

President's Message

August 2017

What's The Key Issue In This Year's Election?

Last week, I was invited to speak at a forum called by the City's Living Wage Advisory Committee. The Committee was formed several years ago when the City passed its Living Wage Ordinance – requiring that most businesses that do contract work for the City of Santa Barbara pay a pre-determined “living wage”, currently at around \$16 per hour.

The purpose of the forum was to discuss the cost of living in Santa Barbara, and how we should address it. In fact, that was the question we were asked to make prepared remarks on – “How would you define the problem of living costs in Santa Barbara and what is your most important path for making progress toward making this an inclusive community?”

As I was the first speaker, I decided to turn away from where several of the speakers would go – asking that employees simply be paid more (yes, more even than the now State-mandated \$15 per hour minimum wage by 2023). Instead, I focused squarely on housing.

Housing costs in Santa Barbara are high. They are very high. They are so high its become cliché simply to say, “housing costs are high.” But we rarely give any explanation as to how high. Generally, the comment is made, we roll our collective eyes, and go on to talk about how cool it is to live here.

But to begin to address the problem, sometimes we need to truly understand the problem. And for many Santa Barbarans who have lived here twenty or more years, it's hard to understand. They acquired their houses back before the run up in prices and don't face the same issues as the majority of people trying to make a go of it here.

So how bad is it? To find out, I've gone to a “Cost of Living” calculator. This system takes into account all of the factors that determine the cost of living in a place. Everything from the price of energy to food to entertainment. Generally, these systems have 90 – 100 data points, which are gathered in cities across the country, then compared to one another. In each category, a median price is

found, and that price is set at 100 points. All other prices are then assigned a point value based on that median price – and a score is determined.

To find out how we fared, I chose a variety of cities from around the Western US that had some similarity to us. Here's how it came out:

City	Reason	Overall Score	Housing Score
Tucson	"Progressive" capitol of neighboring Arizona	95	83
Bellingham, WA	Coastal community – same size as Santa Barbara	130	177
San Diego	CA coastal community	166	292
Boulder, CO	"Progressive" capitol of Colorado	178	344
Santa Barbara		254	579

Each of these Cities have large Universities. Each has a variety of housing options. Each has enough similarities to make a comparison meaningful.

Tucson's overall score is 95, meaning its overall cost of living is slightly below the average. And its housing score is 83 – well below the national average.

Bellingham's score is 130 – with a housing score of 177 – meaning it's 30% more expensive to live in Bellingham than it is on average around the country. That average is driven by housing costs, which are 77% higher than the national average.

And Santa Barbara? An overall score of 254. The cost of living here is very high. But in the breakdown, every single data point is around 100. Our energy costs are slightly below the national average. Groceries are slightly above. In every category, we are pretty damned average – except one. Housing.

At 579, we have one of the highest housing cost scores in the country. It is over 5.5 times more expensive to get housing in Santa Barbara than it is on average across the US.

This cost of housing issues affects us in a number of ways. Business can't recruit new employees into the community. People who are here eventually look to leave to buy a house, regardless of how much they love this place. People buying power decreases, meaning they are spending less in our stores (and generally looking for better bargains online). The list of impacts goes on and on.

It is for this very reason that the Chamber has been standing arm and arm with housing advocates across the South Coast seeking ways to increase our housing stock. For those who are primarily concerned about preserving Santa Barbara as it is – I hear and respect you – but it must be done in conjunction with meeting our basic housing needs. Driving density where it is appropriate to accommodate those who are already involved and working in our community is not just something it would be nice to do, it is something we must do for the long-term economic health of the south coast.

As you look at this upcoming election, please keep these comments I made at the forum in mind. Which candidates are talking about dealing with the cost of living here by simply looking to increase mandated wages more and more – and which are calling for dealing with the root of the problem ... housing prices?

Tell your friends. Tell your neighbors. Tell your employees. Let's vote for the candidates that are trying to solve the real problem in Santa Barbara.