



SAN LUIS OBISPO COUNTY

DEPARTMENT OF PLANNING AND BUILDING

Promoting the wise use of land - Helping to build great communities

TO: PLANNING COMMISSION

FROM: TERRY WAHLER, SENIOR PLANNER, CURRENT PLANNING

VIA: DANA LILLEY, SUPERVISOR, HOUSING SECTION

DATE: MAY 21, 2014

SUBJECT: 2014 HOUSING ELEMENT UPDATE – COMMENTS AND RECOMMENDED REVISIONS TO THE HEARING DRAFT.

RECOMMENDATION

That the Planning Commission consider and adopt the 2014-2019 Public Hearing Draft Housing Element of the County General Plan with the recommended revisions.

DISCUSSION

Department of Housing and Community Development (HCD)

On May 21, 2014 staff received the Department of Housing and Community Development's preliminary comments regarding the 2014 Draft Housing Element via a conference call. HCD's suggested revisions include:

- adding average per acre land cost to Chapter 5
- inserting a reference in Program HE.3.A to include ordinance amendments to bring the definition of "family" into compliance with federal and state fair housing law

Staff has incorporated these suggestions into Chapters 4 and 5 as "Attachment A" and is recommending approval as presented.

San Luis Obispo County Commission on Aging (COA)

Staff met with the County Commission on Aging on April 30, 2014 and discussed housing needs and issues as they relate to the Housing Element update. The County Commission on Aging followed up with suggested additions and clarifications to Chapter 4. Staff has incorporated some of these suggestions into Chapter 4 in "Attachment B" and is recommending approval as presented in the attachment.

Home Builders of the Central Coast (HBACC)

Staff meets regularly with the HBACC. In response to discussions at these meetings regarding Work Force Housing, staff is proposing additions to Chapters 3, 4 & 5 and is recommending approval as presented in the "Attachment C".

Department of Housing and Community Development Comments
“Attachment A”

GOAL, OBJECTIVES, POLICIES, AND PROGRAMS

CHAPTER 4

Policies 3.1-3.3

HE 3.1:

Remove regulatory barriers for development of housing for homeless and disabled persons.

HE 3.2:

Work with other jurisdictions to support a countywide approach to reducing and preventing homelessness.

HE 3.3:

Work with community groups and developers to provide opportunities for construction and acquisition of housing for special needs groups.

Implementing Program(s)

Program HE 3.A: Revise the General Plan and ordinances to address group homes (Residential Care Facilities).

Description: Review the Group Home (Residential Care Facilities) standards in the General Plan and ordinances, and then make revisions if the County determines that changes are necessary. [Review and amend ordinances as needed to make the definition of “family” consistent with federal and state fair housing law.](#)

Purposes: Remove governmental barriers for the development of group homes. Group homes are residential facilities primarily designed to assist children and adults (including elderly) with chronic disabilities including persons experiencing physical disabilities, mental disorders, and addiction. Group homes can provide a sense of community and continuous supervision or care.



Transitional housing facility funded by the Supportive Housing Program grant

Source: Transitions Mental Health Association



Community Health Center clinic at the Prado Day Center, San Luis Obispo

HOUSING NEEDS ASSESSMENT

CHAPTER 5

of Homebuilders). However, the national average lot size is significantly larger than typical lots sizes in San Luis Obispo County.

Land values and real estate prices vary throughout the county. The cost of land ranges from \$1,000,000 to \$2,000,000 per acre for land zoned to allow 20 units or more per acre, depending on location, infrastructure, and site constraints. The following is a list of median home values (2011 American Community Survey) for select communities in 2013:

- City of Atascadero – about \$428,000
- Cambria – about \$712,000
- Oceano – about \$278,000
- Nipomo – about \$415,000
- City of San Luis Obispo – about \$562,000
- Shandon – about \$233,000

Availability of Financing

The affordability of housing is closely tied to the availability of financing and the mortgage interest rates. Due to the recession, some mortgages are harder to obtain due to stricter requirements for loan qualification. However, 30-year interest rates in 2013 remained low, ranging from 3.29-4.51% (Freddie Mac). Lower interest rates and lower home prices can help create more first time homebuyer opportunities in the county. The County administers a First Time Homebuyer Program (FTHB) for very low and low income households funded through a CalHome grant from the State of California. Applicants must demonstrate financial need and pre-approval for a first mortgage; the second mortgage is financed as a deferred payment, 30-year loan. The County has provided 40 FTHB loans since the County began the program in 2007.

The private market provides financing for construction of moderate and above moderate income housing units. Private financing for market rate development can be difficult to obtain in the current market due to the tightening of the market.

*The County provided
11 **First Time
Homebuyer loans** in
the 2013 calendar
year.*

~Source: Planning and
Building Department

San Luis Obispo County Commission on Aging Comments
“Attachment B”

San Luis Obispo County Commission on Aging (COA) Suggested Additions

Chapter 4

GOAL, OBJECTIVES, POLICIES, AND PROGRAMS

Program HE 1.N: Amend ordinances to facilitate development of senior-friendly communities.

Description: Amend ordinances and the General Plan to facilitate development of senior-friendly communities and housing suitable for the County's aging population.

Purposes: To provide more housing choices that meet the needs and preferences of seniors.

Desired Result: Revised ordinances can enable provision in housing developments for pedestrian and wheel chair access, access to nearby services, and transit that are needed by seniors and encourage or require the provision of housing that is physically accessible (e.g. one-story, no steps, roll-in showers).

Agency: Planning and Building Department

Funding: Department Budget

Schedule: Initiate ordinance amendments in 2017.

Objective 2.0:
Facilitate the conservation, maintenance, and improvement of affordable senior housing to allow for Aging in Place.

HE 2.1:

Encourage long-term maintenance and improvement of existing housing through rehabilitation assistance for lower income households, expediting permitting for modifications for landlords and home owners.

Housing Element Objective 2.0:

Facilitate the conservation, maintenance, and improvement of 2,621 existing units of affordable housing, including affordable senior housing to allow aging in place.

Conservation, maintenance, and improvement programs include protecting existing mobile homes and apartments, and maintaining existing affordable housing.

Housing Element Objective 3.0:

Provide housing opportunities for 500 households over a five-year period to prevent and end homelessness through financial assistance and services.

Programs addressing opportunities for development and preservation of housing for homeless and disabled persons includes reducing regulatory barriers through ordinance amendments and foreclosure and/or eviction prevention.

HOUSING POLICIES AND PROGRAMS

Objective 1.0: Facilitate development of 1,092 new housing units during the five-year time period beginning January 1, 2014, and implement Strategic Growth policies when planning and reviewing new development proposals to the maximum extent practicable.

The County will facilitate development of new housing units broken down by income categories established in the Regional Housing Needs Plan. *The quantified objective for construction of new housing is broken down in the table below.*

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Desired Result: Revised ordinances can enable provision in housing developments for pedestrian and wheelchair access, access to nearby services, and transit that are needed by seniors, and encourage or require the provision of housing that is physically accessible (e.g., one-story, no steps, roll-in showers).

Agency: Planning and Building Department

Funding: Department Budget

Schedule: Initiate ordinance amendments in 2017.

Objective 2.0:

Facilitate the conservation, maintenance, and improvement of 2,621,420 existing units of affordable housing, including affordable senior housing to allow aging in place.

Policy 2.1**HE 2.1:**

Encourage long-term maintenance and improvement of existing housing through rehabilitation assistance for lower income households.

Policy HE 1.13: Continue to provide flexibility in meeting the Inclusionary Housing Ordinance requirements.

Policy HE 1.14: Work with developers to encourage housing for local workers to meet the needs of the workforce and their families. The term “workforce housing” is defined in County ordinances as households earning less than 160 percent of county median income. Providing housing of the appropriate type, location and price for local workers can improve the success of local businesses through dependable employees.

Policy HE 1.15: Promote housing opportunities regardless of age, race, religion, sex, marital status, ancestry, or national origin.

OBJECTIVE 2.0: FACILITATE THE CONSERVATION, MAINTENANCE, AND IMPROVEMENT OF ~~2,621~~2,420 EXISTING UNITS OF AFFORDABLE HOUSING, INCLUDING AFFORDABLE SENIOR HOUSING TO ALLOW AGING IN PLACE.

Policy HE 2.1: Encourage long-term maintenance and improvement of existing housing through rehabilitation assistance for lower income households.

Policy HE 2.2: Strive to protect mobile homes, mobile home parks, and manufactured housing as an important source of affordable housing in San Luis Obispo County.

Policy HE 2.3: Strive to prevent affordable housing from converting to market rate housing.

OBJECTIVE 3.0: PROVIDE HOUSING OPPORTUNITIES FOR 500 HOUSEHOLDS OVER A FIVE-YEAR PERIOD TO PREVENT AND END HOMELESSNESS THROUGH FINANCIAL ASSISTANCE AND SERVICES.

Home Builders of the Central Coast Comments
“Attachment C”

HOUSING FOR NEW EMPLOYEES AND RETIREES

A variety of housing types are needed for new employees from 2015 to 2025. Looking beyond the Housing Element's five year planning horizon to 2025 helps identify longer term future housing needs and allows more time to address them. The San Luis Obispo County 2040 Population, Housing & Employment Forecast prepared for San Luis Obispo County's Council of Government's (SLOCOG) estimates that approximately 9,400 new jobs will be created countywide (including cities) for the ten year period beginning in 2015 through 2025, creating a demand for approximately 6,836 new housing units from new employees coming to the county. Additionally, the number of retirees (age 65+) countywide is estimated to increase by approximately 21,080 residents from 2015 to 2025 (Department of Finance), creating a demand of an estimated 8,432 homes. Therefore, 15,268 homes could be needed countywide (including cities) through 2025 for new workers and retirees. The County should plan for its share (5,191 units based on the RHNP percentages) of housing that will accommodate these future employees and retirees based on the types of jobs made available. Such housing should follow good planning principles and result in more affordable housing near transportation, jobs, medical services, shopping, and recreation. Further discussion about employment trends is discussed in Chapter 5.

[A 2013 study of housing preferences of local employees found that most would prefer single family detached housing over attached homes or apartments.](#)

CHAPTER 4

GOAL, OBJECTIVES, POLICIES, AND PROGRAMS



38 units per acre,
Santa Cruz

Policies 1.5-1.7

HE 1.5:

Identify and eliminate or reduce regulatory barriers to development of housing affordable to households of all income levels.

HE 1.6:

Review proposed housing developments to provide safe and attractive neighborhoods through high quality architecture, site planning, and site amenities. The county's community plans include planning area standards to improve urban design and architecture reflecting individual communities. These standards also include specific design guidelines to implement good planning principles.

HE 1.7:

Encourage development of live/work units, where housing can be provided for the workforce while generating economic activity in the community.

Implementing Program(s)

Program HE 1.F: Review and update residential development standards.

Description: From time-to-time, review development standards for ~~multi-family~~ housing, and as needed, update those standards to encourage the development of high-quality neighborhoods. Standards to be considered may be community-based or countywide. The type standards to be considered may include:

- residential density standards based on floor area ratio or site coverage instead of housing units
- reduced minimum site area for new mobile home parks (currently five acres)

GOAL, OBJECTIVES, POLICIES, AND PROGRAMS

CHAPTER 4

- appropriate densities based on proximity to services, schools, parks, transportation and job centers
- amenities, such as usable open areas, private outdoor areas and aesthetics
- connectivity to adjacent neighborhoods
- variety in housing types (including mobile home parks, small lot single family detached and attached developments, cohousing, rooming houses and residential hotels)
- variety in unit sizes, including small studio apartments (Single Room Occupancy - SRO)
- variety in building heights
- parking adjustments
- [incentives for projects providing housing affordable to households earning between 120 and 160 percent of county median income \("workforce household"\).](#)

Purposes: The primary purpose for revisiting multi-family development standards is to provide opportunities to meet the Housing Element goal in an ever-changing setting, which may include the economy, resource limitations, demographic changes, or environmental impact mitigation. Some regulations may be outdated, ineffective, or result in an inefficient use of land. For example, although densities up to 26 or 38 units per acre are allowable in many locations, these densities are often not achieved due to other development standards that limit building placement or size.

Desired Result: Revised ordinances could facilitate development of an additional 250 housing units for all income groups in a range of communities.

Agency: Planning and Building Department

Funding: Department Budget

Schedule: On-going

Single Room Occupancy

"(SRO) housing contains units for occupancy by one person. These units may contain food preparation or sanitary facilities, or both."

Source: U.S. Department of Housing and Urban Development



Victoria Hotel, SRO Housing, Santa Barbara

Source: People's Self Help Housing Corporation

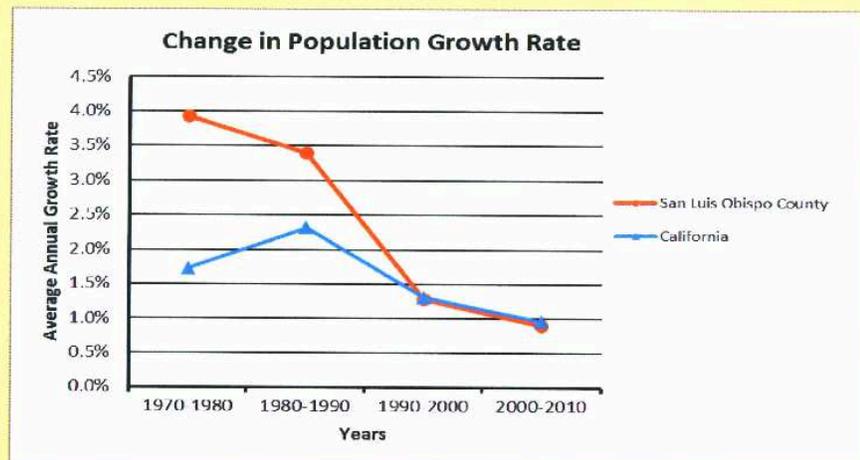
traffic congestion, reduce infrastructure costs to the County, reduce personal travel expenses, and improve overall quality of life by having more free time.

- Locally employed persons would prefer single family detached housing if they can afford it (based on the recent Workforce Housing Study by the Economic Vitality Corporation).

POPULATION, EMPLOYMENT AND HOUSING TRENDS

POPULATION TRENDS

The average annual growth rate for the county as a whole from 2000-2010 was just under 1%. The unincorporated county grew only one-third as fast at 0.3% per year. *The chart below shows state and countywide population growth rates since 1970.*



Source: US Census, 1970, 1980, 1990, 2000, and 2010

Between 1980 and 1990 San Luis Obispo County's population grew by 40%, from 155,435 to 217,162 residents. Between 1990