

BACKGROUND REPORT NO. 25

**Analysis of Housing Affordability Issues;
Housing Production, Affordability Gap and Commuting
City of Goleta, California**

EXECUTIVE SUMMARY

The purchase price of homes in the Goleta Valley is rapidly increasing. This increase has made it difficult for first time home buyers to purchase a home and appears to be a significant barrier for the recruitment of new employees to the area. This paper examines three particular aspects of the area's complex housing market and its effects:

- Whether housing production has kept pace with population growth over the last decade,
- What segments of the area's population are most affected by the rising housing prices, and
- What is the effect of these housing prices on commuting patterns.

In examining these aspects of the housing market three conclusions are offered:

- Housing production has generally kept pace over the last decade with population growth.
- Most people, about 69% in the Goleta Valley, tend to be benefited by increasing housing prices. High home prices are a severe problem for about 10% of area households.
- A significant number of South Coast residents, about 14%, commute long distances (from north Santa Barbara County or Ventura County, or further) to work. The percentage of long distance commuters is less than average for most labor market areas.

Nonetheless, a percentage of people in the area that are likely to be first time home buyers do confront a significant barrier in purchasing a home they may desire due to a rapid escalation in home prices in the area in recent years. Such buyers may be able to develop long term strategies involving downscaling their initial housing choices or enduring a commute to cope with this barrier. The high home prices in the area also hinder the recruitment of prospective employees who desire to purchase a home in the area but cannot afford the current prices.

INTRODUCTION

This report develops the data presented in previous background reports to examine two issues associated with housing affordability. It first examines housing production in the Goleta Valley since 1990 and then examines the question of an Income Gap. Finally it estimates from Census data and UCSB Economic Forecast Project data the number of workers on the South Coast who commute long distances. As in the case of other Background Reports the Census data used herein was obtained from the American Factfinder of the U.S. Census Bureau.

HOUSING PRODUCTION

The relationship between housing supply and production, and population growth over a decade can be most accurately determined from information tabulated by the US Census of Population. Since the Census, taken every ten years, reports the number of people and housing units or households that are in area, comparing data from two Census periods would indicate whether population grew faster than housing units during the decade.

Map A identifies a series of census tracts that together may be considered to compose the Goleta Valley.¹ Table 1 totals the number of people and occupied housing units found in this area. As shown the number of households (housing units) has increased faster between 1990 and 2000 than the population increase, indicating that housing production has largely kept pace with population growth.

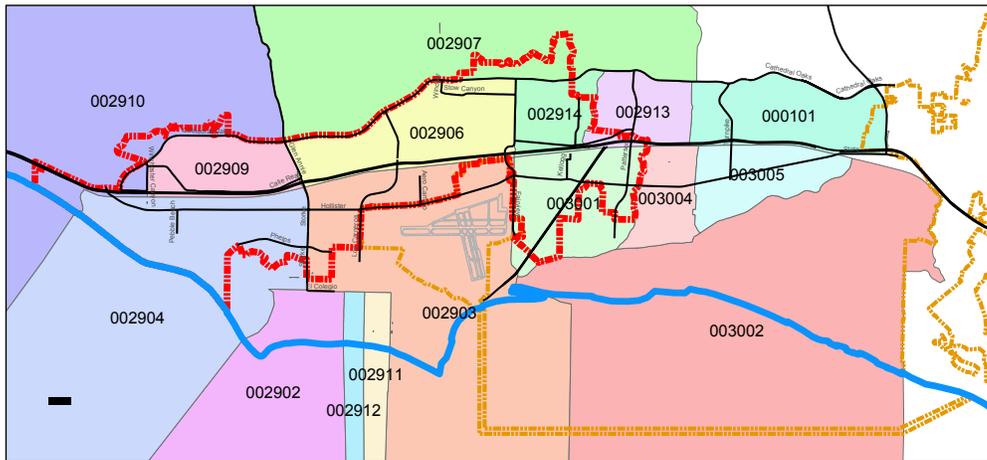
Table 1	1990	2000	Increase	Percent Increase
Total Population	71,722	75,615	3,893	5.4%
Total Occupied Units	23,415	24,788	1,373	5.9%
Ratio	3.06	3.05	2.84	

Table 2 directly calculates the number of new housing units that would be needed to accommodate the growth in population over the decade with the increase in the number of occupied units. As noted by this methodology, a “surplus” of 102 units was created over the decade.

Table 2	
Units Needed To House Additional Population at 1990 Ratio	1,271
Number of New Occupied Units	1,373
Surplus (Deficit)	102

¹ Since the Goleta Census Defined Place was not created until the 2000 census, this geographic place cannot be used as the basis for the comparison.

Map A



Legend

- Airport
- Highways and Major Streets
- Coast Line
- - - City of Goleta Limits
- - - City of Santa Barbara Limits

June 2004

However, this simple methodology overlooks potential demographic shifts that can affect these relationships. There are two very important demographic features that do affect these relationships in the Goleta Valley—a large number of students and a shift in the population composition toward larger families. Each of these features relates to the supply of housing in opposite ways.

A large number of students reside in group quarters in the area. The US Census of Population reports that this number declined over the decade, creating a potential additional “need” to house these students not calculated in the methodology above.

Tables 3 and 4 recalculate the population change and housing production relationship with this demographic shift included.

Table 3: Accounting for Group Residents	1990	2000	Increase	Percent Increase
Total Population	71,722	75,615	3,893	5.4%
Group Residents	7875	6607	(1,268)	-16.1%
Household Population	63847	69008	5,161	8.1%
Households	23,415	24,788	1,373	5.9%
Ratio	2.73	2.78		0.0%

Units Needed To House Additional Population at 1990 Ratio (Adjusted for Group Residents)	1,893
Number of New Households	1,373
Surplus (Deficit)	(520)

As noted this adjustment yields a small deficit of units, accounting for about 520 units or 2% of all housing units.

However, there is also a significant shift in household composition toward larger families that offsets the effect on the decrease in the number of people in group quarters.² While the average family size increased between 1990 and 2000 from 3.07 to 3.20, the number of people in non-family households decreased from 2.26 to 2.21. The increase in the average family size is related to a significant increase in the number of children in families, which increased by 18% over the decade while the number of people in all households increased by only 8%. Since children do not form their own households, it takes fewer housing units to house families with children than non-family households.

A recent Public Policy Institute of California study, “How Critical Is the California Housing Shortage?” examined the effect of increasing family size and other demographic factors on housing demand at the State level. The study concluded that “Once the authors (of the study) controlled for such demographic factors, California resembled the nation in terms of household formation” and that the perceived statewide housing shortage has been significantly overstated.³

The increase in family size is particularly pronounced in the growth of the Hispanic community in the Goleta Valley over the last decade. The average family size in the Hispanic community is 4.14 while it is only 2.94 among non-Hispanics. Hispanic households tend to have larger average family and household sizes than non-Hispanic households due to higher birth rates and a stronger cultural affinity for multi-generation households. From school district enrollment data, most of the 18% growth in the number of children in the area where children of Hispanic descent.⁴

Table 5 compares the population changes in the Hispanic population and households compared to non-Hispanic households. As noted while the Hispanic population increased by 45% (5,187 households) during the decade the non-Hispanic population in the area declined by 1,294 people. It should be noted that the population to households ratio for both groups declined over the decade.

² A family consists of a group of related people. A Household includes all people who reside in the same housing unit whether related or not. People in families do not include any unrelated individuals who may be sharing a house with a family.

³ “Research Brief, How Critical Is California’s Housing Shortage?” Public Policy Institute of California, San Francisco, California, www.ppic.org, March 2004, page 1.

⁴ See Background report 5 “Schools,” page 6.

Such a decline can only occur if the number of occupied housing units grew more than the number of people.

Table 5: Adjusting For Hispanic Population Growth	1990	2000	Increase	Percent Increase
Total Population	71,722	75,615	3,893	5.4%
Households	23,415	24,788	1,373	5.9%
Hispanic Population	11,580	16,767	5,187	44.8%
Non Hispanic Population	60,142	58,848	(1,294)	-2.2%
Hispanic Households	2,663	3,911	1,248	46.9%
Non Hispanic Households	20,752	20,877	125	0.6%
Hispanic Ratio	4.35	4.29		
Non-hispanic Ratio	2.90	2.82		

Table 6	
Population at 1990 Ratio (Adjusted for Group Residents)	
Method A	
Net Change in Hispanic Population	5,187
Net Change in Non-Hispanic Population	(1,294)
Average Hispanic Household Size Santa Barbara CCD 2000	3.88
Average Non-Hispanic Household Size Santa Barbara CCD 2000	2.27
Households to Accommodate Hispanics	1,337
Households to Accommodate Non-Hispanics	(570)
Net	767
Actual Household Increase	1,373
Surplus (Deficit)	606
Method B	
Actual Household Increase	1,373
2000 Hispanic Ratio	3.88
Number of Hispanics Accomodated by Increase in Units	5,327
Actual Growth in Hispanic Population	5,187

Since the Hispanic group has significantly larger families and households, the same number of units can accommodate more Hispanic people than non-Hispanic people. If this group is growing faster than the rest of the population, there is a need for fewer new housing units than if the growth was composed of non-Hispanics. There are a variety of ways that the effect of this significant demographic change on housing need can be calculated and Table 6 demonstrates two ways.

Method A applies the same logic to the calculation as the above tables, dividing the population growth by an average household size to calculate housing demand. Since American Factfinder for 1990 Census does not report average household size for Hispanics or the ethnic composition of people residing in group homes, data on 1990 average household sizes could not be applied. Instead the average household sizes for Hispanic and non-Hispanics for the Santa Barbara County Census District are used instead. As noted the rapid growth in the Hispanic population compensates for the potential increase in demand that may be associated with the decline in group quarter residents.

Method B calculates how many Hispanics can be accommodated by the increase in housing units. The increase in housing units increase more than covers the increase in population.

Since 2000, the State Department of Finance estimates that the population of the City increased by 1,805 and (based on City and County building permits records) housing units increased by 670 since 2000. Since the State Department of Finance uses the building permit data of the City as the basis for current official population estimates for the City,⁵ analysis of the relationship between building permits and population estimates would only restate the methodology used by the State to estimate population.

Table 7: State Department of Finance Estimates	Units	Occupied Units	Persons Per Household	Household Population	Group Quarters Population	Total Population
4/1/2000 (Time of Census)	10,811	10,543	2.728	28,757	342	29,099
1/1/2004	11,481	11,196	2.723	30,496	342	30,838
Increase	670	653		1,739	-	1,739

AFFORDABILITY GAP

An often cited way to identify the impact of increasing housing prices on an area’s population is by calculating what is often referred to as the “affordability GAP.” The affordability gap is usually measured one of two ways; comparing whether the median income in an area can afford to purchase a median priced home, or calculating the proportion of the population that have incomes that can afford the median priced home. The latter method tends to be more commonly used in this area.

This technique is widely accepted as an index to compare the relationship between housing costs and income between different areas and over time. The technique uses two basic pieces of information which are available in most areas on a very regular basis—estimates of family incomes and the median sales price of homes. As in the case with most economic indicators, this index is used

⁵ The State Department of Finance only makes population estimates for Cities and Counties.

because the necessary information is usually readily available on a regular basis, rather than because it fully portrays the character of the housing market in an area.

While measuring the affordability gap has considerable value as an index, it can be easily misinterpreted to the general public, relaying misconceptions regarding the housing market in an area. The following discussion by the Deputy Chief Economist for the California Association of Realtors describes how the home market in California (and elsewhere) operates.

Repeat homebuyers, who accounted for 7 out of 10 home purchases, dominated the market in 2003. This should come as no surprise, as this home-buying segment consists largely of Baby Boomers (between 40 and 58 years of age in 2004), who are in their peak income-producing and wealth-building years, and remain the largest age cohort in the population. The typical repeat buyer was 45 years old and married, and earned an annual household income of \$100,000. The median price of a home purchased by a repeat buyer was \$411,200, which was typically financed out of proceeds from a previous sale. Repeat buyers reported that the primary motivation for buying was the desire to have a larger home. Accordingly, repeat buyers typically bought a larger home, with a median size of 1,860 square feet, compared to median home size of 1,677 square feet for all homes in the survey sample.

First-time homebuyers accounted for 3 out of 10 home purchases in 2003. The typical first-time buyer was 33 years old, married, and earned an annual household income of \$75,000. Tired of renting, the first-time buyer purchased a smaller home, with a median size of 1,400 square feet for a median price of \$307,500, and relied on personal savings as the primary source of downpayment. First-timers were more inclined to purchase a condo or other attached property, accounting for 44.7 percent of all attached home purchases compared to 28.3 percent of all detached home purchases. Attached homes were more attractive because of their greater affordability, with a median of \$295,000 compared to \$400,000 for detached homes.

Home sellers in the state were somewhat older than buyers, with a median age of 50 years. The median income of a home seller was \$95,000. The typical seller was married, and was motivated to sell because of a change in family structure (empty nester, divorce, assuming care for parent). Seventy percent of sellers in the survey intended to buy again. The net proceeds from the sale of the seller's home reached an all-time record of \$150,000, evidence that homeownership is an important wealth-building vehicle for many California households. **Repeat Homebuyers Dominate 2003 Market; Sellers Reap Record Gains, January 2004-** by Robert Kleinhenz, Ph.D., Deputy Chief Economist

In another article on the subject, Dr. Kleinhenz also commented:

Moreover, repeat homebuyers account for 7 out of 10 homebuyers at this time. These households have experienced sizable gains in equity in recent years, and have typically rolled much or all of their net proceeds from the sale of a previous home into a down payment on their next home purchase. Their capacity to come up with large down payments has further fueled housing market activity. **First Quarter Housing Market Report, May 2004**, by Robert Kleinhenz, Ph.D., Deputy Chief Economist

The major weakness of relying on the affordability gap technique to measure housing affordability is that it ignores the role of equity in setting home prices, as described by Dr. Kleinhenz, well as other forms of wealth. As the housing prices increase so does the value of the existing homeowners' equity. Over time this increase, along with the increase in equity provided by paying house payments, gives homeowners in most housing markets leverage to buy more expensive homes. In this housing market, some homeowners, especially empty nesters (couples whose children have grown and left the home) may also buy less expensive homes than their previous home. This allows these homeowners to free up a proportion of their built up high equities to use for other uses or investments.⁶

In a heated housing market this built up equity can further increase prices. As equity chases equity, home prices will continue to increase in an iterative fashion. Equity allows buyers to bid more on a new house, this raises the price of the target house and the previous owner's equity that this owner can use to bid up the price of another home. Since usually, as Dr. Kleinhenz notes, an estimated 70% of any housing market is composed of people trading up with their equity, the median house price is more influenced by built up equity than by household income. Consequently comparing median income (when the "median" income household probably already owns a home) to median price (when the price may be more determined by built up equity) is misleading.

Since equity establishes much of the price of median priced homes, the first time home buyer is more likely to consider houses much below the median where the buyer would be competing with less built up equity

In order to ultimately bridge the affordability gap, people develop strategies to access the equity building process over time. Typically home owners in most housing markets use their equity to cycle through different housing types as their incomes rise and their housing needs change. In Goleta there are many logical lifetime paths of home ownership, two of which might include.

⁶ In Santa Barbara County there is no property tax increase under Proposition 13 when a home owner buys down in the market.
City of Goleta, California

1. A young couple marries and uses their combined income to purchase a small condominium.⁷ After a few years when their first baby arrives, the couple may use their accumulated equity and increased incomes to purchase a larger condominium. When the children enter grade school the family may seek to again parlay their accumulated equity and increased income into a small ranch house with a yard.⁸
2. A young family rents while savings and incomes build to make their first purchase of a home in an outlying area where housing costs are closer to their incomes—willing to trade commuting time for equity as the incomes increase. When incomes and equity allow, these families may “trade up”⁹ to a home closer in, reducing the required commute.

This type of process is common in all housing markets and is part of how home prices are established and how people bridge what may be seen as an “affordability gap.”

As noted the supply of lower cost homes (either in terms of type of structure or distance of commute) is more important in terms of affordability than the median price of homes. Unfortunately, there seems to be no ongoing source of information beyond the median price of new homes which is tracked by a variety of sources. This leaves the US Census of Population as the primary source of information regarding the supply of lower value homes.

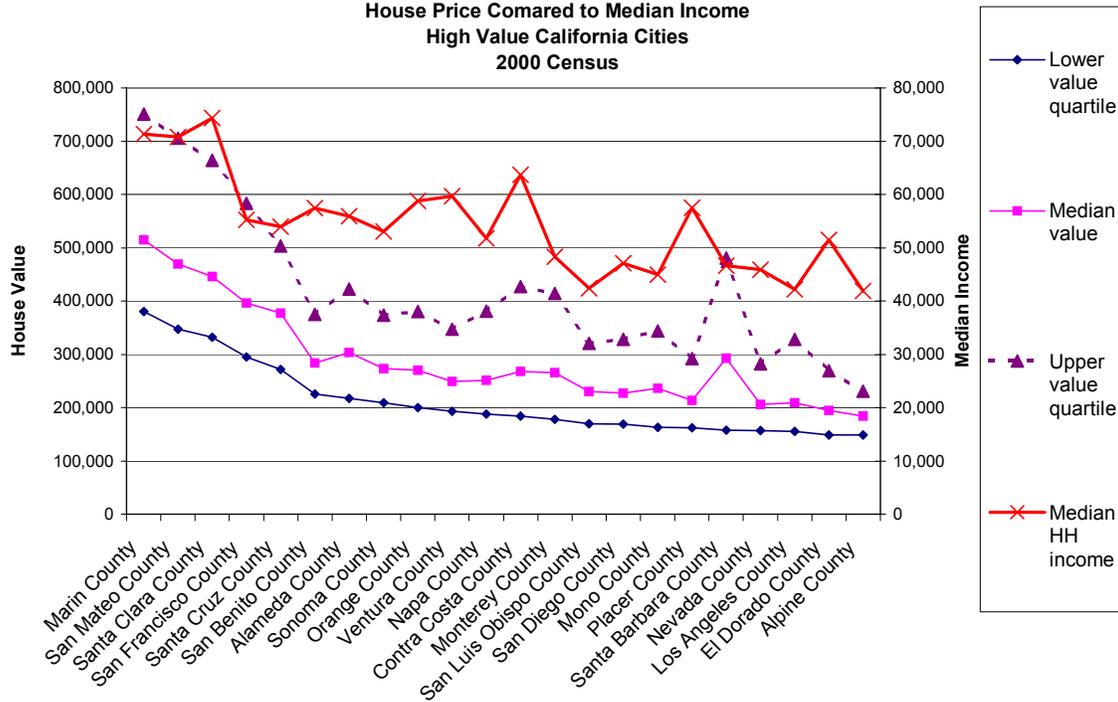
In comparison to other California counties that have high median home prices, Santa Barbara County has a diverse range of home prices. The accompanying graph illustrates this. On the graph, the top 23 California counties by lower quartile values are sorted by value and compared to median income.

⁷ The more adventuresome couple may jump start their entry to the equity accumulation process with a low interest Adjustable Rate Mortgage (ARM), anticipating to move up in the market before the higher interest rate adjustments take effect. However the reliance on financial measures such as an ARM can be financially risky if the housing prices do decline—the mortgage holder may be stuck with very high house payments and difficulty in selling the house at a price that would cover mortgage.

⁸ In this scenario, the small ranch houses in Goleta are an important step in the overall affordability picture, since these are the first units families will seek out when their equity and incomes allows them to. If these ranch houses continue to be converted to larger homes, these more affordable homes would not as available to serve this purpose.

⁹ In this area this “trade up” might actually be a drop in housing quality.

Goleta, California
House Price Compared to Median Income
High Value California Cities
2000 Census



While Santa Barbara County ranked 7th among all California counties in median value of home in 2000 according to the Census it ranked 18th (as shown on the graph) in lower quartile values (it ranked 6th for upper quartile values). Santa Barbara County ranked 5th lowest in the ratio of median income divided by median value (.16), 19th lowest in median income divided by the lower quartile value (.30).

An additional distortion associated with the income gap approach is that it overstates the number of people affected by the price escalation of owner occupied homes. A common way that this gap is expressed as follows:

Santa Barbara County homeownership affordability index **is the lowest in the entire State**. In August 2003 only **14%** of all households in Santa Barbara County could afford the median price home \$479,540. In the South Coast less than 5% of all households could afford the average Priced home, which was \$950,000 in August 2003.¹⁰

¹⁰ Goleta Housing Leadership Council, The Face of the Housing Crisis, A Profile of Goleta's Community Housing Needs, October 2003, page 8. Sources for this are cited in the report as the California Association of Realtors and the California Economic Forecast Project. It is interesting to note that the California Association of Realtors report that the median price in Santa Barbara County in April of 2004 was \$385,000 and in April of 2003 it was \$314,000. The median price for Santa Barbara itself was listed as \$868,500 in April of 2004 and \$623,500 in April of 2003. If the data cited by the Housing Leadership Council is correct, median housing prices reported by the California Association of Realtors is highly volatile.

This obviously is misleading since as of 2000, 56% of all County households and 51% of all South Coast¹¹ households own their home. The percentage in the Goleta Valley (as defined by the Goleta Census Defined place) is 69% of all households already own a home. For these homeowners the escalating value of the homes is not an affordability problem but a very important economic asset as noted by Dr. Kleinhenz above.

While 69% of the population of the Goleta Valley already owns a home, it is also unlikely that all of the remaining renters are prospective homebuyers as well. Two demographic groups in particular are not likely to be associated with an interest in home purchasing, the older age groups and young households. As people approach retirement, they may be more interested in converting their built up equity into more liquid forms of assets to enjoy during their retirement and renting is often part of the options they may exercise. Also renters who have reached those age groups are unlikely to want to tie up whatever assets they may have in home ownership late in life and people who had never owned a home are unlikely to change later in life. While eventually younger age groups may enter the market, it is after they have decided to settle into a community; meanwhile they tend to want to keep their options flexible. This would be especially true for the large number of college age households in the Goleta Valley. Finally, a more diverse group are single person households in the in between age groups. While many of these households may be prospective buyers this group would also include a large number of people for whom home ownership may have little appeal. These people may also be the ones most easily deterred from competing in a high price home market, especially in comparison to family households seeking to build equity for the future. Table 8 compares the number of people in these various groups between areas. If the people in households with the head between the ages of 25 and 55 (and married couples younger than 24) were considered the prime prospective home owners,¹² the Goleta Valley has a relatively low proportion of these people compared to the averages of places presented. In the Goleta CDP only about one out of ten people are in this group, while the State average is about one out of five. The County as a whole also has a relatively low proportion while the Santa Barbara area as a whole is about average for California.

¹¹ Santa Barbara and Carpinteria County Census Districts combined.

¹² While there certainly would be a few people in these age groups that would be potential home buyers, there would also be people in the other age groups who would not be.

Table 8

Analysis of Number of First Time Home Buyers	United States	California	Santa Barbara County, California	Santa Barbara CCD, Santa Barbara County, California	Goleta CDP, California	Santa Barbara city, California
			136,622	66,655	19,860	5,156
All Households	105,480,101	11,502,870	136,622	66,655	19,860	5,156
Owners	86,921,447	9,314,576	117,244	53,756	17,857	28,756
Renters; Not Likely to be Buyers*	18,558,654	2,188,294	19,378	12,899	2,003	6,950
Renters; Potential First Time Buyers	17,104,934	2,768,339	40,665	20,333	4,079	13,790
Percent of Total Households Not in First Time Market	82.4%	81.0%	85.8%	80.6%	89.9%	80.5%
Percent of Total Households in First Time Market	17.6%	19.0%	14.2%	19.4%	10.1%	19.5%

* Defined as renting households with head over 55 years old and all households with heads between the ages of 15 and 24 except amrried couples

** Balance of renting households

For these one out of ten households, the escalating home prices pose a significant barrier to home ownership. At the time of the US Census even homes at the lower quartile in the City would have been difficult to afford for a renter with no built up assets with the median income to afford. One rule of thumb to test whether a household can afford a home is to multiply the annual income by 3.5. If the home is within this amount it can be considered affordable for that House hold. The median income in the Goleta Valley in 2000 was 60,314 and the lower quartile value was \$339,000, well above the \$211,099 that would make the home affordable. However the County lower quartile value, which includes homes both in the Goleta area and within commuting range would be affordable for that family at \$157,600. Affordable homes could also be found in the Venture area, which had lower quartile values of 205,000.¹³

Since the 2000 Census home prices have continued to escalate. The California Association of Realtors reported that in April of 2004 the median value for the County was \$385,000 while for the Goleta Area it was \$600,000. If the same relationship still exists between the median home and the lower quartile then the current lower quartile value for the county would be \$207,000 and for the Goleta area it would be \$477,000. While the Goleta Valley lower quartile home became even more out of reach for renting median income households, the county values are still potentially in reach.

¹³ Ventura County Census Division.
City of Goleta, California

HIGH LONG DISTANCE COMMUTING

High housing prices can lead as noted above to long distance commuting.

Commuting patterns are very clear at the county level, according to the Census. Recent Census reports provide detailed data regarding inter county commuting patterns. By identifying where people go to work, the Census also reports the total number of jobs in the county as well as the total number of labor force participants that reside in the county. According to the Census, 10.6% (20,036) of the workers in the county commute in from another county. However, about 5.9% (10,581) commute out of the county. Consequently the **net** in commute to the county is only about 5% consisting of 9,455 workers, about 5% of the total jobs in the county.¹⁴ Interestingly there were more unemployed people in the county reported by the Census.13,004. Consequently, the number of resident labor force participants exceeded the number of located jobs in the county.¹⁵

The picture is less clear at the sub-regional level. Commuting patterns between the north and south parts of the County can only be estimated since the Census has not reported commuting patterns at the intra-county level. Such an estimate can be made through the process of elimination:

- As noted the Census reports commuting from the south and the number of workers who reside on the South Coast. From the data above approximately 10,800 of the in commuters commute into the county from the south. Most if not all of these commuters would be going to South Coast job sites.¹⁶
- The Census reports how many workers live on the South Coast, 101,270.
- The UCSB Economic Forecast project reports the number of people who are employed in wage and salary jobs on the South Coast and the County as a whole, 105,168 and 179,500

¹⁴ These numbers are reported on the SBCAG WEB site.

¹⁵ This indicates that there are enough housing units to accommodate the number of workers needed to fill all of the jobs located in the county. Since this is the usual definition of jobs housing balance, there is no imbalance at the County level as is commonly believed.

¹⁶ Another 4,008 commute out of the area to the south, leaving a net in commute from the south into the South Coast area of 9,405.

- The commuter data from the Census reports how many jobs are in the County, 188,900.¹⁷
- Adjusting UCSB's reported wage and salary workers by the Census data gives an estimate of total jobs located on the South Coast, 110,675.¹⁸
- Subtracting the number of workers who live on the South Coast from the number of workers who work on the South Coast yields 9405 net in-commuters.

Table 9

ESTIMATE OF SOUTH COAST COMMUTING PATTERNS BASED ON SBCAG AND UCSB DATA

	Into South Coast	Out of South Coast	Net
Commuters from the South	10,806	4,008	6,798
Ventura County	9,009	2,419	6,590
Los Angeles County	1,797	1,589	208
From the North	4,145	1,537	2,607
Total Commuters	14,951	5,545	9,405
Live and Work on South Coast	95,725	95,725	0

	By Where Workers Work	By Where Workers Live	Net Imbalance
Total	110,675	101,270	9,405
Net Imbalance as a Percent of Total	8%	9%	
Unemployed People on the South Coast		6,682	

Shaded Data From Census via SBCAG

Italics is estimated from comparing UCSB EFP Estimates to Census as Follows:

<i>UCSB Reports Total Employment by Place of Work For South County at:</i>	105,168
<i>UCSB Reports Total Employment by Place of Work For County at:</i>	179,500
<i>Census Reports by Place of Work For County at</i>	188,900
<i>Ratio Census/UCSB for County</i>	1.052
<i>Revised UCSB South Coast to Match Census</i>	110,675

Bold is estimated by same portions as coming into area from south

Bordered Data from US Census of Population

Remainder of Sheet Above is Calculated

¹⁷ Adding up all of the people who commute to a job in the County including the people who live in the County.

¹⁸ Since UCSB and the Census do not define workers the same an adjustment to the UCSB number is needed. The adjustment can be made based on the relationship between the census reported jobs in the county and UCSB's countywide number.

- Since there are 6,798 net in-commuters from the south, there would be 2,607 from the north.
- If in-commuters and out-commuters to and from the north followed the same distribution as those from the south, there would be 4,145 in-commuters from the North.

Table 9 presents these calculations.

As noted about 14,951 (14%) of the area's workforce commuted long distance into the south coast while approximately 5,545 commuted out for a net in commute of 9,405.

Another important source of data regarding commuting patterns into the south coast is traffic counts during the AM peak. The SBCAG Congestion Management Program Report¹⁹ reports a peak hour volume of 2,816 vehicles crossing into Santa Barbara County from Ventura at the Ventura County line on Route 101 in the AM peak, and a volume of 1,758 south (east) bound on Route 101 at El Capitan Beach.²⁰

Much higher numbers of long distance commuters, as high as 30% of the South Coast work force, has been reported in various documents citing work force surveys.²¹ Such high numbers are very difficult to reconcile with both the Census data and traffic data reported here. At least one major employer UCSB, using zip code data from payroll records report about 8% of their employees to be long distance commuters. If these other surveys are valid for those firms surveyed, there must be significant variation between employers.

A frequent problem associated with the affordability gap is that the high price of homes makes it difficult for employers to recruit new employees to that area. The problem is probably most acute for younger segments of the prospective workforce who may not have already started building equity and less significant when recruiting people who may have already built up equity in other high housing price areas.

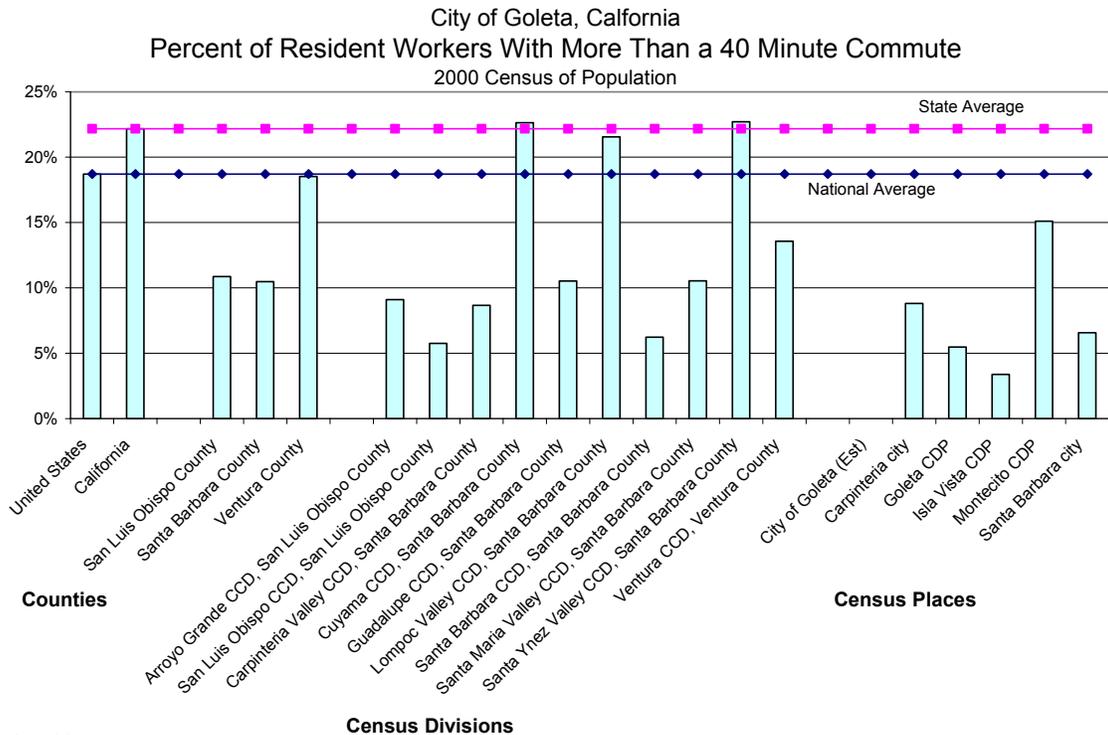
While ideally people should be able to find affordable housing near there work places and the availability of such homes would reduce the need for such commuting, commuting the distances that would be required to reach more affordable housing is not uncommon in the United States and California. Almost

¹⁹ SBCAG, Congestion Management Program, Santa Barbara County, Biennial Update, November 20, 2003, page III-15.

²⁰ By using factors from general work force commuting patterns, it is possible to relate these peak hour traffic numbers to the estimates made here. But would be very difficult to relate much higher numbers to these volumes.

²¹ Goleta Housing Leadership Council, The Face of the Housing Crisis, A Profile of Goleta's Community Housing Needs, October 2003, page 19.

one out of five workers (19%) in the United States and 22% in California commute over 40 minutes one way to work. In Southern California high commute times are common—27% of the workers who reside in Riverside County commute more than 40 minutes, 25% in Los Angeles, and 21% in Orange County. The primary reason for such commutes is generally believed to be the need for people to find housing at affordable prices. Consequently prospective employees are likely to encounter similar housing affordability vs. commute choices in many other employment situations.²² The percent of workers who reside in Lompoc and the Santa Ynez Valley are similar to the state averages at 22% and 23% respectively of the workers in these areas commuting more than 40 minutes. The Figure below presents the commuting pattern for areas on the central coast (it should be noted that most of the commuting from Ventura County is to Los Angeles County; 68,505 commuters compared to 9,009 to Santa Barbara County).



As noted above, such longer range commuting may not be the permanent solution. As equity and incomes rise, these new employees may be able to bridge the affordability gap in the area.

Although the housing affordability is a significant problem that could lead to long range commuting, this potential problem does not seem to have resulted in as much long range commuting as commonly believed.

²² It might be noted to prospective employees that the Santa Barbara commute is probably one of the most beautiful in the world.