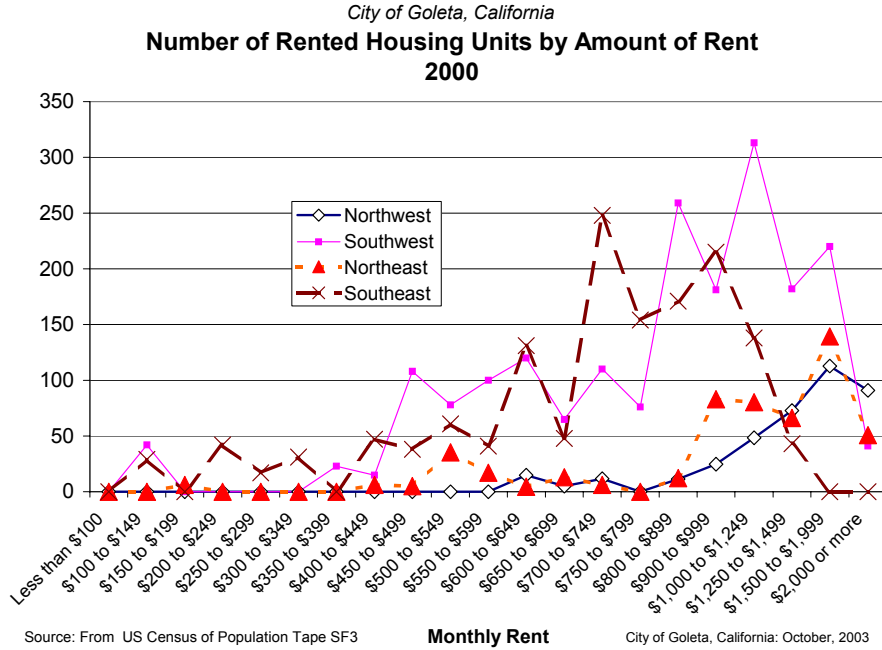
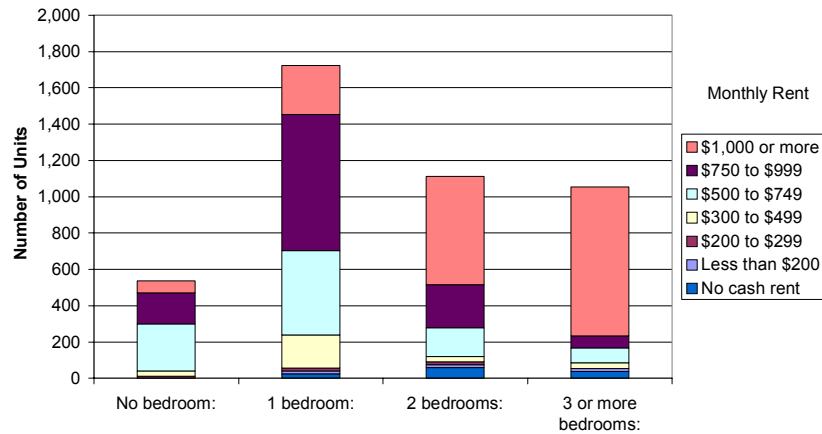


Figure 11 presents the distribution in the city of rental units by size of units as measured by number of bedrooms. It illustrates a strong relationship between the number of bedrooms and the amount of rent. Most units with 2 or more bedrooms exceed \$1,000 per month, while most one bedrooms rent for less than that amount.<sup>13</sup>

Figure 11

City of Goleta, California  
**Rental Units by Amount of Rent  
 2000**



Source: From US Census of Population Tape SF3

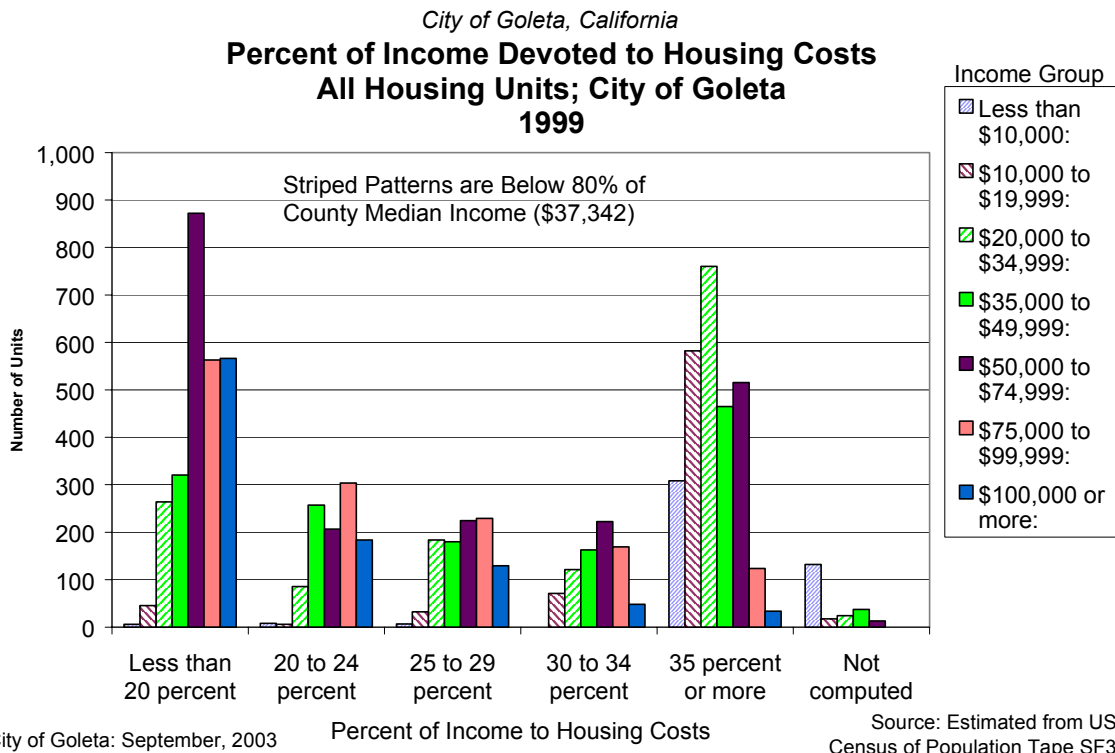
City of Goleta, California: October, 2003

<sup>13</sup> The rent categories on Figure 11 are different than the categories on Figure 9 due to differences in how the US Census reports the information for bedrooms.

## HOUSING COSTS AND INCOME

The next series of figures correlate income data with housing costs. Figure 12 compares the amount of income with the percent of income that is spent on housing for all housing units (owners and renters). As might be expected, higher income groups spend proportionately less on housing than lower income households, although there are many upper income groups that pay higher proportions and there are lower income households that are pay relatively low proportions of their income in housing costs.

Figure 12



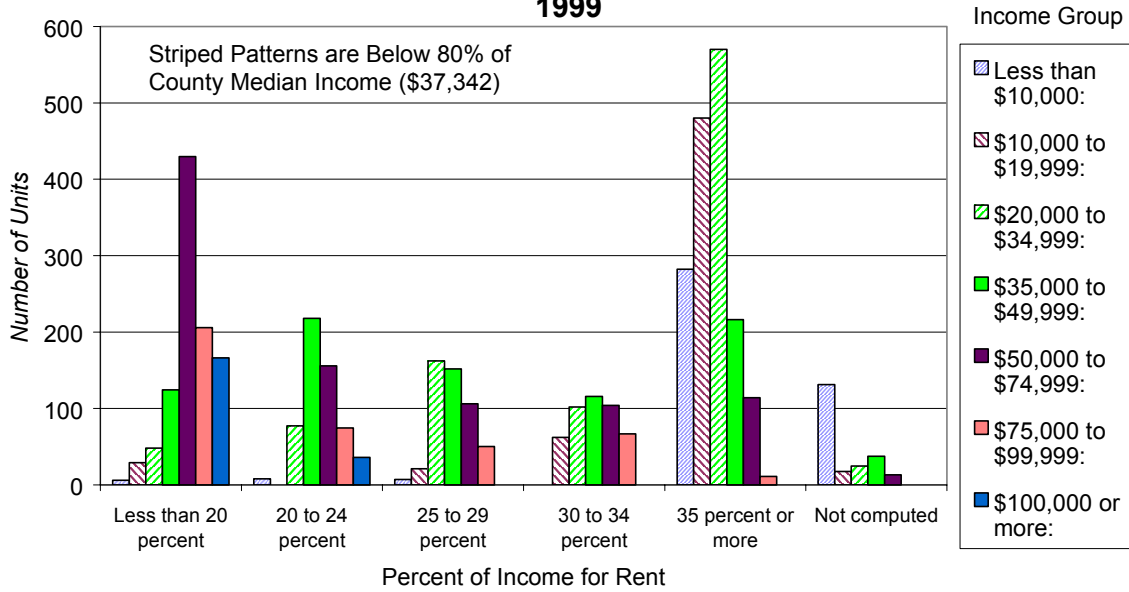
The striped patterns on Figure 12 indicates households earning less than 80% of the median household income for the county.<sup>14</sup> While most of the upper income groups above 80% of median pay less than 25% of their income in housing costs, the reverse is true for lower income groups; with most paying over 35%. However, there are significant numbers of moderate income groups (\$50,000 to \$100,000) paying more than 30%, and significant numbers of lower income groups paying relatively small shares of their income in housing costs.

Figure 13 examines renters in detail.

<sup>14</sup> Since 80% of median income was \$37,342 in 2000, only a small part of the horizontal group on the figure is actually below that level.

Figure 13

*City of Goleta, California*  
**Renters By Income Group**  
**Renter Occupied Units; City of Goleta**  
**1999**



City of Goleta: September, 2003

Source: Estimated from US Census of Population Tape SF3

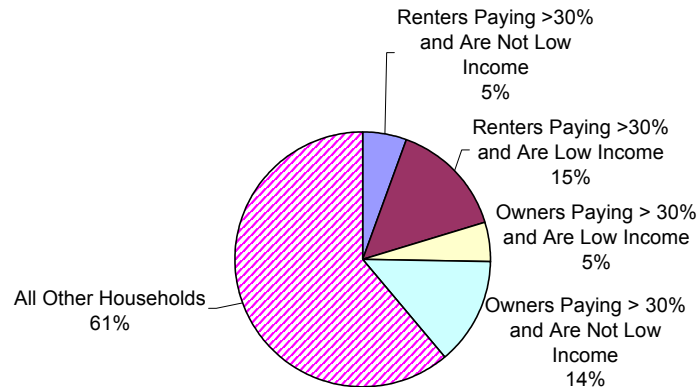
The pattern for renters is similar to all housing units, although more pronounced. Most low income renters pay high percentages of their income in rent, while higher income renters pay relatively low proportions of their income in rent.

## 30% STANDARD

The traditional standard for determining housing affordability is when housing costs exceed 30% of the income of a household. This standard is the standard set by the Governor’s Office of Planning and Research General Plan Guidelines as a way to determine affordability.<sup>15</sup> The guidelines define this as “overpayment” for housing. These guidelines also add an income standard to this defining lower income residents as those households earning less than 80% of median.

Figure 14

*City of Goleta, California*  
**Proportion of Households Paying More Than 30% of Income in Housing Costs  
 1999**



Source: 1990 and 2000 US Census of Population Tape SF3 with City of Goleta Estimated from Tract Data.

City of Goleta: October, 2003

Figure 14 shows that approximately 36% of the 10,520 households in the area pay more than 30% of their income in Housing, 24% of the total units are renter households and 16% are home owners.<sup>16</sup> Of these, 19% of the total units are low income; 15% renters.

<sup>15</sup> Governor’s Office of Planning and Research, State of California General Plan Guidelines, 2003, July 2003, page 64.

<sup>16</sup> American Factfinder does not report monthly housing costs by income for all owner housing units but rather only for “specified” owner occupied units. This excludes mobile homes and attached dwelling units (condominiums). In order to apply this analysis to all owner units, the attached units were allocated on the basis of specified owner occupied units. Since attached units are more economical than single unit structures this would probably slightly over estimate

The three-quarters (1,548) of the 2,124 renting households that pay more than 30% of their income in rent are low income households earning less than 80% of median. In contrast three quarters (1,071) of the 1,464 owner occupied units that pay more than 30% are not low income households.

Figure 15 shows the distribution of all households (not just low income) that pay more than 30% of their income in housing costs by area.<sup>17</sup> The general pattern here follows the pattern of a lot of other housing and demographic information, the incidence of such households is much greater in the southern portion of the City than the north. The highest number of such households is found in the Southwest.

Figure 15

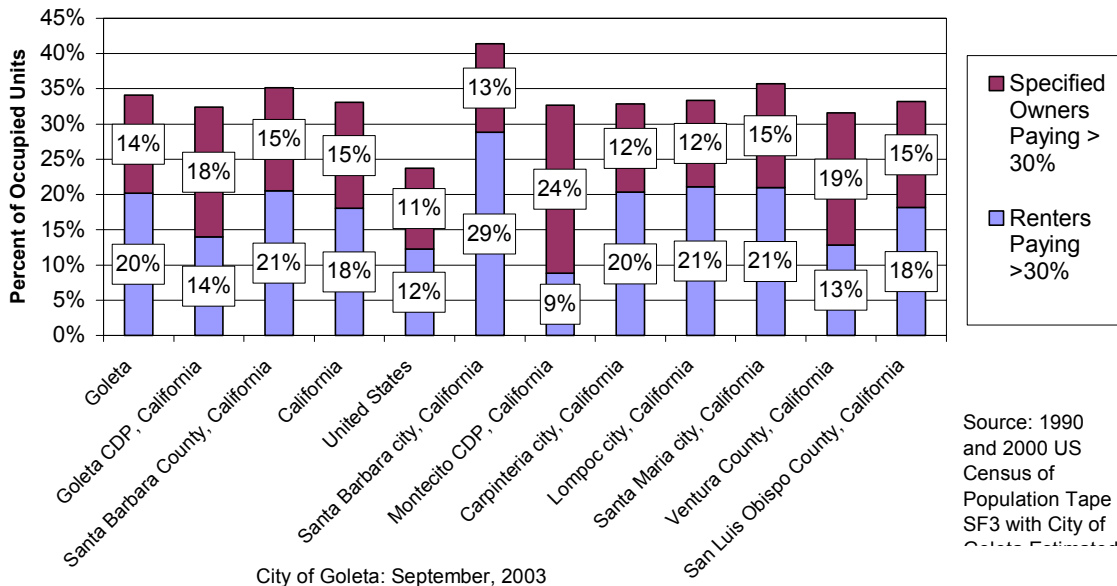


the number of households paying more than 30% of their income in housing costs. Since mobile homes are a very affordable form of housing, the number of mobile homes is directly reported on figure 14 without allocation to “more than 30%.”

<sup>17</sup> The owner occupied data on this figure is for “specified” owner occupied units as reported in American Factfinder. While this excludes attached dwelling units and mobile homes it does allow comparison between areas.

Figure 16 compares the incidence of households that pay more than 30% of their income in housing with other areas.<sup>18</sup> The City of Goleta incidence of households paying over 30% is very close to average for the county, but significantly lower than the City of Santa Barbara. 29% of the City of Santa Barbara households are renters who pay more than 30%. Interestingly, affluent Montecito has a high proportion of its households (24%) consisting of home owners who pay more than 30%; probably illustrating the willingness of owners to “stretch” and pay more in housing costs in the short term, hoping for longer term benefits. Similar to Montecito, the increase in owner ratio between the City of Goleta and the Goleta CDP is probably due to the inclusion of Hope Ranch.

Figure 16  
**City of Goleta, California**  
**Households Paying More Than 30% of Income in Housing**  
**Costs; City of Goleta Compared to Other Areas**  
**1999**



<sup>18</sup> The owner occupied data on this figure is for “specified” owner occupied units as reported in American Factfinder. While this excludes attached dwelling units and mobile homes it does allow comparison between areas.

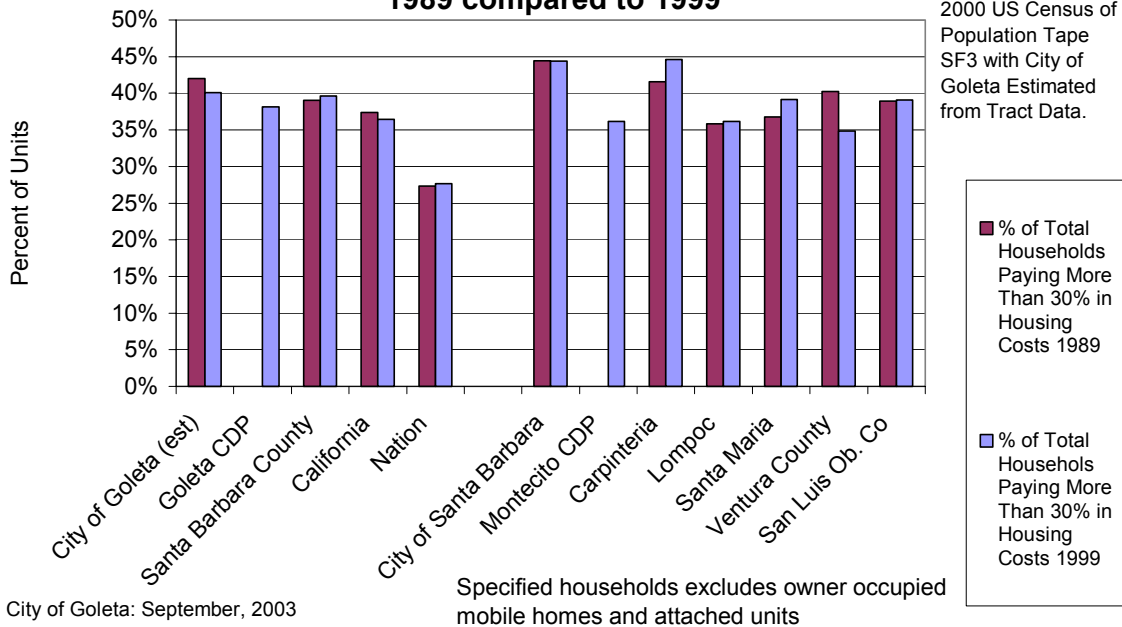


There is a general assumption that affordability considerations have become worse over time. Figures 17 and 18 test this assumption. A comparison of the data demonstrates that the situation has not changed significantly from the 1990 census to the 2000 census with roughly the same proportions of total households paying more than 30% of their income in housing costs.<sup>19</sup> (Since Figure 17 includes only specified owner occupied units—excluding mobile homes and owner occupied attached units—the percentages can not be directly compared to previous figures)

Figure 17

City of Goleta, California

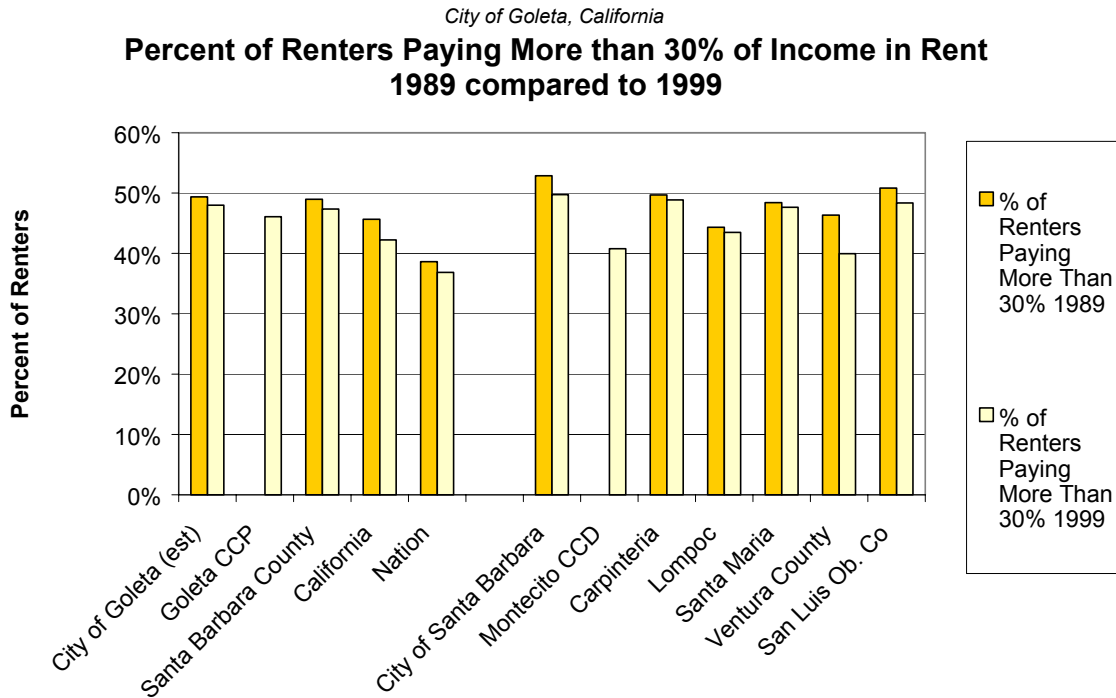
**Percent of Specified Households Paying More than 30% of Income in Housing Costs 1989 compared to 1999**



<sup>19</sup> 2000 Census (1999) Goleta CDP and Montecito CDP data are presented for reference although since both of these two places were not designated as County Defined Places, data from 1990 (1989) Census was not reported.

The share of renters paying more than 30% has actually declined between the two censuses in every place shown on Figure 18.<sup>20</sup> This comparison suggests that rents have generally increased with the increase in average wages and incomes over the long term.

Figure 18



City of Goleta: September, 2003

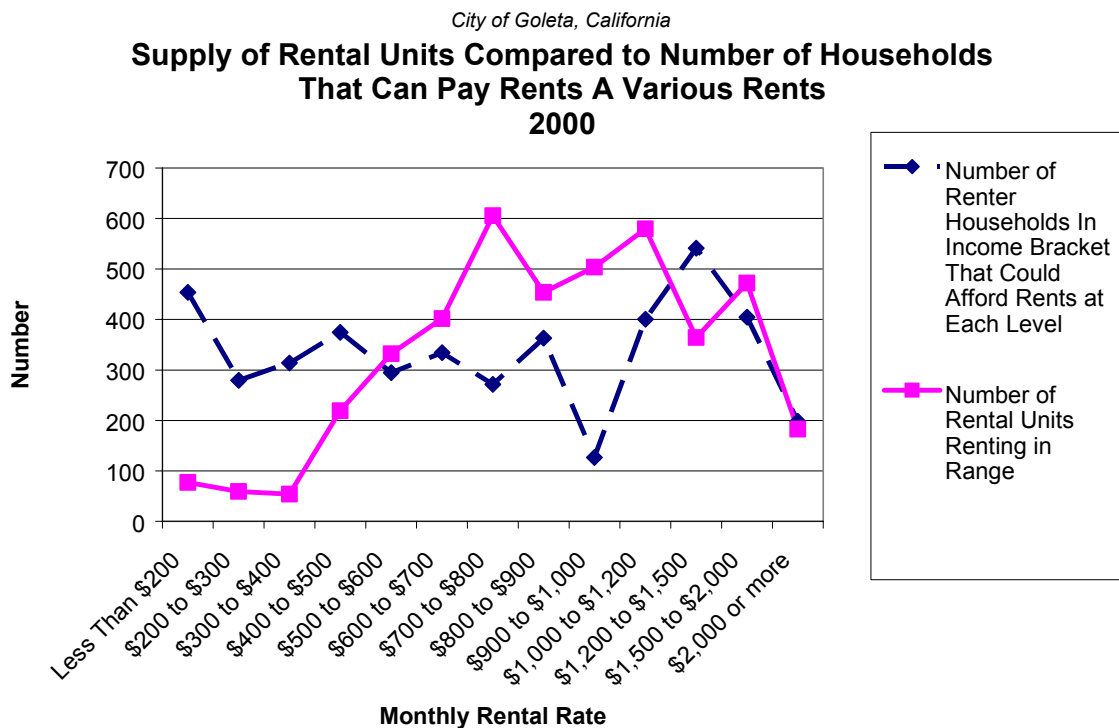
Source: 1990 and 2000 US Census of Population Tape SF3 with City of Goleta Estimated from Tract Data.

<sup>20</sup>Unlike the data regarding owner occupied units, American Factfinder reports rent data for nearly all renter occupied units.

## Housing Affordability by Income Cost Profiles

Another less common way of examining housing affordability is to directly compare the varying costs of housing with varying income levels. Optimally, the availability of housing at different rent levels should match the number of households who can afford housing at those prices. Affordability problems arise when there are insufficient units available for lower income groups at rents they can afford. Figure 19 makes this comparison for renters. The solid line presents the number of units renting at various monthly rent amounts according to the Census as of the year 2000. The dashed line, in contrast, is the number of renting households with incomes that would provide 30% of their income in those amounts. At the lower end of the scale (the left side) there are more households that require housing at a given monthly rent level than there are units available.

Figure 19



As illustrated on Figure 19, at about \$500 per month the supply of housing units available at those rent levels exceeds the number of households that can afford that amount of rent. Purely on the basis of cost (without regard to quality), at this rent sufficient units are available to house all of the households in the related income groups. The number of households that can afford rents less than \$500

exceed the supply of housing units that rent for less than \$500 is 1,013 households (the difference between the lines below \$600 dollars per month). This represents about 9% of the all households in Goleta (or 23% of all renting households).

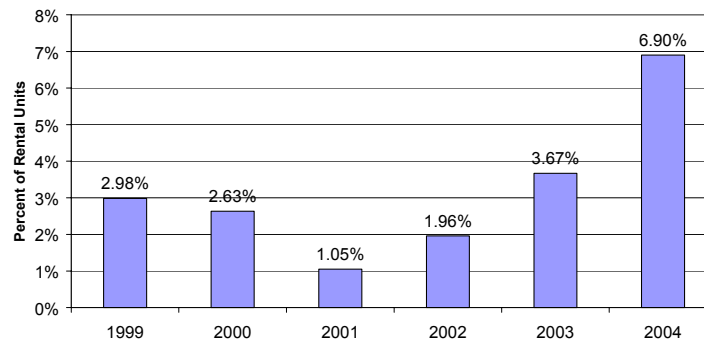
Housing affordability involves qualitative considerations as well as the supply of units at varying levels of rent. Comparing the number of units available at varying rents with the number of households that can pay rent at varying levels results in about half as many households (about 1000) that must pay rents that exceed 30% of their income, than the number that actually do pay more than their income in rent (about 2000). The difference is due to some households selecting units at a higher rent amount in order to obtain the size of unit or quality of unit that they or their families may require.

## Rental Vacancy Rates

While rental unit vacancy rates are not a direct measure of housing affordability, it does serve as a useful indicator since rental rates are very responsive to market conditions. High rates indicate a surplus of supply which usually leads to market adjustments in rents. In recent months rental vacancy rates in the area has been increasing, reaching an eight year high of 6.9% for the Goleta area. Since higher vacancy rates tend to reduce pressure on rent increases and be even lead to reductions in rents, these vacancy rates tend to reinforce the observation on page 16 that rents are not subject to the same increases that are affecting housing values for owners.

Figure 20<sup>21</sup>

City of Goleta, California  
**Rental Unit Vacancy Rate  
In Goleta Area  
1999 to 2004**



Source: 2/4/04 Santa Barbara News Press and UCSB Economic Forecast Project

<sup>21</sup> 2004 is for December 2003 and April for other Years  
City of Goleta, California

## **Conclusion**

Understanding housing affordability is a complex process hindered by the availability of timely and accurate information. Nonetheless the US Census of information does provide a comprehensive view of the issue for a point in time, the year 2000. As of that time, a significant part of the community had difficulty renting appropriate housing for their income levels. The number of these households ranged between 9% (946) of all households and 20% (2,104) depending upon the way the difference is measured. In addition, 14% (1,472) of all households have chosen to pay mortgage costs that exceed 30% of their income.