

Santa Barbara School Districts  
Feasibility Analysis of Hidden Valley & Tatum Sites

## **FOCUS GROUP REPORT**

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Prepared by UniDev, LLC  
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## REPORT

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### 1. BACKGROUND

#### a. Feasibility Analysis.

A multidisciplinary team of real estate experts, led by UniDev, LLC (“UniDev”), was selected through a competitive bidding process to undertake a feasibility analysis with respect to two undeveloped properties owned by the Santa Barbara School Districts (the “Districts” or “SBSD”), commonly known as the Hidden Valley and Tatum sites (located in the city and the county, respectively). The overarching goals of the feasibility analysis are (i) to provide greater fiscal stability to the Districts by supplementing existing revenue sources, thereby allowing the Districts to continue and/or expand high-quality educational programs available to the student body; and (ii) to explore options for providing reasonably priced, high-quality housing for District staff, to assist with the recruitment and retention of the best-qualified employees available.

In order to satisfy these dual goals, the feasibility analysis is considering four disposition options for each of the two sites, one of which options is the development of the site(s) as workforce housing primarily for the Districts’ employees, with a revenue stream to the Districts.

#### b. Demand Analysis.

In order to understand the housing needs and preferences of the Districts’ employees and, therefore, the potential demand for workforce housing, UniDev is undertaking a demand analysis, which involves gathering applicable information from the potential market.

The work has been divided into two elements, qualitative and quantitative. The qualitative aspect of the analysis initially involved the moderation of three focus groups of SBSD employees. The primary purposes of these focus groups were to (a) provide a better understanding of the primary areas of concern for SBSD employees with respect to housing issues, so as to assist in the preparation of a comprehensive survey, and (b) gather preliminary reaction to housing-related issues and the potential for a future workforce housing development. The quantitative aspects of the demand analysis – involving analysis of existing employee data and surveying all SBSD employees through a written instrument – were completed after the conclusion of the focus groups.

Subsequent to the completion of the survey process, it was determined that an additional series of focus groups, focused in more detail on employees’ concerns and preferences regarding workforce housing – including its benefits and restrictions – would provide useful additional information. This report summarizes that second series of focus groups.

c. **Focus Groups.**

Focus group participants were recruited utilizing a list of all current SBSD employees, which was then sorted by work location. Those employees working at the 3 or 4 schools closest to each of the potential development sites were then divided into 4 groups – group A, comprised of all full-time (at least 6 hours per day) certificated employees employed by SBSD for less than 8 years; group B, comprised of all full-time certificated employees employed by SBSD for at least 8 years; group C, comprised of all full-time classified employees employed by SBSD for less than 10 years; and, group D, comprised all remaining SBSD employees at these schools.

All group A and group C employees were then sent an email inviting them to participate in a focus group meeting located at their school or one close by. Several follow up emails, encouraging participation, were also sent to these employees. Volunteers either emailed back their willingness to participate or contacted UniDev by telephone. A total of 19 employees volunteered to participate in one of the two focus group meetings.

The first focus group meeting was held on May 24, 2006 at Monroe Elementary School; 3 employees participated. The second meeting was held on May 25, 2006 at La Colina Junior High School; 9 employees participated.

As an introduction to the group and to provide a context for forthcoming comments, each participant was asked to recite the following background information at the outset of each focus group – first name; job position and location; total number of years employed by the Districts in any position; total number of household members; home location; average one-way commute time; current ownership situation; and, number of years living in the Santa Barbara area. (Summaries for each of the 2 meetings, including the introductory information provided and the discussions that followed, are attached as Appendix A.) UniDev facilitated both of the focus groups, using a discussion guide it developed for this purpose. (The Discussion Guide is attached as Appendix B.) Each group lasted approximately 90 minutes.

**2. OBJECTIVES OF FOCUS GROUPS**

The primary objectives of these focus groups were as follows:

a. **Follow Up to Survey.** The discussions were intended to gain additional insight with respect to some of the key issues probed through the survey instrument. In particular, the discussion focused on employees' preferences and concerns with respect to the possibility of workforce housing development. This included a discussion regarding unit types, and trade-offs between affordability benefits and restrictions, as well as whether they would consider buying or renting a unit in a workforce housing community.

b. **General Reaction.** The discussions were also structured so as to gather general reaction from employees to housing-related issues and the extent to which housing affects their employment. The discussion topics included the importance of living close to work, the impact of SBSB providing housing assistance to its employees, and which employees should receive assistance, if offered.

### 3. FOCUS GROUP CONCLUSIONS

#### a. **Housing Affordability is a Significant Concern.**

All of the participants described a significant level of concern over the cost of housing. They felt compelled to choose between moving a longer than desirable commuting distance away in order to find something affordable to buy, or pay “outrageous prices” to rent something “reasonable” within Santa Barbara. Some participants expressed a concern about investing in their future (i.e. building up equity) and having to balance housing costs with other necessities, including gas prices and child care expenses.

Most everyone agreed that finding desirable housing that’s affordable to their household and within an acceptable commute from work is extremely difficult, particularly if the household wants to buy. Finding acceptable rentals is somewhat less difficult but still problematic.

#### b. **Housing Issues have Negative Impacts on Employment.**

Many participants described how much they enjoyed their jobs and did not want to leave, despite the concerns expressed over housing costs. However, all expressed their distress over the high housing costs, and many participants indicated that, as a result, they have or are currently considering leaving the area. Most current owners said they plan to stay at SBSB notwithstanding that they generally couldn’t afford to buy as much of a home as they would have liked and/or that they own further away than they find acceptable. However, current renters have much less of an incentive to stay. And, most of those participants who are commuting have seriously considered looking, or are planning to look, for a job closer to their home so as to avoid the commute.

Almost all participants indicated the importance of being able to live close to work. The primary concern related to the commute and the stress this causes on families and on finances (e.g. gas costs). Having to plan for an entire day was also cited as an issue. However, some participants were concerned about living too close to their workplace, in order to maintain privacy and a separation from their students.

While many participants would consider using an alternative form of transportation to get to work (e.g. bike or walk) if they lived within 2 miles from their employment, many others felt that they would drive in any event, because of other

needs for their car (e.g. picking up at child care), preference and/or the difficulty of biking (e.g. no sidewalks, vehicular incidents with bicycles).

**c. Employers Should Assist their Employees with Housing Costs.**

All of the participants felt that employers have a role to play in assisting employees in being able to afford the area's high housing costs.

Most participants agreed that housing assistance should be given to employees as an incentive – to new employees to come to the Districts and/or for those who have stayed. Many expressed a concern that assistance be provided equitably. They suggested a lottery system, combined with certain threshold qualifications, would be fair to all. Several suggested that financial need should be taken into consideration along with other factors, such as years of SBSB employment. Some participants believe that teachers (particularly new ones) should have first priority for assistance.

If “meaningful” housing assistance were offered to employees, this could be an incentive to remain at SBSB, according to many participants. Others are planning to stay in any event, while still others will stay if they can satisfy their housing needs.

Many felt that it would be appropriate for SBSB to develop land it owns for the purpose of providing affordable housing (both for-sale and rental) to its employees. Some suggested that down payment assistance would make a meaningful difference to them. Information regarding housing options, for those new to the area, would also be helpful.

**d. Employees are Willing to Accept Trade Offs in Order to Buy Housing Affordable to their Household.**

Nearly all of the participants indicated that they would prefer to own rather than rent a home. However, several indicated their willingness to rent for some period of time – particularly if it enabled them to save money for future homeownership. And, others indicated that renting would likely be desirable for new employees, single employees and/or for those who don't want to buy with any restrictions.

All of the participants who want to buy said they would not have any concern about buying a below-market-price home that comes with the requirement that it be their primary residence. Participants were generally accepting of the restriction that they must sell their home within a certain period of time after leaving their employment. Most indicated that this was a fair requirement in order to maintain the units for SBSB employees. Participants were more concerned about having to sell their home upon retirement; however, many expressed the view that this was a fair limitation, given that they would not be able to get into the market otherwise, and/or that having to move upon retirement was a concern they could address over many years. Further, many participants were receptive to buying a unit for which the resale price is limited, again citing the fairness of this restriction given the opportunity to buy way below market

price. However, others expressed a concern about restrictions that made the transaction feel short-term and therefore “punitive.”

All participants who want to buy said they would be interested in a single-family detached house that is on a small lot if it’s significantly below market price. And, most participants were interested in a single-family attached house (e.g. townhouse) that’s even less expensive. Participants were split on whether they would consider living in an apartment-style unit, even if the price were even less expensive than the townhouse unit.

e. **Employees are Interested in Workforce Housing.**

All participants said they would seriously consider moving to a house in a workforce housing community in Santa Barbara that came with significant affordability benefits as well as restrictions.

Many participants felt that living in a workforce housing community comprised primarily of other SBSD employees would be a desirable situation. Some participants expressed concerns about living in such a community; however, few who had concerns felt that this factor would be sufficiently significant so as to cause them to reject consideration of such a community.

**APPENDIX A: SUMMARIES OF INTRODUCTORY INFORMATION & DISCUSSIONS**

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**SUMMARY - FOCUS GROUP 1 – Wednesday 24 May 2006 – Monroe Elementary School**

**SUMMARY - FOCUS GROUP 2 – Thursday 25 May 2006 – La Colina Junior High School**

## **APPENDIX B: DISCUSSION GUIDE**

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### **PART ONE – Background & Introductions**

1. **Process**

- Estimated time frame (~ 90 minutes)
- Written summary of discussions → no attribution to specific individuals

2. **Introductions**

- SHP & PES → moderators (lead discussion), employees of UniDev, LLC (an independent real estate consulting firm headquartered in Bethesda, MD)
- UniDev → independent consultant; not an employee of SBSB

3. **UniDev's Role**

- Hired by the School Districts to consider (among other things) whether the School Districts might use 2 sites it owns to build housing affordable to and targeted for its employees
- While there may be other concerns that employees have with respect to the School Districts, this focus group discussion will only address housing issues

4. **Purpose / Importance of Focus Group Discussions**

- "Focus groups" → Informal discussion groups used to obtain opinions about products/services/issues
- Your input is crucial for understanding the primary concerns of employees related to housing issues
- Any examples or ideas discussed today are purely conceptual at this stage; no decisions have been made as yet

5. **Ground Rules**

- No right or wrong answers
- Not necessary to agree with what others are saying; express honest opinions
- Speak loudly & clearly & one at a time; we need to hear from everyone
- Answers kept confidential; no attribution

6. **Self Introductions by Participants**

- First Name
- Job category (classified/certificated), position and work location
- Years working for SBSB
- Location of current residence; total # of household members
- Average one-way commuting time from home to work
- Do you own or rent?

## **PART TWO – Substantive Issues**

### **1. Background**

- How concerned are you about the **cost of housing** in this area?
- How **difficult is it to find “desirable” housing** at a price that’s affordable to your household within an acceptable commute of work?
- Does this level of difficulty **cause you to consider leaving** your current job?

### **2. Assistance**

- Should an **employer assist** with housing costs?
- If yes, should an employer **assist all employees**? Or, are there **certain qualifications** that an employee must satisfy in order to get assistance? (e.g. employed at least X years; within a certain job category; earning no more than X; receiving positive reviews / commendations)
- If SBSD offered housing assistance, would you be more likely to stay at your job?
- If another employer offered housing assistance, would it cause you to seriously consider leaving your current job and accepting a new job?
- What **types of housing assistance** would be most beneficial? (opportunity to buy / rent new unit at below-market price; below-market interest rate; down payment / security deposit assistance; monthly housing payment assistance; credit counseling; homeownership counseling)

### **3. Housing Location**

- Would you like to **live close to work**? How important is it to live close to work?
- If you lived within 2 miles from work, would you primarily **drive, bike or walk** to work?

### **4. Affordability vs. Restrictions**

- Would you prefer to **buy or rent**?
- Would you consider buying a below-market price unit (50% of market price) if...
  - it must be your **primary residence**?

- you must **sell within X years after termination**? What's acceptable time period?
- you must **sell within X years after retirement**? What's acceptable time period?
- there's a **limit on resale price**? (CPI increases)
- If you can't afford to buy or are uncomfortable with these restrictions, would you consider renting a market-quality, below-market rate rental unit?

#### 5. Trade-Offs / Unit Types

- **SFD on small lot** acceptable?
  - Prefer nice sized house & yard with relatively long commute OR smaller house with small yard but close to work
  - Prefer SFD on large lot that's market price OR **detached single-family home on a small lot** that costs \_\_\_% less?
- **SF attached** (townhouse, duplex; private entry) acceptable?
  - Prefer detached SFD on small lot OR **attached single family** that costs \_\_\_% less?
- **Apartment-style unit** (flat or loft; 1 building entry, units above, below and/or next to yours) acceptable?
  - Prefer SFD OR apartment-style unit that costs \_\_\_ % less?
  - Prefer SF OR apartment-style unit that costs \_\_\_% less?

#### 6. Employee Housing Community

- Would you **consider living** in a new housing development comprised primarily of other SBSD employees?
- **Would you consider buying** a new, market-quality home in such a new development if it's:
  - in Santa Barbara
  - with significant affordability benefits (e.g. below-market price, below-market mortgage interest-rate, no down payment, assistance with paying closing costs, no private mortgage insurance payments, assistance with monthly housing costs)
  - and with restrictions (e.g. resale limitation, primary residence, must sell if termination or retirement)