

Table VII

Housing Units Authorized by Building Permits
Santa Barbara, California, HMA, 1960-1969

Year	Santa Barbara HMA			Santa Barbara Submarket			Santa Maria-Lompoc Submarket		
	Total	Single-family	Multifamily	Total	Single-family	Multifamily	Total	Single-family	Multifamily
1960	3,784	2,988	796	2,560	1,844	716	1,224	1,144	80
1961	5,808	4,350	1,458 ^{a/}	2,344	1,203	1,141 ^{a/}	3,464	3,147	317 ^{a/}
1962	7,689	4,927	2,762	3,160	1,791	1,369	4,529	3,136	1,393
1963	6,447	3,321 ^{b/}	3,126 ^{c/}	4,707	2,108 ^{b/}	2,599 ^{c/}	1,740	1,213	527 ^{c/}
1964	2,988	1,279 ^{d/}	1,709 ^{e/}	2,384	989	1,395	604	290 ^{d/}	314 ^{e/}
1965	3,338	1,021	2,317	3,036	754	2,282	302	267	35
1966	1,591	842	749 ^{f/}	1,234	649	585	357	193	164 ^{f/}
1967	1,612	653 ^{g/}	959	1,399	442 ^{g/}	957	213	211	2
1968	2,057	823	1,234	1,897	668	1,229	160	155	5
<u>First nine months</u>									
1968	1,573	631	942	1,446	509	937	127	122	5
1969	1,643	708	935 ^{h/}	1,457	594	863	186	114	72 ^{h/}

^{a/} Includes 300 units of public housing; 250 in the Santa Barbara submarket and 50 in the Santa Maria-Lompoc submarket.

^{b/} Includes 3 units of public housing.

^{c/} Included 8 units of public housing; 4 in the Santa Barbara submarket and 4 in the Santa Maria-Lompoc submarket.

^{d/} Includes 3 units of public housing.

^{e/} Includes 20 units of public housing.

^{f/} Includes 150 units of public housing.

^{g/} Includes 8 units of public housing.

^{h/} Includes 66 units of public housing.

Sources: U.S. Bureau of the Census and local permit-issuing places.

Table VIII

Components of Housing Inventory
Santa Barbara, California, HMA
April 1, 1960 - December 1, 1969

<u>Component</u>	<u>Santa Barbara HMA</u>	<u>Santa Barbara Submarket</u>	<u>Santa Maria-Lompoc Submarket</u>
<u>April 1, 1960</u>			
Total housing inventory	<u>57,290</u>	<u>34,185</u>	<u>23,105</u>
Total occupied units	<u>52,021</u>	<u>31,602</u>	<u>20,419</u>
Owner-occupied	29,125	18,394	10,731
Percent	56.0	58.3	52.6
Renter-occupied	22,896	13,208	9,688
Percent	44.0	41.7	47.4
Total vacant units	<u>5,269</u>	<u>2,583</u>	<u>2,686</u>
Available vacant	<u>3,220</u>	<u>1,479</u>	<u>1,741</u>
For sale	1,423	344	1,079
Homeowner vacancy rate	4.7%	1.8%	9.1%
For rent	1,797	1,135	662
Rental vacancy rate	7.3%	7.9%	6.4%
Other vacant ^{a/}	2,049	1,104	945
<u>December 1, 1967</u>			
Total housing inventory	<u>87,900</u>	<u>53,000</u>	<u>34,900</u>
Total occupied units	<u>80,800</u>	<u>49,500</u>	<u>31,300</u>
Owner-occupied	46,600	27,000	19,600
Percent	57.7	54.5	62.6
Renter-occupied	34,200	22,500	11,700
Percent	42.3	45.5	37.4
Total vacant units	<u>7,100</u>	<u>3,500</u>	<u>3,600</u>
Available vacant	<u>4,800</u>	<u>2,200</u>	<u>2,600</u>
For sale	1,900	500	1,400
Homeowner vacancy rate	3.9%	1.8%	6.7%
For rent	2,900	1,700	1,200
Rental vacancy rate	7.8%	7.0%	9.3%
Other vacant ^{a/}	2,300	1,300	1,000
<u>December 1, 1969</u>			
Total housing inventory	<u>91,000</u>	<u>56,000</u>	<u>35,000</u>
Total occupied units	<u>85,400</u>	<u>53,200</u>	<u>32,200</u>
Owner-occupied	48,800	28,300	20,500
Percent	57.1	53.2	63.7
Renter-occupied	36,600	24,900	11,700
Percent	42.9	46.8	36.3
Total vacant units	<u>5,600</u>	<u>2,800</u>	<u>2,800</u>
Available vacant	<u>3,300</u>	<u>1,700</u>	<u>1,600</u>
For sale	900	400	500
Homeowner vacancy rate	1.8%	1.4%	2.4%
For rent	2,400	1,300	1,100
Rental vacancy rate	6.2%	5.0%	8.6%
Other vacant ^{a/}	2,300	1,100	1,200

^{a/} Includes dilapidated units, seasonal units, units rented or sold and awaiting occupancy, and units held off the market for absentee owners or other reasons.

Sources: 1960 Census of Housing; 1967 and 1969 estimated by Housing Market Analyst.

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Table V

Estimated Percentage Distribution of All Families and Renter Households^{a/}
By Annual Income, After Deduction of Federal Income Tax
Santa Barbara, California, HMA, 1967 and 1969

Income	Santa Barbara HMA				Santa Barbara Submarket				Santa Maria-Lompoc Submarket			
	1967		1969		1967		1969		1967		1969	
	All Families	Renter house-holds	All Families	Renter house-holds	All Families	Renter house-holds	All Families	Renter house-holds	All Families	Renter house-holds	All Families	Renter house-holds
Under \$3,000	5	8	4	6	8	10	6	9	4	7	2	5
\$3,000 - 3,999	5	6	4	6	3	6	4	5	4	6	4	6
4,000 - 4,999	6	8	5	8	5	7	5	7	6	8	6	8
5,000 - 5,999	8	9	7	8	7	8	5	7	7	9	7	8
6,000 - 6,999	10	9	6	10	7	10	7	9	7	9	6	8
7,000 - 7,999	9	9	8	8	8	9	7	9	8	10	7	9
8,000 - 8,999	7	9	9	8	9	9	9	9	9	8	8	9
9,000 - 9,999	8	9	7	8	8	8	8	8	8	8	9	8
10,000 - 12,499	13	14	17	15	16	13	17	15	17	18	18	19
12,500 - 14,999	10	9	12	11	10	10	11	10	13	11	14	13
15,000 - 19,999	12	8	12	9	11	5	12	6	12	4	13	4
20,000 - 24,999	5	(	6	(	4	3	4	3	3	(	3	(
25,000 and over	2	(2	3	(	4	2	5	3	2	(	3	(
Total	100	100	100	100	100	100	100	100	100	100	100	100
Median: \$9,475	\$8,100	\$9,975	\$8,550	\$9,350	\$8,025	\$9,850	\$8,450	\$9,525	\$8,175	\$10,050	\$8,650	

^{a/} Excludes one person renter households.

Source: Estimated by Housing Market Analyst.

Table VI

Population and Household Trends
Santa Barbara, California HMA
April 1, 1960-December 1, 1971

Component	April 1, 1960	December 1, 1967	December 1, 1969	December 1, 1971	Average annual change					
					1960-1967	1967-1969	1969-1971	1960-1967	1967-1969	1969-1971
					Number a/	Rate b/	Number a/	Rate b/	Number a/	Rate b/
<u>Population</u>										
Santa Barbara HMA	168,962	251,600	261,800	270,300	10,800	5.2	5,100	2.0	4,250	1.6
Santa Barbara Submarket	94,628	140,200	150,600	160,800	5,950	5.1	5,200	3.5	5,100	3.3
Santa Maria-Lompoc Submarket	74,334	111,400	111,200	109,500	4,850	5.3	-100	-0.1	-850	-0.8
Military c/	37,500	55,000	49,500	44,500	2,300	5.0	-2,750	-5.3	-2,500	-5.3
Nonmilitary	36,834	56,400	61,700	65,000	2,550	5.5	2,650	4.5	1,650	2.6
<u>Households</u>										
Santa Barbara HMA	52,021	80,800	85,400	89,500	3,750	5.7	2,300	2.7	2,050	2.4
Santa Barbara Submarket	31,602	49,500	53,200	57,000	2,350	5.8	1,850	3.6	1,900	3.4
Santa Maria-Lompoc Submarket	20,419	31,300	32,200	32,500	1,400	5.6	450	1.4	150	0.5
Military d/	8,900	13,000	11,800	10,600	525	5.0	-600	-4.9	-600	-5.3
Nonmilitary	11,519	18,300	20,400	21,900	875	6.0	1,050	5.4	750	3.5

a/ Rounded.

b/ Derived through the use of a formula designed to calculate the percentage rate of change on a compound basis.

c/ Includes uniformed military personnel and their dependents, and civilian employees working at Vandenberg AFB and their dependents.

d/ Includes households with uniformed military or military-connected civilian heads.

Sources: 1960 Censuses of Population and Housing; 1967, 1969, and 1971 estimates by Housing Market Analyst.

Table I

Annual Demand for New Nonsubsidized Housing
Santa Barbara, California, HMA
December 1, 1969 - December 1, 1971

(A) Single-family^{a/}

<u>Sales Price</u>	<u>Number of units</u>	<u>Percent of total</u>
Under \$20,000	100	13
\$20,000 - 24,999	225	28
25,000 - 29,999	225	28
30,000 - 34,999	100	13
35,000 - 39,999	75	9
40,000 and over	75	9
Total	800	100

(B) Multifamily^{b/}

<u>Gross monthly rent</u> ^{c/}	<u>Unit Size</u>			
	<u>Efficiency</u>	<u>One bedroom</u>	<u>Two bedrooms</u>	<u>Three bedrooms</u>
\$130-149	95	-	-	-
150-169	35	-	-	-
170-189	15	195	-	-
190-209	5	210	110	-
210-229	-	90	140	10
230-249	-	40	100	20
250 and over	-	25	80	30
Total	150	560	430	60

a/ Virtually all of the single-family demand is in the Santa Barbara submarket; there will be a limited demand, however, in the Santa Maria-Lompoc submarket for pre-determined owner occupants.

b/ Because of excess rental vacancy levels present in the Santa Maria-Lompoc area no multifamily demand is indicated for this portion of the HMA.

c/ Gross monthly rent is shelter rent plus the cost of utilities.

Source: Estimated by Housing Market Analyst.

Table II

Estimated Annual Occupancy Potential for Subsidized Housing
Santa Barbara, California, HMA (Santa Barbara Submarket)
December 1, 1969 - December 1, 1971

A. Subsidized Sales Housing, Section 235

<u>Family size</u>	<u>Number of units^{a/}</u>
Four persons or less	110
Five persons or more	<u>65</u>
Total	175

B. Privately-financed Subsidized Rental Housing.

<u>Unit size</u>	<u>Rent-supplement</u>		<u>Section 236</u>	
	<u>Families^{b/}</u>	<u>Elderly^{c/}</u>	<u>Families</u>	<u>Elderly^{d/}</u>
Efficiency	-	210	-	65
One bedroom	5	25	25	25
Two bedrooms	5	-	75	-
Three bedrooms	5	-	50	-
Four or more bedrooms	<u>5</u>	<u>-</u>	<u>25</u>	<u>-</u>
Total	20	235	175	90

a/ All of the families eligible for 235 housing also are eligible for the Section 236 program, and vice versa, but the two are not additive. About 75 percent are eligible for Section 221(d)(3) housing. The estimates are based upon exception income limits established by legislative authority; under regular income limits the potential would be about 50 percent lower.

b/ An additional 15 units could be provided in the Santa Maria-Lompoc submarket.

c/ An additional 100 units could be provided in the Santa Maria-Lompoc submarket.

d/ An additional 40 units could be provided in the Santa Maria-Lompoc submarket. Application commitments and housing under construction under Section 202 are being converted in accordance with outstanding instructions.

Table III

Civilian Work Force Components
Santa Barbara, California, HMA
1963 - 1969

	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>12 months ending September</u>	
							<u>1968</u>	<u>1969</u>
Total civilian work force	<u>81,400</u>	<u>83,600</u>	<u>86,000</u>	<u>91,200</u>	<u>94,600</u>	<u>97,700</u>	<u>97,000</u>	<u>100,400</u>
Unemployment	<u>3,800</u>	<u>4,400</u>	<u>4,600</u>	<u>4,100</u>	<u>4,300</u>	<u>4,200</u>	<u>4,200</u>	<u>4,100</u>
Rate	4.7	5.3	5.3	4.5	4.5	4.3	4.3	4.1
Total employment <u>a/</u>	<u>77,600</u>	<u>79,200</u>	<u>81,400</u>	<u>87,100</u>	<u>90,300</u>	<u>93,500</u>	<u>92,800</u>	<u>96,300</u>
Agricultural employment	<u>4,300</u>	<u>4,300</u>	<u>4,100</u>	<u>4,500</u>	<u>5,100</u>	<u>5,600</u>	<u>5,500</u>	<u>5,800</u>
Nonagricultural employment	<u>73,300</u>	<u>74,900</u>	<u>77,300</u>	<u>82,600</u>	<u>85,200</u>	<u>87,900</u>	<u>87,300</u>	<u>90,500</u>
Manufacturing	<u>12,400</u>	<u>10,800</u>	<u>10,100</u>	<u>10,900</u>	<u>10,800</u>	<u>10,500</u>	<u>10,600</u>	<u>10,600</u>
Durable goods	<u>9,700</u>	<u>8,100</u>	<u>7,500</u>	<u>8,200</u>	<u>8,100</u>	<u>7,700</u>	<u>7,800</u>	<u>8,100</u>
Metals	400	200	200	300	200	400	300	500
Machinery	1,700	1,600	1,500	2,200	2,500	2,600	2,600	2,800
Ordinance and trans., equip.	6,100	4,600	4,000	3,800	3,400	3,000	3,100	2,900
Other durables <u>b/</u>	1,500	1,700	1,800	1,900	2,000	1,700	1,800	1,900
Nondurable goods	<u>2,700</u>	<u>2,700</u>	<u>2,600</u>	<u>2,700</u>	<u>2,700</u>	<u>2,800</u>	<u>2,800</u>	<u>2,500</u>
Food and kindred products	1,600	1,600	1,500	1,500	1,500	1,700	1,700	1,500
Paper, printing, and publish.	700	700	800	900	900	900	900	700
Other nondurables <u>c/</u>	400	400	300	300	300	200	200	300
Nonmanufacturing	<u>60,900</u>	<u>64,100</u>	<u>67,200</u>	<u>71,700</u>	<u>74,400</u>	<u>77,400</u>	<u>76,700</u>	<u>79,900</u>
Mining	900	900	1,000	1,200	1,100	900	900	900
Construction <u>d/</u>	6,500	5,900	5,300	4,800	4,500	4,600	4,500	5,000
Trans., comm., and util.	3,000	3,300	3,400	3,700	3,700	3,600	3,600	3,800
Trade	16,200	17,500	18,300	19,300	19,800	20,100	20,100	20,300
Fin., ins., and real estate <u>e/</u>	2,900	3,000	3,100	3,100	3,200	3,300	3,300	3,500
Services	19,100	20,300	21,300	23,000	23,900	25,100	24,900	25,900
Government <u>f/</u>	12,300	13,200	14,800	16,600	18,200	19,700	19,400	20,500

a/ Total employment includes wage and salary workers, self-employed, own-account, unpaid family, and domestic workers.

b/ Includes stone-clay-glass products, controlling instruments, and miscellaneous manufacturing.

c/ Includes petroleum refining, rubber and plastics, apparel, chemicals, and leather products.

d/ Includes employees of construction contractors and operative builders; excludes force account and government construction workers.

e/ Excludes employees of operative builders.

f/ Includes all civilian government employees regardless of the activity in which engaged.

Source: Department of Employment, State of California.

Table IV

Military, Civil Service, and Contractor Personnel Strength
Vandenberg Air Force Base, California
June 30, 1966 - June 30, 1969

<u>Date</u>	<u>Total Military, Civil Service and Contractor Personnel</u>	<u>Assigned Military Personnel</u>	<u>Civil Service Civilian Employees</u>	<u>Contractor Personnel</u>
June 30, 1966	18,716	8,822	1,947	7,947
June 30, 1967	17,577	8,605	2,292	6,680
June 30, 1968	16,779	8,417	2,198	6,164
June 30, 1969	15,231	7,311	2,093	5,827

Source: Department of Defense and Vandenberg AFB.

Based on the prospects of economic growth; it is estimated that the population of the HMA will increase by an average of 4,250 persons annually during the next two years, reaching a level of 270,300 by December 1, 1971. Virtually all of the population growth for the HMA is expected to occur in the Santa Barbara submarket. A decline of about 850 persons annually is anticipated during the next two years in the Santa Maria-Lompoc area; an expected nonmilitary-connected population gain of 7,650 persons annually is likely to be offset by annual reductions in the military and military-connected population (the growth in the nonmilitary-connected population during the next two years represents a continuation of the trend evidenced during the December 1967-December 1969 period).

There were about 85,400 households in the Santa Barbara HMA as of December 1, 1969, an average annual increase of 2,300 since December 1967. Largely because of reduced levels of in-migration to the Santa Barbara submarket and because of the significant out-migration of military and military-connected households^{1/} in the Santa Maria-Lompoc area, growth in households during the last two years was significantly below the April 1960 - December 1967 average of 3,750 households annually. There were approximately 53,200 households in the Santa Barbara submarket in December 1969, compared with 49,500 two years earlier. Of the 32,200 households in the Santa Maria-Lompoc area in December 1969, 11,800 were military or military-connected. In December 1967, there were 31,300 households in the Santa Maria-Lompoc submarket, of which 13,000 were military or military-connected.

During the period between December 1, 1969 and December 1, 1971, the number of households in the HMA is expected to increase by an average of 2,050 annually. Approximately 1,900 households a year are expected to be formed in the Santa Barbara submarket and 150 a year in the Santa Maria-Lompoc area. The increase in the number of households in the Santa Maria-Lompoc submarket is due to an expected annual addition of 750 nonmilitary-connected households, largely offset by an anticipated loss of 600 military and military-connected households a year. The net increase in the number of households with an anticipated decrease in the total population of the submarket is caused by the formation of nonmilitary-connected households of small average size.

Housing Inventory and Residential Construction Trends

As of December 1, 1969, there were approximately 91,000 housing units in the Santa Barbara HMA, reflecting an increase of 3,100 above the December 1, 1967 inventory of about 87,900 (see table VIII). The increase during the last two years resulted from the addition

^{1/} Includes households with uniformed military or military-connected civilian head.

of 3,475 units through new construction and conversions, and the loss of 375 units through demolition or other causes. There were approximately 1,025 units under construction on December 1, 1969, including about 250 single-family units (200 in the Santa Barbara submarket and 50 in the Santa Maria-Lompoc submarket) and 775 units in multifamily structures (700 in the Santa Barbara submarket and 75 in the Santa Maria-Lompoc submarket). The December 1, 1969 inventory for the HMA included 56,000 housing units in the Santa Barbara submarket (an increase of 3,000 since December 1967) and 35,000 units in the Santa Maria-Lompoc submarket (a gain of 100 housing units since December 1967). Of the 35,000 housing units in the Santa Maria-Lompoc area, approximately 2,400 were located at Vandenberg AFB; these units included about 1,800 Capehart and 300 appropriated fund housing units and 300 owner-occupied trailers. In addition, there were about 200 off-base units under government leases; these are expected to be reduced as present occupants are re-assigned.

As measured by building permits issued, which cover the entire HMA, residential construction varied greatly from year to year throughout the 1960's (see table VII). Single-family construction fell to its lowest level of the 1960's in 1967, when only 653 units were authorized, but subsequently rose to 823 units in 1968. Multifamily housing units authorized dropped to 749 in 1966, the lowest level for the 1960's, but rose to 959 in 1967 and to 1,234 in 1968. In general, residential construction in the HMA has increased each year since 1966; the total number of units authorized rose from 1,591 in 1966 to 1,612 in 1967 and 2,057 in 1968. During the first nine months of 1969 authorizations in the HMA totaled 1,643 units, compared with a total of 1,573 units authorized during the first nine months of 1968. The moderate increase in construction volume since 1966 has been concentrated in the Santa Barbara portion of the HMA. Generally, because of reduced rates of population and household growth in the Santa Maria-Lompoc area, construction activity in that submarket has been nominal, decreasing from 357 units in 1966 to 213 units in 1967 and to 160 units in 1968.

Vacancy. Vacancies have declined in the Santa Barbara HMA during the past two years (see table VIII). There were 5,600 vacant housing units in the HMA as of December 1, 1969; 900 units were available for sale, 2,400 units were available for rent, and 2,300 units were either unsuitable or unavailable. The current available vacant sales and rental units represent vacancy ratios of 1.8 percent and 6.2 percent, respectively, compared with corresponding ratios of 3.9 percent and 7.8 percent in December 1967. December 1969 sales vacancy levels in the Santa Barbara submarket and in the Santa Maria-Lompoc area were 1.4 percent and 2.4 percent, respectively. Rental vacancy levels in December 1969 were 5.0 percent in the Santa Barbara submarket and 8.6 percent in the Santa Maria-Lompoc submarket.

report that occupancy during the past year in their projects has averaged about 96 to 97 percent, and that most units have been rented soon after completion. Concentrations of apartments have been constructed in the city of Santa Barbara and in the Goleta Valley. Generally, new rental units in the city of Santa Barbara have attained successful occupancy levels after short periods of market exposure. Apartments constructed in the Goleta Valley after December 1967, typically have been garden and duplex units and have experienced good levels of absorption. Rental demand created by students enrolled at the University of California has been centered in the area of the Goleta Valley called "Isla Vista." Most apartments in this area were constructed prior to 1967. The one- and two-bedroom units with kitchen facilities have evidenced high occupancy levels; however, private dormitories, with charges for both room and board amounting to about \$1,200 per academic year per student, have experienced relatively poor levels of absorption.

The market for rental units in the Santa Maria-Lompoc submarket is weaker than in the Santa Barbara portion of the county. However, sharp reduction of multifamily construction in the Santa Maria-Lompoc area, beginning in 1964, has continued and some strengthening of the market has occurred. Rental vacancy levels have been reduced from the 1967 level of 9.3 percent to a December 1969 rate of 8.6 percent, indicating a continuing over-supply of multifamily units. Major apartment concentrations near Vandenberg AFB and in the city of Lompoc have been seriously affected by a reduction in the military, civil service, and contractor personnel strength at the base during the last two years. Apartment managers in these areas report that occupancy during the past year has averaged only about 85 percent. Rental units in the city of Santa Maria have been absorbed more readily, primarily because of newly-formed households and in-migration of nonmilitary-connected families who, typically, have been in the market for rental housing.

Apartments in the Santa Maria-Lompoc area are generally garden-type structures with gross monthly rents starting at \$150 for one-bedroom units to \$180 for two-bedroom units. Most apartment units, constructed during the 1958-1963 period, offer few amenities.

Economic, Demographic, and Housing Factors

The estimated demand for 2,000 new nonsubsidized housing units a year is based on the trends in employment, income, population, and housing factors summarized below.

Employment. Total nonagricultural employment averaged 90,500 during the twelve-month period ending September 1969, reflecting an increase of 3,200 over the average recorded for the twelve-month period ending in September 1968 (see table III). Nonmanufacturing

employment accounted for all of the increase between these two periods. The gain in nonmanufacturing occurred mainly in state and local government (1,100) services (1,000), and construction (500).

Nonagricultural employment increased substantially during the 1958-1963 period, increasing by an average of about 5,900 annually. The formation of Vandenberg AFB, substantial growth at the University of California, and increased tourism accounted for much of this growth. Since 1963, however, employment increases have been moderate compared with the previous five-year period. Increases equalled only 1,600 between 1963 and 1964 and 2,400 between 1964 and 1965. Between 1966 and 1967 and between 1967 and 1968 nonagricultural employment increased by 2,600 and 2,700 respectively.

During the 1963-1968 period, virtually all of the increment in nonagricultural employment occurred in the nonmanufacturing sector of the economy, which increased by 16,500 (27 percent). Principal increases occurred in government (7,400), services (6,100), and trade (3,900).

Manufacturing activities decreased in importance between 1963 and 1968, primarily as a result of a loss of 3,100 manufacturing jobs in ordnance and transportation equipment. The only activity in manufacturing employment to increase appreciably during the five-year period was the machinery industry which recorded a gain of 900.

Military. There is one major defense installation in the Santa Barbara HMA, Vandenberg AFB located in the Santa Maria-Lompoc submarket. As of June 30, 1969, the assigned military strength of the base was approximately 7,300, compared with 8,600 in June 1967. Civil service civilian employees totalled about 2,100 as of June 30, 1969, compared with the June 30, 1967 level of about 2,300. Contractor personnel located at Vandenberg AFB totalled about 5,825 as of June 30, 1969, compared with a total of 6,680 in June 1967 (see table IV). Based on an announcement by the Department of Defense in November 1969, the military and civil service personnel strength at Vandenberg AFB is expected to decrease by about 1,500 during the first few months of 1970; contractor personnel strength is expected to remain at its present level.

Outlook. During the next two years, nonagricultural employment is expected to increase by an average of 3,200 workers annually, primarily in the Santa Barbara submarket. About 90 percent of the increase will be concentrated in the nonmanufacturing sector of

the economy. Principal employment increments in this sector are expected to occur in services and state and local government. Primarily because of a cutback in the operations at Vandenberg AFB, federal government employment is expected to decline by about five percent annually during the next two years. Manufacturing employment in the HMA is anticipated to increase by about 300 workers a year during the period from December 1, 1969 to December 1, 1971. The most significant increase should occur in the machinery industry. Employment increments in this category are expected to result from the establishment of a new electronics industry in the Santa Barbara portion of the HMA.

Income. In December 1969, the median annual income of all families (including military) in the Santa Barbara HMA was about \$9,975, after deduction of federal income taxes. The median after-tax income of renter households of two or more persons (including military) was \$8,550 a year. The 1969 median after-tax incomes compare with the December 1967 median incomes of \$9,475 for all families and \$8,100 for renter households of two or more persons. Detailed distributions of all families and renter households by 1967 and 1969 income classes are presented for the major submarkets of the HMA in table V.

Population and Households. As of December 1, 1969, the population of the Santa Barbara HMA was approximately 261,800, reflecting an average annual increase of 5,100 since December 1967 (see table VI). Decreased levels of in-migration in the Santa Barbara submarket together with a substantial out-migration of the military-connected population^{1/} in the Santa Maria-Lompoc area have resulted in an annual population gain substantially below the average of 10,800 persons a year during the April 1960 - December 1967 period.

All of the population growth since December 1967 has occurred in the Santa Barbara submarket. The total population of this area was approximately 150,600 as of December 1969, indicating an average increase of 5,200 persons a year, slightly below the average annual increase of 5,950 persons between 1960 and 1967.

Due to an annual increase of about 2,650 nonmilitary-connected persons and an estimated loss of 2,750 military and military-connected persons a year, the population of the Santa Maria-Lompoc submarket decreased by about 100 persons annually during the past two years, compared with an average gain of 4,850 persons a year between 1960 and 1967. The total population of the submarket in December 1969 was approximately 111,200, compared with the December 1967 population of 111,400. The total military and military-connected population of the submarket was about 49,500 compared with 55,000 two years earlier.

^{1/} Includes uniformed military personnel and their dependents, and civilian employees working at Vandenberg AFB and their dependents.

of the relatively high number of vacant units in the lower price ranges, no potential for Section 221(d)(3) housing is anticipated in the Santa Maria-Lompoc submarket. To date, no housing has been produced in the HMA under this program.

Rent-Supplement Housing. The annual occupancy potential for rent-supplement units in the Santa Barbara submarket between December 1, 1969 and December 1, 1971 is estimated at 20 units for families and an additional 235 units for elderly individuals and couples. In addition, approximately 15 units for families and 100 units for elderly individuals and couples probably could be provided annually with rent-supplements in the Santa Maria-Lompoc submarket. Generally, families and individuals eligible for rent-supplements also are eligible for public low-rent housing. Approximately 30 percent of the total families and 20 percent of the total elderly individuals and couples eligible under rent-supplement housing also are eligible for Section 236 housing; the estimates for these programs are not additive. There has been no housing constructed in the HMA under the rent-supplement program.

Section 235, Sales Housing. Sales housing could be provided for low to moderate income families under Section 235. Utilizing exception income limits, it is estimated that there is an annual occupancy potential for 175 units under the provisions of Section 235 in the Santa Barbara submarket; utilizing regular income limits the potential would be about 50 percent lower. Because of the depressed housing market in the Santa Maria-Lompoc submarket, there remains a substantial supply of low-cost housing. The addition of any new housing in the lower price ranges would significantly hamper the restoration of the balance in the supply and demand forces in the housing market. Consequently, no potential for subsidized housing under the provisions of Section 235 is indicated for the Santa Maria-Lompoc submarket during the next two years.

All of the families in the potential for Section 235 also are part of the potential estimated below for Section 236 housing; the estimates for these programs are not additive. The extent to which the potential may be satisfied through new construction will depend on several factors, including the propensity for home ownership among eligible families and the availability of sites convenient to employment sources, transportation, and shopping facilities. No housing has been produced in either submarket under this program.

Section 236, Rental Housing. Utilizing exception income limits, the annual occupancy potential under Section 236 in the HMA is estimated at 305 units, including 175 units for families and 130 units for elderly individuals and couples. If regular income limits are used, the potential would be about 50 percent of the annual family potential and about 85 percent of the elderly potential.

The annual occupancy potential under Section 236 in the Santa Barbara submarket is roughly 175 units for families and 90 units for elderly individuals and couples. Approximately 40 units for elderly individuals and couples could be provided annually in the Santa Maria-Lompoc submarket if construction is of a specialized nature not served by the existing inventory. No family potential under Section 236 is indicated in the Santa Maria-Lompoc submarket primarily because of the substantial supply of low-rent housing units currently available for occupancy.

Approximately 75 percent of the total 236 potential could be accommodated in housing provided under Section 221(d)(3) BMIR. Although less than 5 percent of the families eligible under this program also are eligible for rent-supplements, about 50 percent of the elderly individuals and couples are eligible for rent-supplements. Because of identical income limits, families eligible under Section 236 also are eligible for Section 235 housing; the two are not additive. As of December 1, 1969, no housing had been constructed in the HMA under Section 236.

The Sales Market

The general condition of the sales market in the Santa Barbara HMA has improved during the past two years; however, there are distinct differences with respect to the submarket areas of the county.

The sales market in the Santa Barbara submarket has strengthened since December 1967; homeowner vacancy levels have been reduced (from 1.8 percent in 1967 to 1.4 percent in 1969), builders' unsold inventories are small, and the majority of used homes are selling after short periods of market exposure. A January 1969 unsold inventory survey conducted by the Los Angeles FHA Insuring Office indicates that 95 percent of new single-family houses completed in subdivisions with five or more completions during 1968 were sold before the end of the year, compared with only 75 percent in a similar survey covering houses built in 1967.

Most new construction in the Santa Barbara submarket is in the Goleta Valley. New houses in this area generally range in price from \$25,000 to \$30,000. There is a smaller volume of construction activity in the city of Carpinteria and a limited volume in the southernmost portion of the city of Santa Barbara; houses in these two areas are typically priced between \$20,000 and \$25,000. Except for the noted activity in the city of Santa Barbara, volume throughout the remainder of the city is constrained because of the lack of adequate land for any larger single-family development. Generally, the few homes that are built are constructed for pre-determined owners and are priced above \$50,000. Montecito, Hope Ranch and Riviera

are the only other areas of the submarket which have measurable construction activity; construction in these areas is limited to custom-built homes priced in excess of \$50,000.

Two condominium projects have been built in the city of Santa Barbara since 1967, both garden-type structures. Generally, because of the high price of these units (from \$25,000 to \$40,000) and because of the difficulty in obtaining adequate mortgage financing for prospective owners, successful sales levels have not been attained.

The market for new and existing sales housing in the Santa Maria-Lompoc portion of the HMA is soft. Although homeowner vacancy levels have been reduced during the past two years (from 6.7 percent in 1967 to 2.4 percent in 1969), there still exists an oversupply of housing units available for sale. Most of these units, built during the 1958-1963 period, are small, inexpensive, and offer few amenities. Some new construction has occurred since December 1967, but this activity typically is limited to houses for pre-determined owners. New sales housing of this type, located near the town of Orcutt, is usually priced above \$30,000. While demand for these units has been good over the past two years, it represents only a relatively small portion of total demand in the submarket.

The Rental Market

The rental market in the Santa Barbara HMA has strengthened somewhat since 1967, but the number of rental vacancies is still high--a rental vacancy rate of 6.2 percent was recorded in December 1969. The decline in the rental vacancy rate (from 7.8 percent in December 1967) was the result of an increase in the number of families seeking rental units and of continued low levels of construction in the Santa Maria-Lompoc submarket. As in the sales market, the condition of the rental market differs significantly between submarkets.

The rental market in the Santa Barbara submarket was in balance in December 1969. Rental vacancy levels have been reduced (from 7.0 percent in 1967 to 5.0 percent in 1969), the small surplus of vacant rental units that existed in December 1967 has been absorbed, and construction volume has increased during the past two years. New units have been filled readily and older units have maintained high occupancy.

New projects in moderate rent ranges have been very successful in the Santa Barbara submarket. The most recent additions to the rental inventory typically have been in garden and duplex apartments of one- and two-bedroom units with gross rents starting at about \$170 and \$190, respectively. The major property management firms

FHA HOUSING MARKET ANALYSIS-SANTA BARBARA, CALIFORNIA
AS of DECEMBER 1, 1969^{1/}

The Santa Barbara, California, Housing Market Area (HMA) is defined as Santa Barbara County, and is coterminous with the Santa Barbara Standard Metropolitan Statistical Area (SMSA). The HMA is characterized by two major population concentrations, i.e., the Santa Barbara area, which includes the southeastern half of the county, and the Santa Maria-Lompoc area, which encompasses the northwestern half of the county. Because of the different economic forces and because of the distance between the two areas (approximately 70 miles), the HMA, as currently defined, has been divided into two submarkets: the Santa Barbara submarket with a December 1, 1969 population of 150,600 and the Santa Maria-Lompoc submarket with a population of 111,200.

The economy of the Santa Barbara HMA continues to be centered around the University of California in the Santa Barbara submarket and Vandenberg Air Force Base in the Santa Maria-Lompoc area. Moderate employment gains in the Santa Barbara submarket during the last two years together with the absorption of a small number of excess vacant units that existed in December 1967, have strengthened both the sales and rental markets in the southern segment of the HMA. Although the sales and rental markets have improved in the Santa Maria-Lompoc submarket since 1967, employment losses at Vandenberg AFB and subsequent population declines of military and military-connected persons have seriously restricted the achievement of a balanced market.

^{1/} Data in this analysis are supplementary to a previous FHA analysis of the area as of December 1, 1967. December 1, 1967 estimates have been revised where necessary to reflect new information.

Anticipated Housing Demand

Taking into consideration the projected expansion of the Santa Barbara economy during the next two years, current supply-demand relationships, and the anticipated loss of units through demolition and other causes, there will be a demand for about 2,000 new non-subsidized housing units a year during the period from December 1, 1969 to December 1, 1971. The most desirable supply-demand balance would be achieved if annual construction volume included about 800 single-family houses and 1,200 units in multifamily structures. Annual demand distributions for single-family houses by price classes and for multifamily units by gross monthly rents are shown in Table I.

Virtually all of the anticipated demand for both single-family houses and multifamily units will be in the Santa Barbara submarket of the HMA. There will be a limited demand in the Santa Maria-Lompoc submarket, however, for a few new houses by those families who wish to upgrade their housing standards and by new families coming into the area. That demand should be met only by construction for pre-determined owner-occupants. Due to the shortage of homes in the higher price ranges and the excess of vacant sales housing in the lower price levels, homes built by contract should range in price mainly above \$25,000. Based on the anticipated cutback of over 1,500 military and military-connected civilian employees at Vandenberg AFB during the next few months, speculative building should be avoided completely in the Santa Maria-Lompoc submarket until the economy has shown definite signs of recovery and absorption of existing excess vacant units takes place. Considering the rate at which new renter households will be formed during the next two years and the large number of available rental vacancies, no additional multifamily units are required in the Santa Maria-Lompoc area, except possibly for specialized markets not served by existing construction.

The projected annual volume of 2,000 new nonsubsidized housing units in the Santa Barbara submarket during the next two years is only slightly above the 1968 construction volume of 1,900 units. Anticipated employment increases during the next two years, concentrated in this portion of the HMA, together with a strengthening in both the sales and rental markets evidenced during the past two years, indicate that the market can continue to absorb the volume of construction indicated. However, absorption of new housing units should be observed constantly for signs of a slackening of market-ability.

Occupancy Potential for Subsidized Housing

Federal assistance in financing costs for new housing for low- or moderate-income families may be provided through four different programs administered by FHA--monthly rent-supplement payments,

principally in rental projects financed with market-interest-rate mortgages insured under Section 221(d)(3); partial payments for interest for home mortgages insured primarily under Section 235; partial payment for interest for project mortgages insured under Section 236; and below-market-interest-rate financing for project mortgages insured under Section 221(d)(3).

Household eligibility for federal subsidy programs is determined primarily by evidence that household or family income is below established limits. Some families may be alternatively eligible for assistance under one or more of these programs or under other assistance programs using federal or state support. Since the potential for each program is estimated separately, there is no attempt to eliminate the overlaps among program estimates. Accordingly, the occupancy potentials discussed for various programs are not additive. Furthermore, future approvals under each program should take into account any intervening approvals under other programs which serve the same requirements. The potentials^{1/} discussed in the following paragraphs reflect estimates adjusted for housing provided or under construction under alternative FHA or other programs.

The annual occupancy potentials for subsidized housing in FHA programs discussed below are based upon 1969 incomes, on the occupancy of substandard housing, on estimates of the elderly population, on December 1, 1969 income limits, and on available market experience.^{2/} The annual occupancy potentials by size of units required are shown in table II.

Section 221(d)(3) BMIR. If federal funds are available a total of 220 units of Section 221(d)(3) housing could be absorbed annually during the next two years in the Santa Barbara submarket.^{3/} Because

^{1/} The occupancy potentials referred to in this analysis have been calculated to reflect the capacity of the market in view of existing vacancy. The successful attainment of the calculated potential for subsidized housing may well depend upon construction in suitable accessible locations, as well as upon the distribution of rents and sales prices over the complete range attainable for housing under the specified programs.

^{2/} Families with incomes inadequate to purchase or rent nonsubsidized housing generally are eligible for one form or another of subsidized housing. However, little or no housing has been provided under some of the subsidized programs and absorption rates remain to be tested.

^{3/} At the present time, funds for allocations are available only from recaptures resulting from reductions, withdrawals, and cancellations of outstanding allocations.

FHA Housing Market Analysis
Santa Barbara, California, as of December 1, 1969

Foreword

This analysis has been prepared for the assistance and guidance of the Federal Housing Administration in its operations. The factual information, findings, and conclusions may be useful also to builders, mortgagees, and others concerned with local housing problems and trends. The analysis does not purport to make determinations with respect to the acceptability of any particular mortgage insurance proposals that may be under consideration in the subject locality.

The factual framework for this analysis was developed by the Field Market Analysis Service as thoroughly as possible on the basis of information available on the "as of" date from both local and national sources. Of course, estimates and judgments made on the basis of information available on the "as of" date may be modified considerably by subsequent market developments.

The prospective demand or occupancy potentials expressed in the analysis are based upon an evaluation of the factors available on the "as of" date. They cannot be construed as forecasts of building activity; rather, they express the prospective housing production which would maintain a reasonable balance in demand-supply relationships under conditions analyzed for the "as of" date.

Department of Housing and Urban Development
Federal Housing Administration
Field Market Analysis Service
Washington, D. C.

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Analysis of the
**SANTA BARBARA, CALIFORNIA
HOUSING MARKET**

as of December 1, 1969

**DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT**

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION
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March 1970

ANALYSIS OF THE
SANTA BARBARA, CALIFORNIA
HOUSING MARKET

AS OF DECEMBER 1, 1969

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Table VII

Santa Barbara, California, Area Postal Vacancy Survey

August 12-16, 1967

Postal area	Total residences and apartments						Residences						Apartments						House trailers		
	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant	
		All	%	Used	New			All	%	Used	New			All	%	Used	New			No.	%
The Survey Area Total	69,933	3,615	5.2	3,298	317	909	58,335	2,484	4.3	2,180	304	463	11,598	1,131	9.8	1,118	13	446	2,801	99	3.5
Santa Barbara	34,947	1,074	3.1	988	86	511	27,831	590	2.1	517	73	247	7,116	484	6.8	471	13	264	941	22	2.3
Main Office	9,767	325	3.3	322	3	55	6,309	99	1.6	97	2	1	3,458	226	6.5	225	1	54	-	-	-
Stations:																					
Milpas	11,741	376	3.2	346	30	57	9,856	248	2.5	218	30	57	1,885	128	6.8	128	-	-	196	10	5.1
San Roque	13,439	373	2.8	320	53	399	11,666	243	2.1	202	41	189	1,773	130	7.3	118	12	210	745	12	1.6
Other Cities and Towns	34,986	2,541	7.3	2,310	231	398	30,504	1,894	6.2	1,663	231	216	4,482	647	14.4	647	-	182	1,860	77	4.1
Carpinteria (9-6-67)	2,727	119	4.4	88	31	4	2,226	75	3.4	44	31	4	501	44	8.8	44	-	-	325	25	7.7
Goleta 1/	4,739	293	6.2	137	156	247	4,348	261	6.0	105	156	65	391 1/	32	8.2	32	-	182	291	1	0.3
Guadalupe	908	63	6.9	59	4	1	701	47	6.7	43	4	1	207	16	7.7	16	-	-	-	-	-
Lompoc	10,146	844	8.3	830	14	47	8,732	585	6.7	571	14	47	1,414	259	18.3	259	-	-	629	10	1.6
Santa Maria	15,399	1,186	7.7	1,160	26	91	13,519	899	6.6	873	26	91	1,880	287	15.3	287	-	-	573	29	5.1
Solvang (8-23-67)	1,067	36	3.4	36	-	8	978	27	2.8	27	-	8	89	9	10.1	9	-	-	42	12	28.6

1/ Apartment deliveries and vacancies on eight routes are excluded from the totals because of seasonal factors. These routes contained 4,508 possible deliveries to apartments, of which 3,184 (70.6 percent) were vacant. Most of these units will be occupied by university students soon after the start of the fall semester.

The distributions of total possible deliveries to residences, apartments and house trailers were estimated by the postal carriers. The data in this table, therefore, are not strictly comparable to the distribution of deliveries by structural type for surveys prior to 1966. The total possible deliveries for the total of residences, apartments and house trailers, however, are as recorded in official route records.

The survey covers dwelling units in residences, apartments, and house trailers, including military, institutional, public housing units, and units used only seasonally. The survey does not cover stores, offices, commercial hotels and motels, or dormitories; nor does it cover boarded-up residences or apartments that are not intended for occupancy.

The definitions of "residence" and "apartment" are those of the Post Office Department, i. e.: a residence represents one possible stop with one possible delivery on a carrier's route; an apartment represents one possible stop with more than one possible delivery.

Source: FHA postal vacancy survey conducted by collaborating postmaster(s).

Table VIII

Status of New House Completions in Selected Subdivisions^{a/}Santa Barbara, California, HMAAs of January 1965, January 1966, and January 1967

<u>Sales price</u>	<u>Total completions</u>	<u>Pre-sold</u>	<u>Speculative construction</u>			
			<u>Total</u>	<u>Sold</u>	<u>Unsold</u>	
					<u>Number</u>	<u>Percent</u>
<u>Houses completed in 1964, as of January 1, 1965</u>						
\$15,000 - \$17,499	136	-	136	105	31	23
17,500 - 19,999	341	-	341	257	84	25
20,000 - 24,999	606	-	606	529	77	13
25,000 - 29,999	353	-	353	202	151	43
30,000 - 34,999	98	-	98	86	12	12
35,000 and over	240	-	240	145	95	40
Total	1,774	-	1,774	1,324	450	25
<u>Houses completed in 1965, as of January 1, 1966</u>						
\$15,000 - \$17,499	-	-	-	-	-	-
17,500 - 19,999	167	-	167	137	30	18
20,000 - 24,999	97	-	97	52	45	46
25,000 - 29,999	63	-	63	52	11	18
30,000 - 34,999	90	-	90	60	30	33
35,000 and over	47	-	47	17	30	64
Total	464	-	464	318	146	31
<u>Houses completed in 1966, as of January 1, 1967</u>						
\$15,000 - \$17,499	-	-	-	-	-	-
17,500 - 19,999	35	-	35	32	3	9
20,000 - 24,999	215	-	215	146	69	32
25,000 - 29,999	169	-	169	141	28	17
30,000 - 34,999	103	-	103	84	19	18
35,000 and over	16	-	16	9	7	44
Total	538	-	538	412	126	23

^{a/} Selected subdivisions are those with five or more completions during the year.

Source: Unsold Inventory Surveys conducted by the Los Angeles, California, FHA Insuring Office.

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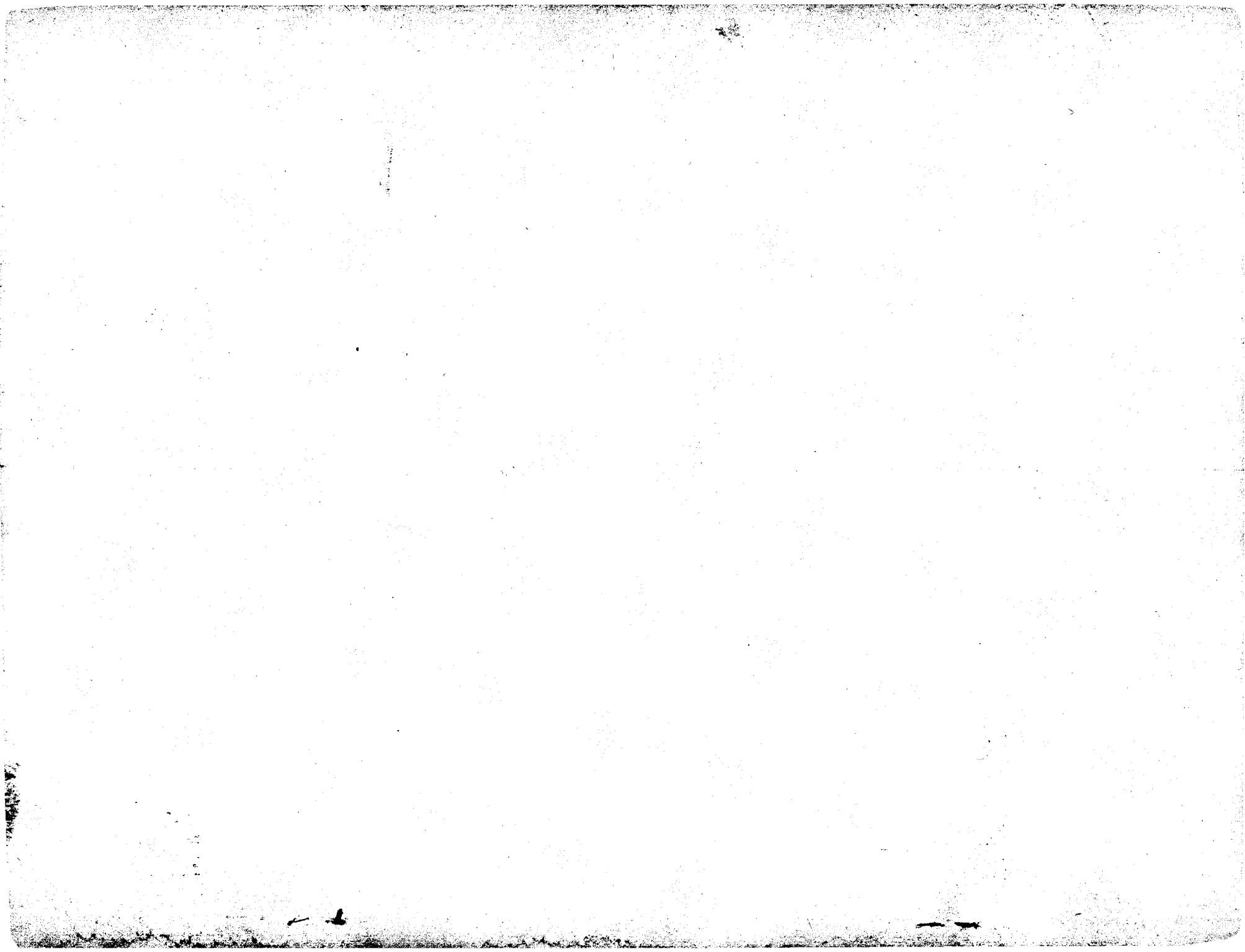


Table IV

Population, Household, and Household Size Trends
Santa Barbara, California, Housing Market Area
1950, 1960, and 1967

<u>Area</u>	<u>April 1, 1950</u>	<u>April 1, 1960</u>	<u>December 1, 1967</u>	<u>Average annual change</u>			
				<u>1950-1960</u>	<u>1960-1967</u>	<u>1950-1960</u>	<u>1960-1967</u>
				<u>Number^{a/}</u>	<u>Percent^{b/}</u>	<u>Number^{a/}</u>	<u>Percent^{b/}</u>
<u>Population Trends</u>							
HMA total	98,220	168,962	265,400	7,075	5.4	12,575	5.8
Santa Barbara submarket	63,981	94,628	149,500	3,075	3.9	7,150	5.9
Santa Maria-Lompoc submarket	34,239	74,334	115,900	4,000	7.8	5,425	5.8
<u>Household Trends</u>							
HMA total	30,586	52,021	82,900	2,150	5.3	4,025	6.0
Santa Barbara submarket	NA	31,602	50,800	NA	-	2,500	6.1
Santa Maria-Lompoc submarket	NA	20,419	32,100	NA	-	1,525	5.9
<u>Household Size Trends</u>							
HMA total	3.01	3.07	3.03	-	-	-	-
Santa Barbara submarket	NA	2.82	2.77	-	-	-	-
Santa Maria-Lompoc submarket	NA	3.46	3.45	-	-	-	-

a/ Rounded.

b/ See Appendix A, paragraph 2.

Sources: 1950 and 1960 Censuses of Population and Housing; estimates by the Santa Barbara County Planning Commission; and estimates by Housing Market Analyst.

Table V

The Housing Inventory by Occupancy and Tenure
Santa Barbara, California, Housing Market Area
1960 and 1967

	<u>April 1,</u> <u>1960</u>	<u>December 1,</u> <u>1967</u>
<u>HMA total</u>		
Housing inventory, total	57,290	90,200
Occupied	52,021	82,900
Owner-occupied	29,125	47,900
Percent	56.0	57.8
Renter-occupied	22,896	35,000
Percent	44.0	42.2
Vacant	5,269	7,300
Available	3,220	5,000
For sale	1,423	2,000
Homeowner vacancy rate	4.7%	4.0%
For rent	1,797	3,000
Renter vacancy rate	7.3%	7.9%
Other vacant	2,049	2,300
<u>Santa Barbara Submarket</u>		
Housing inventory, total	34,185	54,300
Occupied	31,602	50,800
Owner-occupied	18,394	27,800
Percent	58.3	54.7
Renter-occupied	13,208	23,000
Percent	41.7	45.3
Vacant	2,583	3,500
Available	1,479	2,200
For sale	344	500
Homeowner vacancy rate	1.8%	1.8%
For rent	1,135	1,700
Renter vacancy rate	7.9%	6.9%
Other vacant	1,104	1,300
<u>Santa Maria-Lompoc Submarket</u>		
Housing inventory, total	23,105	35,900
Occupied	20,419	32,100
Owner-occupied	10,731	20,100
Percent	52.6	62.6
Renter-occupied	9,688	12,000
Percent	47.4	37.4
Vacant	2,686	3,800
Available	1,741	2,800
For sale	1,079	1,500
Homeowner vacancy rate	9.1%	7.0%
For rent	662	1,300
Renter vacancy rate	6.4%	9.8%
Other vacant	945	1,000

Sources: 1960 Census of Housing.
1967 estimated by Housing Market Analyst.

Table VI

Privately-financed Housing Units Authorized by Building Permits
Santa Barbara, California, Housing Market Area
1958-1967

<u>Year</u>	<u>HMA Total</u>			<u>Santa Barbara Submarket</u>			<u>Santa Maria-Lompoc submarket</u>		
	<u>Single- family</u>	<u>Multi- family</u>	<u>Total</u>	<u>Single- family</u>	<u>Multi- family</u>	<u>Total</u>	<u>Single- family</u>	<u>Multi- family</u>	<u>Total</u>
1958	2,971	1,368	4,339	1,402	644	2,046	1,569	724	2,293
1959	4,820	1,973	6,793	1,417	834	2,251	3,403	1,139	4,542
1960	2,586	792	3,378	1,444	716	2,160	1,142	76	1,218
1961	4,350	1,208	5,558	1,203	891	2,094	3,147	317	3,464
1962	4,927	2,762	7,689	1,791	1,359	3,160	3,136	1,393	4,529
1963	3,332	3,126	6,458	2,108	2,595	4,703	1,224	531	1,755
1964	1,279	1,539	2,818	986	1,395	2,381	293	144	437
1965	1,021	2,317	3,338	754	2,282	3,036	267	35	302
1966	842	599	1,441	649	585	1,234	193	14	207
<u>First nine mos.</u>									
1966	732	454	1,186	561	440	1,001	171	14	185
1967	460	842	1,302	423	842	1,265	37	0	37

Sources: Bureau of the Census, C-40 Construction Reports; local building inspectors; Security First National Bank; and estimates by Housing Market Analyst.

Table I
Civilian Work Force and Employment Trends
Santa Barbara, California, HMA
1958-1967
(annual averages)

Industry	1958	1959	1960	1961	1962	1963	1964	1965	1966	12 Months averages ending in August	
										1966	1967
Civilian work force	50,500	57,200	63,400	70,200	76,900	81,400	83,600	86,000	90,800	89,100	92,500
Unemployment	1,900	2,100	2,800	3,200	3,100	3,800	4,400	4,600	4,100	4,100	4,200
Percent	3.8	3.7	4.4	4.6	4.0	4.7	5.3	5.3	4.5	4.6	4.5
Agricultural employment	4,800	5,000	4,700	5,000	4,600	4,300	4,300	4,100	4,100	4,000	4,100
Nonagricultural employment	43,800	50,100	55,900	62,000	69,200	73,300	74,900	77,300	82,600	81,000	84,200
Manufacturing	4,500 ^{a/}	6,200 ^{a/}	8,100 ^{a/}	10,000	11,500	12,400	10,800	10,100	10,900	10,700	11,100
Durable goods				7,400	8,900	9,700	8,100	7,500	8,200	8,000	8,300
Metals				300	300	400	200	200	300	250	300
Machinery				1,300	1,600	1,700	1,600	1,500	2,200	1,900	2,400
Ord. & trans. equip.				4,600	5,700	6,100	4,600	4,000	3,800	4,000	3,500
Nondurable goods				1,200	1,300	1,500	1,700	1,800	1,900	1,850	2,000
Food				2,600	2,600	2,700	2,700	2,600	2,700	2,700	2,800
Paper				1,600	1,500	1,600	1,600	1,500	1,500	1,500	1,600
Other nondurables				600	700	700	700	800	900	850	900
Nonmanufacturing	39,300	43,900	47,800	52,000	57,700	60,900	64,100	67,200	71,700	70,300	73,100
Mining	1,000	900	900	900	900	900	900	1,000	1,200	1,150	1,200
Construction	4,500	5,100	5,100	6,000	7,300	6,500	5,900	5,300	4,800	5,000	4,300
Trans., comm., & util.	2,100	2,300	2,400	2,500	2,800	3,000	3,300	3,400	3,700	3,600	3,800
Trade	12,000	13,300	14,100	14,300	15,500	16,200	17,500	18,300	19,300	19,100	19,300
Fin., ins., & real est.	1,800	2,000	2,200	2,200	2,600	2,900	3,000	3,100	3,100	3,150	3,200
Services	11,400	12,600	14,400	16,300	17,600	19,100	20,300	21,300	23,000	22,400	23,500
Government	6,500	7,700	8,700	9,800	11,000	12,300	13,200	14,800	16,600	15,900	17,800

^{a/} Industry breakdown not available.

Source: California Department of Employment.

Table II

Estimated Percentage Distribution of All Families and Renter Households
By Annual Income, After Deduction of Federal Income Tax
Santa Barbara, California, Housing Market Area
1967 and 1969

<u>Annual family income</u>	<u>1967</u>		<u>1969</u>	
	<u>All families</u>	<u>Renter households^{a/}</u>	<u>All families</u>	<u>Renter households^{a/}</u>
Under \$ 4,000	13	18	12	17
\$ 4,000 - 4,999	7	9	6	8
5,000 - 5,999	7	10	5	9
6,000 - 6,999	9	9	7	9
7,000 - 7,999	9	11	10	10
8,000 - 8,999	9	9	10	9
9,000 - 9,999	8	8	8	8
10,000 - 12,499	15	13	16	14
12,500 - 14,999	10	7	11	9
15,000 and over	<u>13</u>	<u>6</u>	<u>15</u>	<u>7</u>
Total	100	100	100	100
Median	\$8,575	\$7,350	\$9,050	\$7,750

^{a/} Excludes one-person renter households.

Source: Estimated by Housing Market Analyst.

Table III

Estimated Percentage Distribution of All Families and Renter Households
By Annual Income, After Deduction of Federal Income Tax
Santa Barbara, California, Housing Market Area
1967 and 1969

Annual family income	<u>Santa Barbara Submarket</u>				<u>Santa Maria-Lompoc submarket</u>			
	<u>1967 Income</u>		<u>1969 Income</u>		<u>1967 Income</u>		<u>1969 Income</u>	
	<u>All</u>	<u>Renter</u>	<u>All</u>	<u>Renter</u>	<u>All</u>	<u>Renter</u>	<u>All</u>	<u>Renter</u>
	<u>families</u>	<u>households^{a/}</u>	<u>families</u>	<u>households^{a/}</u>	<u>families</u>	<u>households^{a/}</u>	<u>families</u>	<u>households^{a/}</u>
Under \$ 4,000	14	19	13	18	12	18	11	17
\$ 4,000 - 4,999	6	8	5	7	6	8	5	7
5,000 - 5,999	8	10	7	9	8	9	7	8
6,000 - 6,999	8	10	8	9	8	10	8	9
7,000 - 7,999	9	10	8	10	9	11	8	11
8,000 - 8,999	9	9	9	9	10	9	10	9
9,000 - 9,999	8	8	8	8	8	9	9	9
10,000 - 12,499	15	12	16	14	18	18	19	19
12,500 - 14,999	10	7	11	8	11	4	12	6
15,000 and over	<u>13</u>	<u>7</u>	<u>15</u>	<u>8</u>	<u>10</u>	<u>4</u>	<u>11</u>	<u>5</u>
Total	100	100	100	100	100	100	100	100
Median	\$8,450	\$7,275	\$8,925	\$7,675	\$8,625	\$7,400	\$9,100	\$7,825

^{a/} Excludes one-person renter households.

Source: Estimated by Housing Market Analyst.

APPENDIX A
OBSERVATIONS AND QUALIFICATIONS
APPLICABLE TO ALL FHA HOUSING MARKET ANALYSES

1. When the rural farm population constitutes less than five percent of the total population of the HMA, all demographic and housing data used in the analysis refer to the total of farm and non-farm data; if five percent or more, all demographic and housing data are restricted to non-farm data.
2. All average annual percentage changes used in the demographic section of the analysis are derived through the use of a formula designed to calculate the rate of change on a compound basis.
3. Because of the change in definition of "farm" between 1950 and 1960 censuses, many persons living in rural areas who were classified as living on farms in 1950 would have been considered to be rural nonfarm residents in 1960. Consequently, the decline in the farm population and the increase in nonfarm population between the two census dates is, to some extent, the result of this change in definition.
4. The increase in nonfarm households between 1950 and 1960 was the result, in part, of a change in the definition of "farm" in the two censuses.
5. The increase in the number of households between 1950 and 1960 reflects, in part, the change in census enumeration from "dwelling unit" in the 1950 census to "housing unit" in the 1960 census. Certain furnished-room accommodations which were not classed as dwelling units in 1950 were classed as housing units in 1960. This change affected the total count of housing units and the calculation of average household size as well, especially in larger central cities.
6. The basic data in the 1960 Census of Housing from which current housing inventory estimates are developed reflect an unknown degree of error in "year built" occasioned by the accuracy of response to enumerators' questions as well as errors caused by sampling.
7. Postal vacancy survey data are not entirely comparable with the data published by the Bureau of Census because of differences in definition, area delineations, and methods of enumeration. The census reports units and vacancies by tenure, whereas the postal vacancy survey reports units and vacancies by type of structure. The Post Office Department defines a "residence" as a unit representing one stop for one delivery of mail (one mailbox). These are principally single-family homes, but include row houses and some duplexes and structures with additional units created by conversion. An "apartment" is a unit on a stop where more than one delivery of mail is possible. Postal surveys omit vacancies in limited areas served by post office boxes and tend to omit units in subdivisions under construction. Although the postal vacancy survey has obvious limitations, when used in conjunction with other vacancy indicators, the survey serves a valuable function in the derivation of estimates of local market conditions.
8. Because the 1950 Census of Housing did not identify "deteriorating" units, it is possible that some units classified as "dilapidated" in 1950 would have been classified as "deteriorating" on the basis of the 1950 enumeration procedures.
9. The distribution of the qualitative demand for sales housing differs from any selected experience such as that reported in FHA unsold inventory surveys. The latter data do not include new construction in subdivisions with less than five completions during the year reported upon, nor do they reflect individual or contract construction on scattered lots. It is likely that the more expensive housing construction and some of the lower-value homes are concentrated in the smaller building operations, which are quite numerous. The demand estimates reflect all home building and indicate a greater concentration in some price ranges than a subdivision survey would reveal.
10. Monthly rentals at which privately owned net additions to the aggregate rental housing inventory might best be absorbed by the rental market are indicated for various size units in the demand section of each analysis. These net additions may be accomplished by either new construction or rehabilitation at the specified rentals with or without public benefits or assistance through subsidy, tax abatement, or aid in financing or land acquisition. The production of new units in higher rental ranges than indicated may be justified if a competitive filtering of existing accommodations to lower ranges of rent can be anticipated as a result of the availability of an ample rental housing supply.
11. Distributions of average annual demand for new apartments are based on projected tenant-family incomes, the size distribution of tenant households, and rent-paying propensities found to be typical in the area; consideration also is given to the recent absorptive experience of new rental housing. Thus, they represent a pattern for guidance in the production of rental housing predicated on foreseeable quantitative and qualitative considerations. However, individual projects may differ from the general pattern in response to specific neighborhood or sub-market requirements. Specific market demand opportunities or replacement needs may permit the effective marketing of a single project differing from these demand distributions. Even though a deviation from these distributions may experience market success, it should not be regarded as establishing a change in the projected pattern of demand for continuing guidance unless a thorough analysis of all factors involved clearly confirms the change. In any case, particular projects must be evaluated in the light of actual market performance in specific rent ranges and neighborhoods or sub-markets.
12. The location factor is of especial importance in the provision of new units at the lower-rent levels. Families in this user group are not as mobile as those in other economic segments; they are less able or willing to break with established social, church, and neighborhood relationships. Proximity to or quick and economical transportation to place of work frequently is a governing consideration in the place of residence preferred by families in this group.

now sales housing dropped off sharply with the employment curtailment at Vandenberg, this segment of the market was very quickly and very severely over-supplied. These types of units still represent the major excess in the market. There have been very few expensive homes built in the area. Because of this, demand for such homes is fairly good at the present time; however, it represents a relatively small portion of the total demand.

Rental Market

The rental market in the Santa Maria-Lompoc area also is over-built. The transfer of a significant number of vacant single-family houses from the sales to the rental inventory and the relatively high rate of multifamily construction in 1962 and 1963 raised the rental vacancy rates from 6.4 percent in 1960 to about 12 percent in 1964. Since that time, there has been some improvement in the market, especially in the multifamily units. The December 1, 1967 rental vacancy rate stood at 9.8 percent.

Although there has been substantial multifamily construction in the area since 1960, the rental market still is dominated by single-family houses, which account for about 60 percent of the rental inventory. Single-family units also account for most of the rental vacancy excess. Improvement in the sales market could be expected to result in improvement in the rental market if some of the vacant single-family homes were to be sold.

Monthly rentals in the area are quite low. Relatively new one-bedroom units rent for as low as \$80 a month, and monthly rents for two-bedroom units start at about \$95 a month, plus the cost of utilities. However, these units do not account for the bulk of the rental excess. Most of the available vacant units are three-bedroom single-family houses with rents starting at about \$110 a month, plus utilities.

Urban Renewal and Public Housing

There is only one urban renewal project in the Santa Maria-Lompoc submarket. The Redevelopment No. 2 Project, R-92, is in the execution stage in Santa Maria. There are five public housing projects in the area, containing a total of 256 units. Of these, 175 are under management and 81 are under construction.

Military Housing

There are 1,805 Capehart and 172 appropriated fund units at Vandenberg AFB, consisting of two one-bedroom units, 100 two-bedroom units, 1,530 three-bedroom units, and 345 four-bedroom units. There are also six inadequate two-bedroom units in use on base; 124 four-bedroom appropriated fund units, authorized in the FY 66 Program, are presently under construction. In addition, 243 off-base units are under government leases, but these are to be cancelled as present occupants are reassigned. Also, an on-base trailer park accommodates about 550 privately owned trailers.

Also available in the Lompoc area are 150 apartments of Section 810 housing, consisting of 28 one-bedroom units, 54 two-bedroom units, 54 three-bedroom units, and 14 four-bedroom units. Occupancy of these units is on a voluntary basis by military and essential civilian government employees.

Demand for Housing

Based on the projected increase in the number of households in the Santa Maria-Lompoc area (1,050 annually), on the number of housing units expected to be lost from the inventory through demolition, and on the need to reduce vacancies substantially to a level consistent with the long-term needs of the area, there will be only a modest demand for single-family houses during the two-year forecast period. The present high rental vacancy ratio precludes projection of any demand for additional multifamily units. The estimate excludes demand for public low-rent housing and rent-supplement accommodations.

Because of the extremely soft condition of the housing market at the present time, new construction during the first year of the forecast period should not exceed the current low level. However, there will be some effective demand for new units by families who can afford and desire to upgrade to new housing in preference to existing housing. The size of such demand probably will be small (not exceeding 50 units) and can be met most appropriately by construction of homes under contract for pre-determined owner occupants. Most of this demand will develop in the upper price ranges, and in most cases should be for homes priced in excess of \$22,000. If absorption of new and existing houses increases during the first year of the forecast period, construction during the second year could be increased.

Household Trends
Santa Maria-Lompoc Submarket
Santa Barbara, California, HMA
1960-1969

<u>Segment</u>	<u>April 1,</u> <u>1960</u>	<u>December 1,</u> <u>1967</u>	<u>December 1,</u> <u>1969</u>
Total households	<u>20,419</u>	<u>32,100</u>	<u>34,200</u>
Military ^{a/}	9,800	17,100	18,050
Nonmilitary	10,619	15,000	16,150

^{a/} Households with uniformed military or military-connected civilian heads.

Sources: 1960 Census of Housing; Vandenberg AFB; and Estimates by Housing Market Analyst.

Most of the growth in households during the post-1960 period occurred in the military segment. During this period, military households increased by an average of 950 annually, to a December 1, 1967 total of 17,100.

There were 15,000 nonmilitary households in the submarket as of December 1, 1967, up an average of 575 a year since 1960.

The average size of all households in the Santa Maria-Lompoc submarket was estimated at 3.45 persons as of December 1, 1967, down slightly from 3.46 persons reported in the 1960 Census. A slight decline in average household size is anticipated over the next two years.

Based on the anticipated increment in population growth and on the assumption that the average size of all households will continue to decline slowly, it is expected that by December 1, 1969, there will be a total of 34,200 households in the Santa Maria-Lompoc submarket, a gain of 1,050 annually above the current total. This projected gain is substantially below the 1960-1967 rate of increase, and results from a much smaller gain in military-connected population. During the next two years, military-connected households will increase by 475 annually and nonmilitary-connected households will increase by 575 annually.

Housing Market Factors

Housing Supply

As of December 1, 1967, there were 35,900 housing units in the Santa Maria-Lompoc submarket (see table V). The April 1960 total was 23,100 units, indicating that an average of 1,675 units have been added annually

in the post-1960 period. The housing inventory of the Santa Maria-Lompoc area is quite new. Most of the units have been built in the last twelve years, and a very high proportion of the units are single-family. Because of the newness of the housing inventory, substandard units (those that are dilapidated or lack one or more plumbing facilities) account for a very small portion of the total.

Residential Building Activity

The trend of residential building activity has been very uneven since 1958. Residential construction was quite high between 1959 and 1963, and has been extremely low since that time. An average of 3,095 units were authorized annually between 1959 and 1963. Since that time, however, an average of only 260 units have been authorized annually by building permits. The trend of units authorized by building permits is presented in table VI.

Single-family house authorizations totaled 1,575 in 1958, jumped to 3,400 units in 1959, and then fell off sharply in 1960 to less than 1,150 units. In both 1961 and 1962, about 3,150 single-family houses were authorized. The 1963 total was only 1,225 houses. The sharp curtailment in construction began in 1964, when less than 300 single-family houses were authorized by building permits. The 1965 total was only 270 houses and in 1966, only 190 were authorized. Based upon data for the first nine months of 1967, it appears that only about 50 single-family houses will be built in 1967.

Multifamily construction also has displayed an uneven trend. From a 1959 level of 1,150 units, multifamily authorizations fell to only 75 units in 1960 and then increased during the next two years to an all time high of 1,400 units in 1962. Since that time, multifamily construction has dropped off sharply. In 1965, only 35 apartment units were authorized and in 1966, only 15 units. There were no multifamily authorizations for the first nine months of 1967.

Tenure of Occupancy

As of December 1, 1967, 62.6 percent of the occupied housing units in the Santa Maria-Lompoc area were owner-occupied (see table V). This ratio represents a sharp increase from that reported in the April 1960 Census. At that time, only 52.6 percent of the units were owner-occupied.

Vacancy

1960 Census. In April 1960, the census reported that there were about 1,740 vacant housing units available for sale or rent in the Santa Maria-Lompoc submarket area representing an over-all available vacancy rate of 7.9 percent. Of the total, 1,080 were available for sale (a homeowner vacancy rate of 9.1 percent) and 660 were available for rent (a rental vacancy rate of 6.4 percent).

Postal Vacancy Survey. A postal vacancy survey was conducted in August 1967 in the Santa Maria-Lompoc area (see table VII). The survey covered about 80 percent of the housing stock of the area (including trailers) and reported a total of 2,125 vacant units, equal to 7.7 percent of the total. The survey reported that there were 1,550 vacant residences and 575 vacant apartments, indicating vacancy ratios of 6.5 percent and 15.9 percent, respectively,^{1/}

Current Estimate. Based on the postal vacancy survey and on other vacancy indicators, it is judged that there are about 2,800 available vacant housing units in the Santa Maria-Lompoc area, indicating an over-all vacancy rate of 8.0 percent. Of this total, about 1,500 are for sale and 1,300 are for rent, representing a homeowner vacancy rate of 7.0 percent and a rental vacancy rate of 9.8 percent.

The current homeowner vacancy rate represents a modest decline from the 1960 ratio, but there still is a very large excess of sales units on the market. Rental vacancies have increased significantly since 1960. Part of this increase results from the inability to sell houses within a reasonable time period; these units are then transferred to the rental market and are made available for rent.

Sales Market

The sales market in the Santa Maria-Lompoc submarket is very seriously overbuilt. Although the homeowner vacancy rate declined from 9.1 percent in 1960 to 7.0 percent in December 1967, the market has deteriorated substantially in the last few years. When the sales market was initially over-built in 1960, the economy of the area was very dynamic and demand for housing was quite strong. The surplus occurred from excessive rates of construction, rather than from a lack of demand. However, this is no longer the case. There has been no significant construction for almost four years, but still there are about five times as many vacancies as are needed. This long-term softness of the market has caused home prices in many areas of the submarket to decline.

In addition, it often takes a long period of time to sell a house. Because of these two factors, many of the homes that were once offered for sale are now being offered for rent, which has tended to glut the rental market.

Because of the very rapid population growth of the area associated with Vandenberg AFB, demand for housing was very strong during the late 1950's and early 1960's. A very high proportion of the units built during that time were small inexpensive homes. When demand for

^{1/} See Appendix A , paragraph 7.

Annual Demand for New Single-Family Houses, by Price Class
Santa Barbara Submarket
Santa Barbara, California, HMA
December 1, 1967 to December 1, 1969

<u>Sales price</u>	<u>Number of units</u>	<u>Percent</u>
Under \$20,000	125	13
\$20,000 - 24,999	340	35
25,000 - 29,999	275	28
30,000 - 34,999	110	11
35,000 and over	<u>125</u>	<u>13</u>
Total	975	100

Multifamily Housing. The monthly rentals at which additional multifamily units might best be absorbed by the rental market are indicated for various size units in the following table. ^{1/}

Annual Demand for New Multifamily Housing
by Gross Monthly Rent and Unit Size
Santa Barbara Submarket
Santa Barbara, California, HMA
December 1, 1967 to December 1, 1969

<u>Gross monthly rent^{a/}</u>	<u>Size of unit</u>			
	<u>Efficiency</u>	<u>One bedroom</u>	<u>Two bedrooms</u>	<u>Three bedrooms</u>
\$100 - \$119	30	-	-	-
120 - 139	20	145	-	-
140 - 159	10	105	120	-
160 - 179	10	70	90	50
180 - 199	-	50	75	40
200 - 219	-	30	60	25
220 - 239	-	25	50	15
240 and more	-	<u>15</u>	<u>35</u>	<u>5</u>
Total	<u>70</u>	<u>440</u>	<u>430</u>	<u>135</u>

^{a/} Gross monthly rent is shelter rent plus the cost of utilities.

The additional 200 multifamily units that could be absorbed annually at the lower rents achievable with below-market-interest-rate financing should be provided as follows: 10 efficiencies, 50 one-bedroom units, 80 two-bedroom units, 45 three-bedroom units, and 15 four-bedroom units. ^{2/}

^{1/} See Appendix A, paragraph 10 and 11.

^{2/} See Appendix A, paragraph 12.

HOUSING MARKET SUMMARY
SANTA MARIA-LOMPOC SUBMARKET
SANTA BARBARA, CALIFORNIA, HMA

Housing Market Area

The Santa Maria-Lompoc submarket includes the ten census tracts in the western half of Santa Barbara County. The area is bounded on the north by San Luis Obispo County, on the west and south by the Pacific Ocean, and on the east by the Los Padres National Forest. The two principal cities in the area are Santa Maria and Lompoc. Other small cities and unincorporated areas include Orcutt, Guadalupe, Solvang, and Los Alamos.

The economy of the submarket is completely dominated by Vandenberg Air Force Base. There is, also, a small manufacturing complex in Santa Maria, as well as some nonbasic employment in the eastern part of the submarket.

The current median annual income, after deducting federal income tax, of all families in the Santa Maria-Lompoc submarket is about \$8,625, and the median after tax income of renter households with two or more persons is about \$7,400. Although the median incomes in this area are slightly above those of the Santa Barbara area, there is a lower percentage of families in the higher income brackets. This results, in part, from the influence of Vandenberg AFB, with a large number of families in the upper-middle income classes. During the two-year forecast period, the median after-tax income of all families is expected to increase to \$9,100 and the median annual income of renter households is expected to reach \$7,825, after-tax. Detailed distributions of all families and of renter households by annual income are presented in table III.

Demographic Factors

Population

The population of the Santa Maria-Lompoc submarket totaled about 115,900 as of the date of this analysis (see table IV). The total reflects annual population gains of 5,425 (5.8 percent) annually since 1960.

Between April 1950 and April 1960, the population of the Santa Maria-Lompoc submarket increased from 34,239 to 74,334, or about 4,000 persons (7.8 percent) annually. The rapid buildup of Vandenberg AFB caused a very substantial increase in population during the latter part of the decade. It is estimated that during the 1950-1957 period, population growth averaged only about 1,500 persons annually, compared with an estimated 14,000 persons annually between 1957 and 1960.

Population Trends
Santa Maria-Lompoc Submarket
Santa Barbara, California, HMA
1950-1969

<u>Segment</u>	<u>April 1,</u> <u>1950</u>	<u>April 1,</u> <u>1960</u>	<u>Dec. 1,</u> <u>1967</u>	<u>Dec. 1,</u> <u>1969</u>
Total population	<u>34,239</u>	<u>74,334</u>	<u>115,900</u>	<u>122,500</u>
Military ^{a/}	0	37,000	62,800	65,400
Nonmilitary	34,239	37,334	53,100	57,100

^{a/} Includes uniformed military personnel and their dependents, and civilian employees working at Vandenberg AFB and their dependents.

Sources: 1950 and 1960 Censuses of Population; Vandenberg AFB; and Estimates by Housing Market Analyst.

Population growth associated with Vandenberg AFB has been very rapid during the past ten years. In 1960, there were 37,000 persons directly connected with the base, including military personnel, civilian employees, and dependents. Following the rising employment trend, population growth was very rapid through 1963, when population connected with the base reached a peak of 69,000 persons. Following a sharp decline in 1964, the military-connected population again has eased upward. For the entire 1960-1967 period, the population connected with Vandenberg AFB increased by an average of 3,375 annually. Much smaller gains, averaging about 1,300 annually, are projected for the forecast period.

As of December 1, 1967, there were 53,100 persons residing in the Santa Maria-Lompoc submarket that were not directly connected with Vandenberg AFB. This compares with 37,334 persons in April 1960, and reflects an average increase of 2,050 annually during the period. In sharp contrast, this segment of the population increased by only 300 persons annually between 1950 and 1960. During the two-year forecast period, the nonmilitary-connected segment of the population is expected to increase by an average of 2,000 annually, to a December 1, 1969 total of 57,100 persons.

The total population increase during the next two years will be 3,300 persons annually, compared with an average of 5,425 annually since 1960. It is expected that the submarket population will total 122,500 by the end of the forecast period.

Households

There were about 32,100 households in the Santa Maria-Lompoc submarket as of December 1, 1967, compared with 20,419 in April 1960. This reflects an average gain of about 1,525 households annually (see table IV). Data are not available prior to 1960, but it is assumed that household growth during the 1950's was somewhat below this level.

Sales Market

The sales market in the Santa Barbara submarket is in about the same position as it was in 1960. The current vacancy ratio of 1.8 percent is the same as that reported in the 1960 Census and suggests that there is a small surplus on the market. In general, the sales market throughout the area is in relatively strong condition. The only noticeable weakness at the present time is in the Goleta Valley, where there is a slight surplus of homes that are priced above \$30,000. All other price ranges in the Goleta area appear to be quite strong.

Although the sales market is now in general balance, except for the above noted problem, it has been re-adjusting for the past three years. Between 1958 and 1961, single-family additions to the inventory were at a constant level, and absorption of these units was quite good. Significantly higher numbers of single-family units were built in 1962 and 1963; construction during these two years exceeded demand, and an inventory of unsold houses developed. A sharp curtailment of construction since that time has reduced the unsold inventory to an acceptable level.

Most new construction is in the Goleta Valley. This area has been developed only over the last ten years. The earlier large scale developments in this area contained many homes priced below \$20,000, with some as low as \$15,000. Rapidly increasing land prices, however, have boosted new house prices to at least \$20,000, and most are priced between \$25,000 and \$35,000. The limited volume outside of Goleta usually is contract construction for pre-determined owners and tends to be very expensive. The one exception is the Carpinteria area where a small amount of subdivision activity is occurring.

Surveys of the unsold inventory of new sales houses in the HMA have been conducted by the FHA for the last several years. The surveys were conducted in January of each year and covered subdivisions in which five or more units were completed in the twelve months preceding the survey date. These surveys covered an estimated one-half of all newly-completed houses. The 1967 survey reported that about 23 percent of the new houses completed in 1966 remained unsold on the date of the survey. The 1966 survey reported an unsold ratio of 39 percent, while the 1965 survey reported that about one-fourth of the 1964 completions were unsold.

It is significant to note that, in each of the three surveys, homes priced in excess of \$35,000 had significantly higher unsold ratios than the other price classes. The remaining price classes generally displayed a mixed trend.

The survey that was conducted in January 1965 reported that 100 units had been completed and unsold for more than twelve months. Therefore, by definition, these units were not included in the unsold ratios. There were 103 units in this category in the 1966 survey and 123 units in the 1967 survey. In the two most recent surveys, over one-half of the units unsold for more than one year were in the \$35,000 and over price classes. Virtually all of these units were located in one subdivision, and most of these units have been sold since the time of the most recent survey.

While the three surveys failed to display definite price trends, some important factors are evident. The 1965 survey revealed that about one-fourth of the units were priced below \$20,000. In the 1967 survey, only about 7 percent of the units were priced to sell for less than \$20,000. In addition, the most recent survey records much more concentration in the \$20,000 to \$30,000 bracket than was evident in the earlier surveys.

Rental Market

Despite record levels of new multifamily construction, the rental market in the Santa Barbara submarket has improved since 1960. The current vacancy rate of 6.9 percent compares with 7.9 percent reported by the 1960 Census. There is, however, a slight surplus on the market; this surplus is quite small and is not concentrated in any specific geographic area or rent range.

The very high level of multifamily construction in the post-1960 period has changed the character of the rental market from one of predominantly single-family houses to one of predominantly apartments. Virtually all of the new apartment construction has been in garden projects, usually of relatively small size, with most of the units having one or two bedrooms. A new one-bedroom apartment generally rents for about \$110 a month, and a two-bedroom apartment generally rents for \$150 a month and more, plus utilities. Demand for three-bedroom units is generally met out of the single-family inventory, with rents for these units usually starting at \$200 a month. The market for rental units in the city of Santa Barbara comes primarily from elderly and retired persons. On the other hand, the Goleta Valley attracts numerous new families as well as the students enrolled at the university.

A recent development in the rental market has been the construction of private dormitories in the Goleta area, adjacent to the University of California. These are generally group quarters, although some of the units do have private kitchen facilities. However, charges are for both room and board and usually run about \$1,200 per academic year per student. Because of the relatively small increase in enrollment at the university during the past year, this segment of the rental market has been somewhat over-built.

Public Housing and Urban Renewal

There are no public housing projects and no urban renewal projects in the Santa Barbara submarket at the present time.

Demand for Housing

Qualitative Demand

Demand for additional housing in the Santa Barbara submarket during the two-year period from December 1967 to December 1969 is based on the anticipated increase of about 2,250 households a year, on the number of housing units expected to be removed from the inventory, and on the desirability of effecting a slight reduction in the number of available vacancies. Consideration also is given to the current tenure composition and to anticipated continuation of the recent shift toward a higher proportion of renter occupancy. Giving regard to these factors, there will be a demand for about 2,050 new privately-financed housing units annually, including 975 single-family units and 1,075 multifamily units. It is estimated that an additional 200 multifamily units could be absorbed annually at the lower rents achievable with some form of public benefits or assistance. The demand estimates exclude demand for public low-rent housing and rent-supplement accommodations.

The projected level of demand compares favorably with the 1958-1965 experience, when annual authorizations generally ranged between 2,000 and 3,000 units a year. More recent construction has been substantially below the level as a result of a shortage of mortgage funds. The demand for single-family units during the next two years is somewhat above the construction level of the past few years, but is far below the annual totals of the 1958-1963 period. Likewise, the construction of multifamily units during the 1962-1965 interval was at a much higher rate than is forecast; the lower demand forecast reflects, in part, a smaller demand by students, because most of the enrollment increase will be met by additional dormitory space.

Single-Family Housing. Based on current income levels of families in the Santa Barbara area, on sales price to income ratios typical in the area, and on recent market experience, the annual demand for additional single-family houses is expected to approximate the pattern shown in the following table.^{1/}

^{1/} See Appendix A , paragraph 9.

Student Households. The following table shows the place of residence of the students enrolled at the University of California, Santa Barbara (UCSB). It should be noted that the total enrollment has increased by an average of 1,275 a year since 1960. Of this total, about 500 students annually were housed in group quarters, the number residing with their parents increased by about 25 annually, and most of the remainder absorbed private housing units. It is estimated that the number of student households (those occupying private housing units) increased by an average of 325 annually between 1960 and 1967.

During the two-year forecast period, it is expected that enrollment at UCSB will increase by about 1,800 students. Of this total, about 1,100 will be housed in group quarters (600 on campus and 500 off-campus). There also will be a small increase in the number of students living with their parents, so that a relatively small number will form new households. It is judged that during the forecast period student households will increase by about 150 annually.

Student Housing
University of California, Santa Barbara
1960, 1967, and 1969

<u>Place of residence</u>	<u>Spring 1960</u>	<u>Fall 1967</u>	<u>Fall 1969</u>
University dormitories	1,125	2,000	2,600
Private dormitories	0	2,200	2,600
Fraternities & sororities	325	950	1,050
Living with parents	225	475	525
Other ^{a/}	<u>925</u>	<u>6,575</u>	<u>7,225</u>
Total	2,600	12,200	14,000

a/ Composed primarily of students occupying private housing units, but contains a small number of students renting only private rooms and also some commuters.

Sources: University of California, Santa Barbara and estimates by Housing Market Analyst.

Housing Market Factors

Housing Supply

As of December 1, 1967, there were about 54,300 housing units in the Santa Barbara submarket, compared with about 34,200 units in April 1960 (see table V). This represents an average increase of 2,625 units annually.

In general, the housing inventory in the Santa Barbara area can be characterized as primarily single-family with most of the units having been built since 1950. As of the date of this analysis, about 68 percent of the housing inventory was single-family. However, this represents a sharp decline from the 1960 ratio of 80 percent. Reflecting the relative newness of the inventory, only three percent of the units are either dilapidated or lack one or more plumbing facilities. This low ratio of substandard housing results from the fact that about 62 percent of the housing inventory has been constructed since 1950.

Residential Building Activity

The volume of privately-financed residential construction in the Santa Barbara submarket was fairly constant between 1958 and 1961 (see table VI). During this four-year interval, annual totals ranged between 2,050 units and 2,250 units. In 1962, however, residential construction jumped to 3,150 units and in 1963, about 4,700 units were authorized by building permits. The 1963 total was a peak for new construction in the Santa Barbara area. New construction fell to 2,375 units in 1964, and then increased to 3,025 units in 1965. During the last two years, new construction has been at very low levels. The 1966 total of 1,225 units was far below any year since 1958; for the first nine months of 1967, 1,275 units were authorized, compared with 1,000 units for the comparable period of 1966.

Following the trend of total construction, single-family house authorizations were relatively stable between 1958 and 1961, increased sharply in 1962 and 1963, and fell precipitously after 1963. The peak of single-family houses authorized was reached in 1963, when slightly over 2,100 were authorized. In 1964, only about 990 houses were authorized, and in 1965, only 750 were authorized. The downward trend continued through 1966, when 650 units were authorized, and it appears that the 1967 total will be somewhat below that level.

Multifamily units represent a recent development in the Santa Barbara housing market. Prior to 1962, units in multifamily structures accounted for about one-third of total construction. Since that time, they have accounted for one-half or more of total construction. Beginning in 1963, multifamily units accounted for the bulk of total construction, and since that time they have exceeded single-family activity in every year except 1966. In 1965, three-fourths of the units authorized by building permits were in multifamily structures. Multifamily authorizations reached a peak of 2,600 units in 1963, fell to 1,400 units in 1964, and increased to 2,275 units in 1965. The 1966 total of 585 units was the smallest number of multifamily units authorized in any one year in the post-1958 period. Based upon data for the first nine months of 1967, it appears that multifamily construction during the current year will be about double the 1966 level.

Tenure of Occupancy

In the post-1960 period, there has been a dramatic shift from owner-to renter-occupancy in the Santa Barbara submarket. The construction of a large volume of apartment units, and the subsequent occupancy of these units, has tended to drop the owner-occupancy ratio from the 1960 level of 58.3 percent to a December 1967 level of 54.7 percent. It appears that this trend toward renter-occupancy will continue in the Santa Barbara area during the forecast period.

Vacancy

1960 Census. The April 1960 Census reported that there were about 1,475 vacant units available for sale or rent in the Santa Barbara submarket, representing an over-all vacancy rate of 4.5 percent. Of the total, 345 were for sale (a homeowner vacancy rate of 1.8 percent) and 1,130 were for rent (a renter vacancy rate of 7.9 percent).

Postal Vacancy Survey. A postal vacancy survey was conducted in August 1967 in the Santa Barbara submarket (see table VII). The survey covered about 78 percent of the housing stock of the area and reported a total of 1,485 vacant units, equal to 3.5 percent of the surveyed units. Vacancies in residences, as reported by the survey, numbered 925, or 2.7 percent. Of the 8,000 apartment units surveyed, 560, 7.0 percent, were vacant.^{1/}

Because the survey was conducted in August, before classes resumed at the University of California, the apartment vacancy ratio in Goleta was extremely high. Because of this, eight routes in the Goleta area were excluded from the above totals. These routes contained about 4,500 possible deliveries to apartments of which about 70 percent were vacant. Most of these units are now occupied by university students.

Current Estimate. As of December 1, 1967, there were about 2,200 non-seasonal, nondilapidated vacant available housing units in the Santa Barbara submarket, indicating an over-all vacancy rate of 4.2 percent. Of this total, about 500 were available for sale (a homeowner vacancy rate 1.8 percent) and 1,700 units were available for rent (a renter vacancy rate of 6.9 percent). The homeowner vacancy rate, which is unchanged from the 1960 level, suggests that there is a slight surplus of sales housing in the Santa Barbara area. Likewise, there appears to be a small excess of rental vacancies, but the rental market has improved somewhat since 1960.

^{1/} See Appendix A , paragraph 7.

Demand for Housing

Demand for additional housing in the Santa Barbara HMA during the December 1, 1967-December 1, 1969 forecast period is predicated on the expected increase in households (projected at 3,300 annually), on the need to replace a small number of units lost from the inventory through demolition, and on the need to reduce sales vacancies substantially to a level consistent with the long-term needs of the Santa Barbara area. Consideration also is given to the current tenure composition of the inventory and to the continuing trend from renter to owner occupancy. To accommodate the projected increase in the number of households and to allow for expected occupancy and inventory changes, approximately 4,400 additional housing units (2,200 annually) will need to be added during the two-year forecast period, including 2,250 single-family units and 2,150 units in multifamily structures. An additional 400 multifamily units (200 annually) probably could be absorbed if provided at the lower rents achievable with some form of public benefits or assistance in financing or land acquisition and cost. These estimates do not include demand for public low-rent housing or rent-supplement accommodations.

Demand for additional housing during the two-year forecast period averages 2,200 annually. However, the total demand will be absorbed best if only 2,100 units are produced in the next 12 months and 2,300 units are produced in the final year of the forecast period. Satisfying demand in this manner will allow for the reduction of vacancies in the Santa Maria-Lompoc submarket during the first year of the forecast period. Assuming that the housing market in the Santa Maria-Lompoc area has displayed significant improvement by the end of 1968, new construction could then be increased in that area.

Projected Annual Demand for New Housing
Santa Barbara, California, HMA
December 1, 1967 to December 1, 1969

<u>Area</u>	<u>December 1967- November 1968</u>	<u>December 1968- November 1969</u>
HMA total	<u>2,100</u>	<u>2,300</u>
Single-family	1,025	1,225
Multifamily	1,075	1,075
 Santa Barbara submarket	 <u>2,050</u>	 <u>2,050</u>
Single-family	975	975
Multifamily	1,075	1,075
 Santa Maria-Lompoc submarket	 <u>50</u>	 <u>250</u>
Single-family	50	250
Multifamily	0	0

HOUSING MARKET SUMMARY
SANTA BARBARA SUBMARKET
SANTA BARBARA, CALIFORNIA, HMA

Housing Market Area

The Santa Barbara submarket area is defined as the eastern half of Santa Barbara County. It is bounded on the east by Ventura County, on the north by San Luis Obispo County, and on the south by the Pacific Ocean. The western border roughly conforms to the Los Padres National Forest Boundary. Although the area is quite large, covering about 1,400 square miles, virtually all of the population is concentrated in the southeast corner of the area. Most of the submarket is national forest, which is almost completely uninhabited.

There are only two incorporated cities in the submarket, Santa Barbara and Carpinteria. Unincorporated areas include Goleta, Montecito, and Summerland. All of these areas are adjacent to U.S. Route 101 which traverses the submarket in an east-west direction.

Employment in the Santa Barbara area is dominated by trade, services, and government. These three categories account for at least 75 percent of the total employment.

The 1967 median annual income, after deducting federal income tax, of all families in the Santa Barbara area was about \$8,450, and the median after-tax income of renter households of two or more persons was about \$7,275. These median incomes are slightly below the HMA average levels. By 1969, the median after-tax income of all families is expected to increase to \$8,925, and the median annual income of renter households is expected to be \$7,675, after-tax. See table III for a distribution of all families and of renter households by annual income classes.

Demographic Factors

Population

As of December 1, 1967, the population of the Santa Barbara submarket totaled about 149,500 persons, compared with 94,600 in April 1960 (see table IV). This represents an average increase of 7,150 persons (5.9 percent) annually since the time of the 1960 Census. In comparison, the population increased by only 3,075 annually during the 1950-1960 period.

The more rapid growth since 1960 can be attributed, in part, to enrollment increases at the University of California, Santa Barbara. It is judged that population growth associated with the university has

averaged about 2,200 persons annually since 1960, including students, staff members, and dependents. During the intercensal period, when enrollment increases were very small, the population connected with the university expanded at the rate of about 400 persons annually.

The segment of the population not connected with the university has increased by an average of 4,950 persons annually since 1960. This is about double the 1950-1960 rate of increase, which averaged about 2,575 annually.

Over the two-year forecast period, total population increments are expected to average 5,800 annually; population connected with the university will increase by about 1,600 annually, while the rest of the population will expand by an average of 4,200 annually. By December 1969, the population of the submarket will total about 161,100 persons.

Households

There were about 50,800 households in the Santa Barbara submarket as of the date of this analysis, representing an average annual increase of 2,500 since April 1960 (see table IV). Although data on households are not available prior to 1960, the average rate of increase during the 1950's was substantially below the rate of increase of the current period.

Of the average annual addition of 2,500 households since 1960, about 20 percent, or 500, resulted from population increases at the University of California. This includes about 325 student households and 175 households made up of faculty, administrative, and other staff members.

During the next two years, household growth associated with the university will be much lower because of smaller enrollment increases. This segment of the population should add about 275 households annually, including 150 student households and 125 faculty or staff households. Nonuniversity-connected households will continue to increase at about the same rate, averaging 1,975 annually. The total household increment of 2,250 households annually will result in a total of 55,300 households in the Santa Barbara area by the end of the forecast period.

The average size of all households in the Santa Barbara area was 2.77 persons in December 1967. This represents a decline from the average of 2.82 persons reported in 1960. The declining trend in the post-1960 period probably is a reversal of the 1950-1960 experience. Although data are not available for that period, it is felt that the average household size increased slightly between the two census dates. The downward trend in average household size is expected to continue during the two-year forecast period.

Virtually all of the new subdivision houses constructed in the HMA are built on a speculative basis. There are, however, numerous homes built on contract; these tend to be higher-priced homes, generally in the Santa Barbara area.

The rapid growth of employment at Vandenberg AFB, notably during the late 1950's, created a very serious housing shortage in the western portion of the county. Because of the extremely high demand, most of the units built during this period were inexpensive small homes of marginal quality. The market for this type of house was very quickly and very severely over-built. Most of the large surplus of houses now available are of this type, and represent only basic shelter. Many buyers no longer are interested in this type of unit and are demanding larger units with more amenities. The Santa Barbara area, which is more established and has displayed a more moderate rate of growth, has not been plagued by this problem. The growth of the Goleta Valley in the past few years resulted in a slight over building of lower-priced homes, but this did not create a serious problem because rapidly increasing land prices made it uneconomic to construct additional lower-price homes in large quantity.

Inventory of New Unsold Houses. The unsold tract survey conducted by the Residential Research Committee covers tracts in which units are being offered for sale, regardless of completion date. This differs from the FHA survey which includes only subdivisions which had five or more completions during the 12 months preceding the survey date. The earliest Residential Research Committee survey available for the Santa Barbara HMA was made in June 1964. It enumerated about 625 houses in active subdivisions, of which 26 percent were unsold. The June 1965 survey, although covering a much lower volume, reported the same unsold ratio. Improvement is noted in the June 1967 survey, which revealed an unsold ratio of only 18 percent.

Of more significance than the unsold ratios, is the total number of unsold units on the market. In 1964, there were 1,675 unsold houses. This figure declined steadily to 470 units in 1967. Furthermore, units unsold for 12 months or more declined from 1,125 units in 1964 to 350 units in 1967.

Surveys of the unsold inventory of new sales houses in the HMA have been conducted by the FHA for the last three years. The surveys were conducted in January of each year and covered subdivisions in which five or more units were completed in the 12 months preceding the survey date. It is judged that the surveys covered between one-half and three-fourths of new residential construction during the period. The

survey conducted in January 1967 for houses completed in 1966, enumerated 540 completions, all of which were built on a speculative basis. At the time of the survey, 23 percent (125 units) were unsold. About three-fifths of the unsold units had been completed three months or less.

The January 1966 survey counted 460 new completions during 1965, all of which were built speculatively. About 31 percent of the units were unsold at the time of the survey. In addition, most of these units had been completed for at least four months.

The January 1965 survey reported 1,775 speculatively built units of which 25 percent remained unsold on the survey date (see table VIII).

The unsold ratios are not too indicative of the market conditions in the area because units unsold for more than a year are not included in the unsold ratios for the FHA surveys and because annual volumes of completions covered were significantly different from year to year. The number of units that were unsold for 12 months or more dropped from 1,710 in January of 1965 to 570 in January 1966, and to 425 in January 1967. Inactive subdivisions (those which constructed no new units during the year) were not included in these totals, even though they still may contain unsold houses. The decline in the past three surveys is consistent with the data reported by the Residential Research Committee (see above). However, these data only reflect the volume of unsold new construction held by builders and do not reflect the market overhang of foreclosed units.

Foreclosures. The trend of residential foreclosures in the Santa Barbara HMA was sharply upward from 1958 to 1964. ^{1/} In 1958, there were less than 15 residential foreclosures and deeds in lieu of foreclosures reported in the HMA. This contrasts with the 1964 total of 805 foreclosures. Foreclosures dropped to about 600 units in 1965 and this level was maintained in 1966. Based upon data for the first nine months of 1967, it appears that foreclosures during the current year will again total about 600 units.

Outlook. Complete restoration of the sales market in the Santa Barbara HMA is not expected to occur during the next few years, regardless of economic growth. The substantial excess of low-price units in the Santa Maria-Lompoc area probably will remain on the market for many years. These units are not competitive with houses now being constructed in the area. Demand for these units will be very small during the next few years. Even though the remainder of the sales market should be restored to balance within one or two years, this particular market problem probably will continue throughout the foreseeable future.

^{1/} Based on data obtained from the Title Insurance and Trust Company.

Rental Market

The level of rental vacancies in the Santa Barbara HMA has increased somewhat since 1960; the rental vacancy rate was 7.3 percent in 1960, compared with 7.9 percent in December 1967. As is true for the sales housing market, the rental market ranges from good condition in the city of Santa Barbara to a very poor condition in the Santa Maria area. Between 1961 and 1965, multifamily construction was at a very high level. This tended to push the rental vacancy rate up to about 9.0 percent. An acute shortage of mortgage funds, beginning in 1966, caused a sharp reduction in multifamily construction, which allowed for a general reduction in the number of rental vacancies.

Multifamily construction represents a relatively recent development in the Santa Barbara area. In 1960, most of the renter households were occupying single-family houses. The large number of apartments that have become available since that time has reversed this situation. Typically, new multifamily units are in two-story garden projects, with a large predominance of one- and two-bedroom units. Demand for efficiencies, which is extremely limited outside the city of Santa Barbara, has been met primarily from older units or by the numerous apartments in motels and hotels. Similarly, demand for three-bedroom units has been met from the existing single-family house inventory.

Typical contract monthly rents in the Santa Barbara area range from about \$80 a month for a one-bedroom unit to about \$150 a month for a three-bedroom unit. Rents in the Goleta Valley are substantially above those in Santa Barbara; minimum monthly rents in Goleta are about \$120 for a one-bedroom unit, \$200 for a two-bedroom unit, and \$300 for a three-bedroom apartment. Single-family rentals begin at about \$200 a month. Because of the extremely soft rental market in the Santa Maria area, monthly rentals are quite low; one-bedroom units generally rent for \$70 a month and two-bedroom units for \$100 a month.

In general, there are three separate rental markets in the HMA, each having a different source of demand. The city of Santa Barbara depends in large measure on elderly and retired persons. Most of the rental demand in the Goleta Valley arises from the students at the university. Military and contractor personnel account for most of the rental demand in the Santa Maria-Lompoc area.

Public Housing and Urban Renewal

There are 256 public housing units in the Santa Barbara HMA. All of these are located in the Santa Maria-Lompoc submarket. The only urban renewal project also is in the Santa Maria area.

Military Housing

There are 1,805 Capehart and 172 appropriated fund housing units at Vandenberg AFB. In addition, there are about 550 private trailers on base, and the military leases 243 off-base units, but these are to be cancelled as present occupants are reassigned. The character of these units will be discussed more fully in the Santa Maria sub-market report.

Tenure of Occupancy

There were 82,900 occupied housing units in the Santa Barbara HMA as of December 1, 1967, of which 47,900 (57.8 percent) were owner-occupied and 35,000 (42.2 percent) were renter-occupied. The current ratio of owner-occupancy represents a continuation of the trend toward increasing homeownership evident during the 1950's, but the increase has not been as rapid in the post-1960 period. Between 1950 and 1960, the ratio of owner-occupancy increased from 49.7 percent in 1950 to 56.0 percent in 1960.

Vacancy

1960 Census. The 1960 Census of Housing reported that there were about 3,220 vacant, nondilapidated, nonseasonal housing units available for sale or rent in the Santa Barbara HMA, an over-all net vacancy ratio of 5.8 percent. Approximately 1,425 of the available vacancies were for sale, reflecting a homeowner vacancy ratio of 4.7 percent. The remaining 1,800 available vacancies were for rent, representing a rental vacancy ratio of 7.3 percent (see table V).

Only a small number of the sales vacancies lacked one or more plumbing facilities, while about 125 of the rental vacancies were so classified.

Postal Vacancy Survey. A postal vacancy survey was conducted in August 1967 by seven post offices in the Santa Barbara HMA, covering about 81 percent of the current housing supply (including trailers). The survey covered about 69,950 residences and apartments. At the time of the survey, 3,600 units were vacant, or about 5.2 percent of the units surveyed. Of this total, 2,475 were residences, a vacancy ratio of 4.3 percent, and 1,125 were apartments, indicating a vacancy ratio of 9.8 percent in apartments.^{1/} An additional 910 units were reported to be under construction, 465 residences and 445 apartments. The results of the survey are presented in detail in table VII.

Because the survey was conducted in August, at a time when apartment occupancy is very low in Goleta because of the influence of the university, eight routes are excluded from the results shown in table VII. A total of 4,508 apartments were reported on those routes, of which 3,184 (70.1 percent) were vacant. Most of these units were occupied by university students as of December 1, 1967, and it is judged that the vacancy rate in these units was about 12 percent at that time.

^{1/} See Appendix A , paragraph 7.

Current Estimate. On the basis of the postal vacancy survey, information from local realtors, and on personal observation, it is judged that there are currently about 5,000 available vacant housing units in the HMA, an over-all vacancy rate of 5.7 percent. Of the total number of vacancies, 2,000 are for sale, representing a homeowner vacancy rate of 4.0 percent, and 3,000 are available for rent, a rental vacancy rate of 7.9 percent.

The current homeowner vacancy rate is down somewhat from the 1960 level of 4.7 percent. However, it is judged that in the early 1960's, when construction was at very high levels, the homeowner vacancy rate reached 6.0 percent. Most of the improvement has occurred in the last 18 months. The rental vacancy rate of 7.9 percent is up slightly since 1960. The homeowner vacancy rate is substantially above the level that is deemed desirable in the sales market. The rental vacancy rate, on the other hand, suggests only a moderate surplus in the rental market.

Sales Market

General Market Conditions. The sales market in the Santa Barbara HMA has been very weak for sometime. There are, however, differences with respect to various geographic areas. The general market for housing in the city of Santa Barbara and its environs is quite good, the market for housing in the Goleta Valley is fair, while the market for sales housing in the Santa Maria area is very poor. The county-wide homeowner vacancy rate of 4.7 percent in 1960 was generally maintained until about 1962, when it began increasing sharply; by 1964, the homeowner vacancy rate probably was about six percent. Following a modest improvement in 1965, the market for sales housing improved substantially in 1966 and in 1967. This recent improvement has brought the homeowner rate down to 4.0 percent.

The serious deterioration during the middle part of the period resulted from excessive levels of new construction. Beginning in 1964, construction dropped off substantially. However, this was a time of relatively slow economic expansion and the sales market did not display significant strengthening until 1965 when the economic outlook began to improve. More recently, a shortage of mortgage funds, especially for interim financing, has kept construction at very low levels, permitting further improvement in the market.

Because of the long-term softness of the market, typical sales prices in the HMA have not been increasing during the last three years. This is contrary to the experience in the rest of southern California, and is especially true in the Santa Maria area where it is possible that prices have dropped somewhat. In general, new houses in the Santa Barbara HMA are priced between \$15,000 and \$35,000. Most of the higher-price homes (those priced in excess of \$25,000) are located in the Santa Barbara area, while most of the lower price homes (especially those below \$17,500) are in the Santa Maria-Lompoc area.

Similar to the rapid population increase of the late 1950's and early 1960's, household growth likewise was very high during that time. However, household growth was tempered somewhat by relatively large increases in nonhousehold population; many of the students and a number of the military personnel occupied newly-completed group quarters.

Household Size Trend. The present average size of all households in the Santa Barbara HMA is 3.03 persons. This represents a reversal of the trend of increasing household size between 1950 and 1960, when the average household size increased from 3.01 persons to 3.07 persons. The decline in average household size since April 1960 reflects the general trend toward smaller households on a national basis, as well as a declining birth rate in the HMA. A small additional decline in household size is expected during the next two years.

Estimated Future Households. Based on the anticipated annual increment to the population during the next two years, and on the assumption that the average size of households will continue to decline during the forecast period, there will be about 89,500 households in the Santa Barbara HMA by December 1, 1969. This represents an expected addition of 3,300 households each year during the December 1, 1967 to December 1, 1969 forecast period.

Housing Market Factors

Housing Supply

Current Estimate and Past Trend. As of December 1, 1967, there were about 90,200 housing units in the Santa Barbara HMA. This represents a net addition to the inventory of about 32,900 units, about 4,300 annually, since the 1960 census total of 57,300 housing units. The net change since 1960 represents about 32,400 newly-completed units, the addition of about 900 trailers, and the loss of 400 units through demolition and other losses (see table V).

Between 1950 and 1960, the housing supply of the HMA increased from 33,150 to 57,300 units, an average gain of 2,400 units annually. ^{1/} However, gains during the early part of the decade averaged only about 1,500 units annually, while the average gain during the latter part of the decade was about 4,000 annually.

Characteristics of the Supply. As of December 1, 1967, almost 70 percent of the housing units in the HMA were in single-family structures. This indicates a sharp decline from the 77 percent reported in 1960. Units in structures with two to four units make up six percent of the supply, compared with eight percent in 1960. The number of units in structures with five or more units has increased sharply in the post-1960 period. As of December 1, 1967, units in structures with five or more units accounted for 20 percent of the inventory, compared with nine percent in 1960.

The Housing Inventory by Units in Structure Santa Barbara, California, HMA April 1960 and December 1967

<u>Units in structure</u>	<u>Number of units</u>		<u>Percent of total</u>	
	<u>April 1, 1960</u>	<u>December 1, 1967</u>	<u>1960</u>	<u>1967</u>
One	44,099	62,800	77.0	69.6
Two to four	4,681	5,400	8.2	6.0
Five or more	5,225	17,825	9.1	19.8
Trailers	3,277	4,175	5.7	4.6
Total	57,282 ^{a/}	90,200	100.0	100.0

^{a/} Differs somewhat from count of all housing units (57,290) because units by type of structure were enumerated on a sample basis.

Sources: 1960 Census of Housing.
1967 estimated by Housing Market Analyst.

^{1/} See Appendix A , paragraph 5.

A distribution of housing supply by age of structure, adjusted to reflect the age of units demolished since 1960, is presented in the following table. Approximately 33,200 units, 37 percent of the current housing stock, have been constructed since April 1960. Reflecting the rapid growth at Vandenberg AFB, over 21 percent of the housing supply was built in the second half of the 1950-1960 decade. Only one-fourth of the housing supply of the Santa Barbara HMA was constructed prior to World War II.

Distribution of the Housing Supply by Year Built^{a/}
Santa Barbara, California, HMA
December 1, 1967

<u>Year built</u>	<u>Number of units</u>	<u>Percentage distribution</u>
April 1960-November 1967	33,200	36.8
1955 - March 1960	19,400	21.5
1950 - 1954	7,800	8.6
1940 - 1949	7,700	8.5
1930 - 1939	7,000	7.8
1929 or earlier	<u>15,100</u>	<u>16.8</u>
Total	90,200	100.0

a/ See Appendix A , paragraph 6.

Source: Estimated by Housing Market Analyst, based on the 1960 Census of Housing and adjusted to reflect inventory changes since April 1960.

Reflecting the relative newness of the inventory, the over-all condition of the housing supply is quite good. In 1960, about six percent (3,525 units) of the inventory was dilapidated or lacked one or more plumbing facilities.

Residential Building Activity

The trend of privately-financed residential building activity in the Santa Barbara HMA as measured by units authorized by building permits, has been very uneven during the past 10 years. ^{1/} From a 1958 level of 4,339 units, the number of units authorized jumped to 6,793 in 1959 and fell sharply to 3,378 units in 1960. Construction increased during the next two years to an all-time high of 7,689 units in 1962; but since that time the trend has been sharply

1/ All of the land area of Santa Barbara County is covered by building permits.

downward; authorized 1966 building activity totaled only 1,441 units. Based upon data for the first nine months of 1967, it appears that construction in the current year will exceed slightly the total built in 1966 (see table VI).

Privately-financed Housing Units Authorized by Building Permits
Santa Barbara, California, Housing Market Area
1958-1967

<u>Year</u>	<u>Single-family</u>	<u>Multi-family</u>	<u>Total</u>
1958	2,971	1,368	4,339
1959	4,820	1,973	6,793
1960	2,586	792	3,378
1961	4,350	1,208	5,558
1962	4,927	2,762	7,689
1963	3,332	3,126	6,458
1964	1,279	1,539	2,818
1965	1,021	2,317	3,338
1966	842	599	1,441
<u>First nine mos.</u>			
1966	732	454	1,186
1967	460	842	1,302

Sources: Bureau of the Census, C-40 Construction Reports; local building inspectors; Security First National Bank; and estimates by Housing Market Analyst.

Authorizations of single-family houses also have displayed an uneven trend. A peak of 4,927 houses was reached in 1962, but since that time single-family authorizations have plummeted. In 1966, only 842 houses were authorized, and it appears that single-family construction in 1967 will be far short of the 1966 total.

In 1958, 1,368 privately-financed multifamily units were authorized by building permits. Following a sharp decline in 1960, apartment construction increased very rapidly during the next three years to an all-time high of 3,126 units in 1963. By 1966, multifamily authorizations had dropped sharply to 599 units.

For the first nine months in 1967, 842 multifamily units were authorized, compared with 454 units for the comparable period in 1966. The relatively high level of multifamily construction during the late 1950's can be attributed to the rapid growth of Vandenberg AFB, while the high level of new apartment construction in the early 1960's resulted from the rapid increase in enrollment at the university.

Demographic Factors

Population

Current Estimate and Past Trend. The estimated population of the Santa Barbara HMA was about 265,400 as of December 1, 1967, an increase of 96,400 over the April 1960 census count. This represents a post-1960 average growth of about 12,575 (5.8 percent)^{1/} a year. Annual growth between 1960 and 1965 was well above the average for the entire period, averaging about 14,500 annually, compared with 9,000 annually since that time. The following table shows the population growth in the HMA since 1950 and a projection to 1969.

Population Trend Santa Barbara, California, HMA 1950-1969

<u>Date</u>	<u>Population</u>	<u>Average annual change</u>	
		<u>Number^{a/}</u>	<u>Percent</u>
April 1950	98,220	-	-
April 1960	168,962	7,075	5.6
December 1967	265,400	12,575	5.8
December 1969	283,600	9,100	3.4

^{a/} Rounded.

Sources: 1950 and 1960 Censuses of Population.
1967 and 1969 estimated by Housing Market Analyst.

The rate of population increase since 1960 is substantially above the increase recorded during the 1950's. Between 1950 and 1960, the population of the Santa Barbara HMA increased from 98,220 to 168,962, or an average gain of 7,075 annually. Most of the growth occurred between 1957 and 1960, when the population increased by an estimated 14,000 persons a year, compared with 4,000 persons a year in the early part of the decade.

The much higher rate of population growth between 1957 and 1965 reflects two important developments in the Santa Barbara HMA. The establishment of Vandenberg AFB in the latter 1950's caused a substantial population increase in the Western part of the county. Secondly, the University of California, Santa Barbara Branch, affected population growth in the eastern half of the county (see table IV).

Natural Increase and Migration. Between April 1950 and April 1960, net natural increase (excess of resident live births over resident deaths) averaged 1,625 annually. During the period, the total population increased by 7,075 annually, indicating that net in-migration

^{1/} See Appendix A , paragraph 2.

averaged 5,450 annually, 77 percent of the total population increase. In the post-1960 period, the total population increase of 12,575 annually has been composed of 3,300 persons annually by net natural increase, and the net in-migration of 9,275. Since 1960, net in-migration has accounted for 74 percent of the population gain.

As indicated earlier in this analysis, population growth was most rapid between 1957 and 1964; similarly, net in-migration was largest during that time. It is estimated that between 1950 and 1957, there was relatively little net in-migration into the area. Net in-migration since 1965 probably has averaged only about 5,500 a year. During the period of most rapid growth (1957-1964) it is judged that net in-migration averaged about 11,000 persons annually.

Estimated Future Population. On the basis of continued employment gains, the population of the Santa Barbara HMA is expected to reach 283,600 by December 1, 1969. This projection represents an average increase of 9,100 persons annually, although growth during the first year of the forecast period is expected to be somewhat below this average because of slower economic growth associated with Vandenberg AFB during the first year of the forecast period.

Households

Current Estimate and Past Trend. There were about 82,900 households in the Santa Barbara HMA as of December 1, 1967, a gain of about 30,900 since 1960. Household growth has closely paralleled patterns of population change. In the post-1960 period, households increased by an average of 4,025 annually, substantially above the 1950-1960 average of 2,150 annually. ^{1/}

Household Trend Santa Barbara, California, HMA 1950-1969

<u>Date</u>	<u>Households</u>	<u>Average annual change</u>	
		<u>Number^{a/}</u>	<u>Percent</u>
April 1950	30,586	-	-
April 1960	52,021	2,150	5.3
December 1967	82,900	4,025	6.0
December 1969	89,500	3,300	4.0

a/ Rounded.

Sources: 1950 and 1960 Censuses of Housing.
1967 and 1969 estimated by Housing Market Analyst.

1/ See Appendix A , paragraph 5.

While manufacturing employment by industry is not available prior to 1961, most of the early gains in manufacturing employment occurred in the ordnance and transportation equipment industry. In 1961, there were 4,600 persons employed in this category. Ordnance employment continued to expand until 1963, when a total of 6,100 persons were employed in this industry, equal to about one-half of all manufacturing employment. Annual losses since 1963 have resulted in a 2,300 job reduction in ordnance and transportation employment.

The second largest class in manufacturing employment is the machinery industry. Between 1961 and 1966, 900 jobs were added in this category. The remaining manufacturing industries have remained relatively stable, except for all other durable goods, which increased by 800 between 1961 and 1966.

The trend of nonmanufacturing employment in the Santa Barbara HMA has been much more stable than has the trend in manufacturing. From a 1958 level of 39,300, nonmanufacturing employment increased to 71,700 in 1966, a total gain of 32,400, or an average of about 4,050 jobs a year. Employment gains were recorded in every year and ranged from a high of 5,700 jobs between 1961 and 1962 to a low of 3,000 jobs between 1964 and 1965. Based upon data for the first eight months of 1967, nonmanufacturing employment is up about 2,800 over the corresponding period in 1966.

The bulk of nonmanufacturing employment is concentrated in trade, government, and the service industries. Each of these categories has displayed substantial employment growth since 1958. Employment in trade averaged 19,300 in 1966 compared with 12,000 in 1958, indicating an increase of 900 jobs annually. The service industries employed an average of 23,000 persons in 1966, more than double the 1958 total of 11,400. Employment increases in service industries averaged 1,450 jobs annually between 1958 and 1966. Government employment, which averaged 6,500 in 1958, increased to 16,600 in 1966, an average gain of over 1,250 jobs a year. Of the total government increase, 3,000 represented increases in the federal government and 7,100 reflected gains at the state and local level. Part of the increase in the latter category resulted from employment gains at the University of California. At the present time, there are about 1,975 full-time employees at the university, including 800 faculty members and 1,175 support personnel. Since 1960, full-time employment at the university has increased by an average of 200 annually.

During the 1958-1966 period, the mining industry added 200 jobs, transportation, communication, and utilities added 1,600 jobs, and finance, insurance, and real estate firms added 1,300 jobs. The construction industry, although adding 300 jobs between 1958 and 1966, has been declining since 1962. From a level of 4,500 jobs in 1958, construction employment increased to 7,300 in 1962, but has declined gradually since that time. In 1966, construction employment averaged 4,800 workers.

Impact of Vandenberg Air Force Base

Vandenberg Air Force Base has had a very profound impact on the economy of the Santa Barbara HMA. This is especially true for the western half of the county; in 1967, over half of the population of the Santa Maria-Lompoc submarket was directly dependent on Vandenberg AFB. Its impact also has been strongly felt in the Santa Barbara area, however.

Vandenberg AFB occupies the military reservation formerly operated by the Army as Camp Cooke, which was deactivated in 1953. The installation has been classed as permanent since December 1956, when a decision was reached to activate the base by the Strategic Air Command. Vandenberg AFB is the aerospace center of the west coast, and represents a total investment of more than one billion dollars. It is the headquarters of the First Strategic Aerospace Division of the Strategic Air Command (SAC). It provides a realistic operational environment in support of SAC intercontinental ballistic missile (ICBM) system reliability launches. The Air Force Systems Command maintains launch complexes and facilities supporting research and development of our national space objectives. Also based at Vandenberg is the Air Force Western Test Range, which is responsible for maintaining and controlling the down range complexes of the Western Test Range. Almost every major air command is represented on Vandenberg, along with the Navy, Army, and the National Aeronautical and Space Administration (NASA).

Since 1956, a rapid expansion of personnel at this installation has occurred. By June 1959, military strength at the base had reached 4,528. Military strength by June 1964 was 9,010, almost double the 1959 level. Since that time, it has trended downward, to a September 1967 total of 8,564. Civil Service employment at Vandenberg AFB has increased each year but one since 1959, from 627 workers in June 1959 to 1,987 in September 1967. Little change in military or Civil Service strength is anticipated during the next two years, but some moderate increase in contractor employment is possible.

Trend of Military and Civil Service Strength
Vandenberg Air Force Base
1959-1967

<u>Date</u>	<u>Military Strength</u>	<u>Civil Service^{a/}</u>
June 1959	4,528	627
June 1960	5,073	812
June 1961	5,992	961
June 1962	7,423	1,028
June 1963	8,121	1,132
June 1964	9,010	1,126
Dec. 1965	8,859	1,802
June 1966	8,822	1,947
Sept. 1967	8,564	1,987

^{a/} Does not include contractor personnel.

Source: Department of Defense.

Civilians, both Civil Service and contractor, account for a major part of the total personnel strength of the base. From its inception in 1957, total civilian employment at Vandenberg increased to 3,300 in 1959. This level increased very rapidly to a peak of 12,000 in 1961, a level that was maintained through 1963. Completion of various weapons systems in 1964 caused a sharp drop in contractor civilian employment; total civilian employment in that year was only 9,300. Since that time, total civilian employment has increased gradually to a present level of 10,400 workers.

The variations in civilian employment resulted from changes in employment by space and weapons contractors. Contractors employed less than 3,000 workers in 1959, compared with almost 9,100 workers in 1963. Following the sharp drop in 1964, contractor strength has increased to a current level of about 7,000 workers, about 1,400 above the 1964 level.

Unemployment

There was an average of 4,100 unemployed persons in the Santa Barbara HMA in 1966, an unemployment ratio of 4.5 percent of the civilian work force. This represents substantial improvement over the previous two years (1964 and 1965) when the unemployment rate averaged 5.3 percent. The 1966 level, however, is still somewhat above the unemployment rate of the late 1950's. A sharp increase in job opportunities in the HMA has been responsible for the decline in the jobless rate since 1965, and the increase in employment expected during the forecast period suggests that unemployment will remain at a relatively low level.

Future Employment Prospects

Nonagricultural employment in the Santa Barbara HMA increased by an average of 4,850 a year between 1958 and 1966. However, gains during the earlier part of the period were substantially above this level and gains in the latter part of the period were below the over-all period. Following the 1,600 job increase between 1963 and 1964, which was the smallest gain recorded in the post-1958 period, the economy of the Santa Barbara area has tended to expand.

It is judged that nonagricultural employment in the Santa Barbara HMA will increase by an average of 3,900 jobs a year during the forecast period. While this is somewhat below the 1958-1966 average, it is above the average for the last few years.

As has been the case in the past, most of the employment increase will occur in nonbasic industries. Employment in trade is expected to increase by about 900 jobs a year, the service industries are expected to add about 1,100 jobs a year, while government employment will increase by about 1,200 jobs annually. It is anticipated that manufacturing employment will increase by an average of 300 jobs a year. A moderate increase in employment is expected at Vandenberg AFB during the forecast period.

Because of the volatility of employment associated with Vandenberg AFB, employment projections for the Santa Barbara HMA are extremely hazardous. While employment other than that connected with Vandenberg can be expected to increase in response to local stimuli, employment at Vandenberg is dependent upon congressional policies for the nation as a whole, particularly upon changes in policies and expenditures related to military and space programs. Therefore, the employment level at Vandenberg AFB should be watched very carefully; significant gains or losses of employment at that installation would alter the subsequent findings of this analysis.

Income

The current median annual income of all families in the Santa Barbara HMA, after deduction of federal income tax, is about \$8,575; the current median after-tax income of renter households^{1/} is \$7,350 annually.

As shown in the distribution in table II, about 13 percent of all families and 18 percent of the renter households currently have after-tax incomes of less than \$4,000 a year. About 23 percent of all families and 13 percent of the renter households have after-tax incomes of \$12,500 or more a year. By 1969, the median after-tax incomes are expected to increase to \$9,050 annually for all families and to \$7,750 for the renter households.

^{1/} Excludes one-person renter households.

Economy of the Area

Character and History

Although the history of the Santa Barbara area dates to the 18th century, the area remained relatively rural in character until the end of World War II. From a relatively small trade and service center serving the rather large retired population and the surrounding agricultural area, Santa Barbara emerged as a major metropolitan area by the late 1950's. There were two significant economic forces which caused this sudden urbanization. Vandenberg Air Force Base, designated in the late 1950's as the headquarters for all West Coast space exploration activities, caused vast amounts of in-migration. Secondly, the establishment of the Santa Barbara branch of the University of California in 1954 brought rapid growth to the Goleta Valley. At the present time, these two installations directly account for about one-third of the population of the HMA.

Work Force

Between 1958 and 1966, the civilian work force in the Santa Barbara HMA increased from 50,500 to 90,800, with gains recorded in each year (see table I). The total increase of 40,300 reflects an average increase of 5,050 annually. However, gains during the earlier part of the period were above this average; the work force expanded by an average of 6,600 persons a year during the 1958-1962 period. In contrast, gains since that time have averaged only 3,475 a year.

Employment

Current Estimate and Past Trend. During the twelve months ending in August 1967, total nonagricultural employment in the Santa Barbara HMA averaged 84,200, compared with 81,000 for the previous 12-month period. This reflects a gain of 3,200 workers. Since 1958, as the following table indicates, employment in the HMA has increased at a very rapid rate. The establishment of Vandenberg AFB, substantial growth at the University of California, and the establishment of several manufacturing plants have accounted for most of this growth. In 1958, total non-agricultural employment averaged 43,800; by 1966, employment had increased to 82,600, representing a gain of 38,800 workers (89 percent) over the eight-year period.

Although the average gain for the entire period was 4,850 jobs annually, most of the growth occurred during the first part of the period. Between 1958 and 1962, employment gains averaged 6,350 annually and ranged from a low of 5,800 in 1960 to a high of 7,200 in 1962. Employment losses occurring at Vandenberg AFB since that time have tended

to dampen the rate of growth. Between 1962 and 1963, 4,100 jobs were added in the area. In the following year, only 1,600 jobs were added, the smallest increase in the eight-year period. Gradual improvement has occurred since that time. Between 1964 and 1965, employment increased by 2,400 jobs, and between 1965 and 1966, an additional 5,300 jobs were added. The 3,200 new jobs added thus far this year, while somewhat below the gain of last year, indicates that the Santa Barbara economy is continuing to expand, but at a slower rate than in the 1958-1962 period.

Total Nonagricultural Employment
Santa Barbara, California, HMA
1958-1967

<u>Year</u>	<u>Employment</u>	<u>Number</u>	<u>Percent</u>
1958	43,800	-	-
1959	50,100	6,300	14.4
1960	55,900	5,800	11.6
1961	62,000	6,100	10.9
1962	69,200	7,200	11.6
1963	73,300	4,100	5.9
1964	74,900	1,600	2.2
1965	77,300	2,400	3.2
1966	82,600	5,300	6.9

12 mos. ending

Aug. 1966	81,000	-	-
Aug. 1967	84,200	3,200	4.0

Source: California Department of Employment.

Manufacturing employment in the Santa Barbara HMA historically has accounted for only a small portion of total employment. The opening of Vandenberg AFB and the subsequent establishment of several manufacturing firms connected with the base have increased the importance of manufacturing employment somewhat, but it still represents a relatively small segment of the total. In 1958, when manufacturing employment averaged only 4,500, it accounted for 10 percent of all nonagricultural employment. The 1963 total of 12,400 jobs represented an increase of 7,900 (or 1,575 annually) between 1958 and 1963, and manufacturing employment accounted for 17 percent of the total. The 1963 total represented the peak in manufacturing employment. The 1964 level was 1,600 below the 1963 total, and an additional decline of 700 jobs occurred in 1965. Since that time, small increases have been registered (see table I for employment trends for major industry groups).

ANALYSIS OF THE
SANTA BARBARA, CALIFORNIA, HOUSING MARKET
AS OF DECEMBER 1, 1967

Summary and Conclusions

1. During the 12 months ending August 1967, total nonagricultural employment in the Santa Barbara Housing Market Area (HMA) averaged 84,200, compared with 81,000 for the previous 12-month period, a gain of 3,200 workers. Since 1958, employment in the HMA has increased at a very rapid rate. In that year, total nonagricultural employment averaged 43,800; by 1966, employment had increased to 82,600, representing a gain of 38,800 workers, 89 percent, during the eight-year period. While the average for the entire period was 4,850 jobs annually, most of the growth occurred during the first part of the period. Between 1958 and 1962, employment gains averaged 6,350 annually. Employment losses occurring at Vandenberg AFB since that time have tended to dampen the growth of the HMA. It is judged that nonagricultural employment in the Santa Barbara HMA will increase by an average of 3,900 jobs a year during the two-year period ending December 1, 1969.
2. The estimated population of the Santa Barbara HMA was about 265,400 as of December 1, 1967, representing an average growth of about 12,575 a year since April 1960. Annual growth between 1960 and 1965 averaged about 14,500, well above the average for the entire period. Since 1965, population has increased at a rate of about 9,000 annually. Between 1950 and 1960, the population of the Santa Barbara HMA increased by an average of 7,075 annually. On the basis of continued strong employment gains, the population of the HMA is expected to reach 283,600 by December 1, 1969. This projection represents an average increase of 9,100 persons annually.
3. There were about 82,900 households in the Santa Barbara HMA as of December 1, 1967. In the post-1960 period, households in the HMA increased by an average of 4,025 annually, substantially above the 1950-1960 average of 2,150 a year. Based on the anticipated annual increment of the population during the next two years, there will be about 89,500 households in the HMA by the end of the forecast period. This represents an expected addition of 3,300 households annually.
4. As of December 1, 1967, there were about 90,200 housing units in the Santa Barbara HMA. The net change of 32,900 units since 1960 represents about 32,400 newly-completed units, the addition of about 900 trailers, and the loss of 400 units through demolition and other losses.

5. As of December 1967, there were about 5,000 available vacant housing units in the HMA, an over-all vacancy rate of 5.7 percent. Of the total number of vacancies, 2,000 were for sale, representing a homeowner vacancy rate of 4.0 percent, and 3,000 were available for rent, a rental vacancy rate of 7.9 percent. The homeowner vacancy rate is substantially above the level that is deemed desirable in the sales market. The rental vacancy rate suggests only a moderate surplus in the rental market.
6. To accommodate the projected increase in the number of households and to allow for expected occupancy and inventory changes, approximately 4,400 additional housing units will need to be added during the two-year forecast period, including 2,250 single-family units and 2,150 units in multifamily structures. An additional 400 multifamily units could be absorbed if provided at the lower rents achievable with some form of public benefits or assistance, exclusive of public low-rent housing and rent-supplement accommodations. Demand for additional housing during the two-year forecast period averages 2,200 units annually. However, the total demand will be absorbed best if only 2,100 units are produced in the next 12 months and 2,300 units are produced in the final year of the forecast period. The division of demand for the two major submarkets is shown below. The qualitative demand for new single-family and multifamily units is presented at the end of each summary report for the individual submarket areas.

Projected Annual Demand for New Housing
Santa Barbara, California, HMA
December 1, 1967 to December 1, 1969

<u>Area</u>	<u>December 1967- November 1968</u>	<u>December 1968- November 1969</u>
HMA total	<u>2,100</u>	<u>2,300</u>
Single-family	<u>1,025</u>	<u>1,225</u>
Multifamily	<u>1,075</u>	<u>1,075</u>
Santa Barbara submarket	<u>2,050</u>	<u>2,050</u>
Single-family	<u>975</u>	<u>975</u>
Multifamily	<u>1,075</u>	<u>1,075</u>
Santa Maria-Lompoc submarket	<u>50</u>	<u>250</u>
Single-family	<u>50</u>	<u>250</u>
Multifamily	<u>0</u>	<u>0</u>

ANALYSIS OF THE
SANTA BARBARA, CALIFORNIA, HOUSING MARKET
AS OF DECEMBER 1, 1967

Housing Market Area

The Santa Barbara, California, Housing Market Area (HMA) is defined as Santa Barbara County, and is coextensive with the Santa Barbara Standard Metropolitan Statistical Area (SMSA) as defined by the U.S. Bureau of the Budget. The city of Santa Barbara is located in the southeast corner of the HMA, on the coast of the Pacific Ocean. It lies about 90 miles north of Los Angeles and about 340 miles south of San Francisco.

In 1960, the HMA had a population of about 169,000, of which less than three percent was rural-farm population.^{1/} Santa Barbara, the central city, had a population of about 59,000. Other incorporated areas include Santa Maria (20,000 persons), Lompoc (14,400 persons), Carpinteria, which was incorporated in 1965, with almost 7,000 persons, and Guadalupe (2,600 persons). Most of the population of the HMA is concentrated in a narrow strip of land between the Santa Ynez Mountains and the Pacific Ocean. The other primary population concentration is in the Santa Maria-Lompoc area, which extends westward from U.S. Highway 101 to the ocean.

Transportation facilities in the Santa Barbara area are adequate. The Southern Pacific Railroad, one bus line, and two passenger airlines provide access to and egress from the HMA. U.S. Highway 101, the principal north-south route of the Pacific coast, crosses the HMA, and links the populated areas of the HMA.

There is very little commutation between the HMA and nearby counties. The 1960 census reported that less than two percent of the resident work force commuted outside the HMA. The number of in-commuters was somewhat below this level.

Because of different economic forces and because of the distance between the two major population concentrations, the HMA as currently defined has been divided into two submarkets. The Santa Barbara submarket includes the eastern half of the HMA and the Santa Maria-Lompoc submarket encompasses the western half.

^{1/} See Appendix A, paragraph 1.

SANTA BARBARA, CALIFORNIA, HOUSING MARKET AREA (SANTA BARBARA COUNTY)

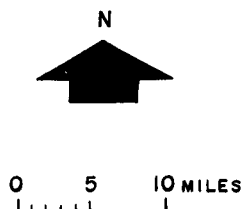
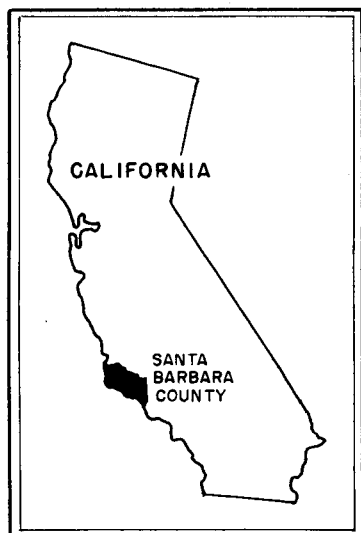
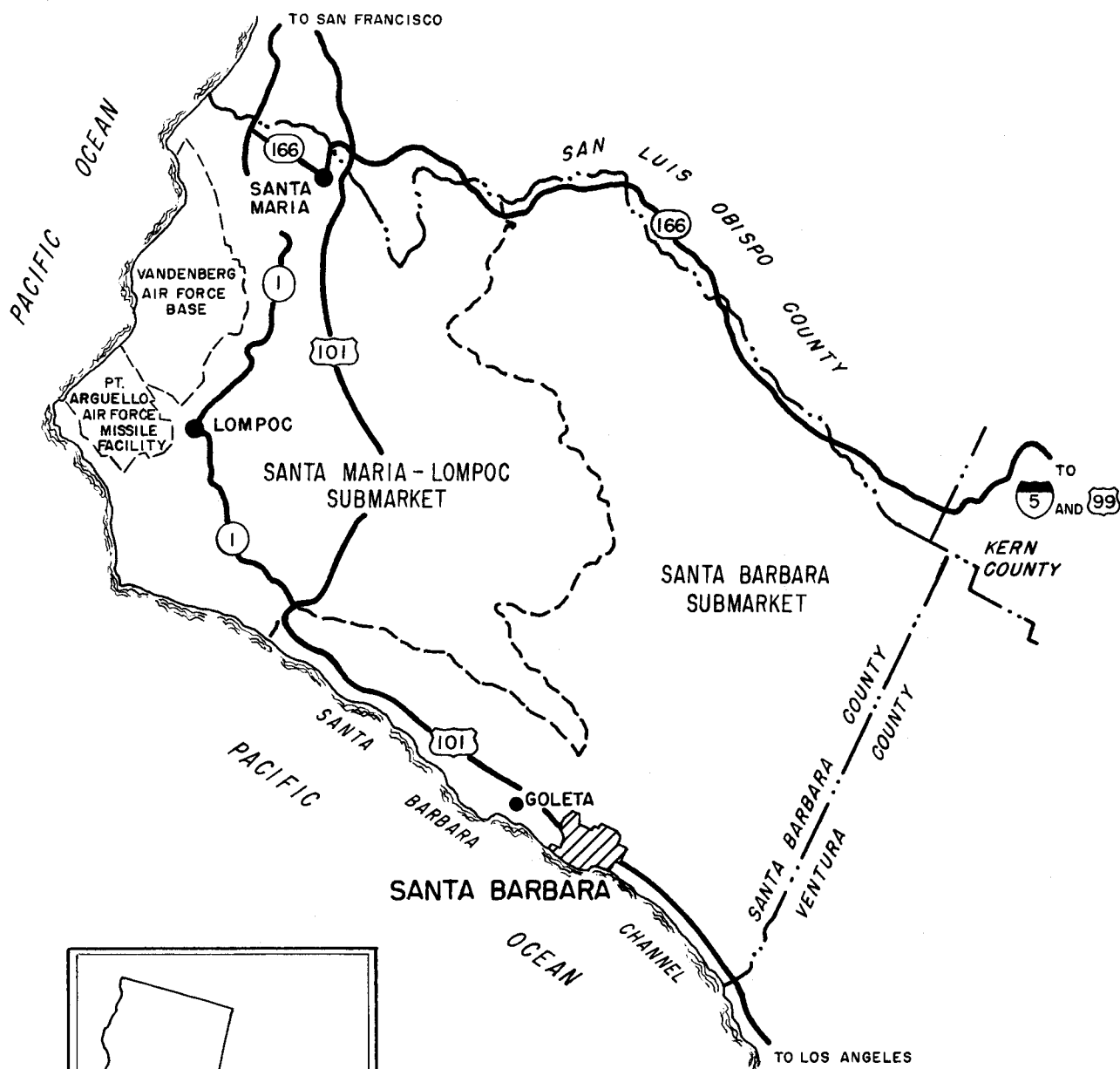


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AS OF DECEMBER 1, 1967

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Field Market Analysis Service
Federal Housing Administration
Department of Housing and Urban Development

Foreword

As a public service to assist local housing activities through clearer understanding of local housing market conditions, FHA initiated publication of its comprehensive housing market analyses early in 1965. While each report is designed specifically for FHA use in administering its mortgage insurance operations, it is expected that the factual information and the findings and conclusions of these reports will be generally useful also to builders, mortgagees, and others concerned with local housing problems and to others having an interest in local economic conditions and trends.

Since market analysis is not an exact science, the judgmental factor is important in the development of findings and conclusions. There will be differences of opinion, of course, in the interpretation of available factual information in determining the absorptive capacity of the market and the requirements for maintenance of a reasonable balance in demand-supply relationships.

The factual framework for each analysis is developed as thoroughly as possible on the basis of information available from both local and national sources. Unless specifically identified by source reference, all estimates and judgments in the analysis are those of the authoring analyst and the FHA Market Analysis and Research Section.

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Condition of the

SANTA BARBARA, CALIFORNIA

HOUSING MARKET

as of December 1, 1967

A Report by the
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION
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