

**Title 29**  
**Affordable Housing Fund:**  
**Annual Report**  
**and**  
**Action Plan**  
**YEAR 2015**

**Department of Planning and Building**  
**County of San Luis Obispo**

**Approved by the Board of Supervisors**  
**December 2, 2014**

## **COUNTY OF SAN LUIS OBISPO**

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### Summary of Activities for Year 2014 Action Plan

***Title 29 – Affordable Housing Fund – has been active since 2009. At the beginning of 2014, there was \$64,590.86 available in the Fund. Pursuant to the 2014 Action Plan, the County used the \$57,502.47 to help pay the construction costs for 93 affordable housing units in three projects in Paso Robles, San Luis Obispo and Oceano. As of November, 2014, there is \$155,273.75 in the Fund. Pursuant to the 2015 Action Plan, the County will use \$100,090.12 to help pay the construction costs of affordable housing units for three projects in Atascadero, San Luis Obispo and Morro Bay. These projects will produce 67 affordable units. The Fund must be spent within the same housing market area as where the projects that paid the Title 29 fees are located (see Appendix – Housing Market Area Map).***

***Residential development pays in-lieu fees and commercial development pays housing impact fees. The total Fund amount of \$155,273.75 includes \$12,484.37 in the In-Lieu Fee account and \$53,856.20 in the Housing Impact Fee account. In-lieu fees and housing impact fees must be spent on the construction of affordable housing units. An additional \$88,933.18 in loan payments was also placed into the Fund. This additional amount came from the pay-off of affordable housing loans. A portion of this added amount, \$40,000, will be spend along with the Fund amount (\$12,484.37 + \$47,605.75 + \$40,000 = \$100,090.12).***

***During 2015, additional fee payments may be deposited and some of the funds may not be spent. At the end of 2015 the Board of Supervisors shall consider the available revenue amounts in all of the accounts of the Affordable Housing Fund and determine how to allocate the Fund in 2016.***

## **Introduction**

This Annual Report and Action Plan for 2015 is a combined document. The Board of Supervisors of San Luis Obispo County has accepted the Annual Report and has adopted a resolution approving the 2015 Action Plan. The Annual Report summarizes the past year's funding activities of the Title 29 – Affordable Housing Fund. The 2015 Action Plan guides this year's use of the Fund. Both the Annual Report and Action Plan illustrate the process by which the County collects and disburses the Affordable Housing Fund. Priorities for spending the Fund are set by the County's housing policies and goals, which are described in the General Plan – Housing Element, in Title 29 – Affordable Housing Fund, and in the Inclusionary Housing Ordinance (Land Use Ordinance Section 22.12.080 and Coastal Zone Land Use Ordinance Section 23.04.096).

## ***Contents of the Annual Report***

Every year the Planning Director reports to the Board of Supervisors on the status of the Title 29 – Affordable Housing Fund. This report includes a statement of income, expenses, disbursements and other uses of the Affordable Housing Fund. It describes the number of people assisted and the number of housing units constructed or assisted during the previous fiscal year. The report also describes the assisted units, such as the unit types (rental or ownership), targeted income levels, geographic location, the amount of assistance provided and the amount of local, state and federal funds leveraged. Lastly, the report also contains a discussion of how well the goals of the previous year's Affordable Housing Fund Action Plan were met. The Planning Director may recommend changes to the county codes and General Plan, or other actions that may be necessary to carry out the purposes of Title 29, including any adjustments necessary to the fees or fee administration.

## **Available Funding for Year 2015**

### ***Available Revenue in the Affordable Housing Fund Accounts***

Table 1 (below) summarizes the activities in all of the Title 29 – Affordable Housing Fund accounts since October, 2013.

Table 1  
Summary of All Accounts  
Between October, 2013 and October, 2014

Account	Starting Amount	Disbursements (--)	Remainder	New Income** (+)	New Amount Available
In-Lieu Fees	\$4,984	(\$4,984.00)	\$0	\$12,484.37	\$12,484.37
Housing Impact Fees	\$59,606.86	(\$52,518.47)	\$7,088.39	\$46,767.81	\$53,856.20
Total Amount	\$64,590.86	(\$57,502.47)	\$7,088.39	\$59,252.18	\$66,340.57

\*\* A 5% administrative fee has already been subtracted from the fee amounts shown in this column as provided for by Section 29.03.010.

**Additional Funds – Paid-Off Loans**

In 2014, two affordable housing units were sold and the County loans were paid off. The County held second deeds of trust on these houses in the following amounts:

$$\begin{array}{rclcl}
 \text{J. Bridges Unit / Avila Beach} & + & \text{M. Ruddy Unit/ Nipomo-Woodlands} & = & \text{Pay-Off Total} \\
 \$45,5530.36 & & \$43,402.82 & & = \$88,933.18
 \end{array}$$

The County has amended its affordable housing ordinance and no longer “captures a silent second” deed of trust on moderate income units.

Table 2  
Total Funding Amount Available

Fund Source	Available Amount
Title 29 Funds	\$66,340.57
Loan Pay-off	\$88,933.18
Total	\$155,273.75

Although the loan pay-off amounts are not in-lieu fees, the payments were deposited into the Title 29 Affordable Housing Fund. This money is not subject to the Title 29 requirements because it does not have to be spent within five years and it may be spent in any area of the County. The County staff recommends that \$40,000 of the funds be spent on the Morro del Mar Senior Apartment project in Morro Bay. The County has also provided federal funds to this project from the Dept. of Housing and Urban Development (HUD). Staff recommends that the remainder of the pay-off money be saved in the Title 29 Fund for use on future projects.

**Available Funding Amounts for Each Area of the County**

The following table summarizes the funding amounts available for each area of the County.

Table 3  
Funds Available for Each Area of the County\*\*

Account	North County	South County	Central County	North Coast	Total
In-Lieu Fees	\$700.87	\$2,023.50	\$9,760.00	\$0	\$12,484.37
Housing Impact Fees	\$18,636.63	\$4,226.95	\$23,904.23	\$0	\$46,767.81
Loan Pay-Off	\$0	\$0	\$0	\$40,000	\$40,000
Remainder From 20014	\$0	\$0	\$109.00	\$6,979.39	\$7,088.39
Total	\$19,337.50	\$6,250.45	\$33,773.23	\$46,979.39	\$106,340.57

\*\*The County is divided into four Housing Market Areas (see Appendix - Housing Market Area Map).

Title 29 directs the County to allocate the Title 29 funds to affordable housing projects within the same housing market area as where the projects that paid the Title 29 fees are located.

The above table does not include a portion of the loan pay-off amount. This unused portion will be available to support future projects. The unused amount is \$48,933.18.

$$\begin{aligned} & \$45,530.36 \text{ (J. Bridges)} + \$43,402.81 \text{ (M. Ruddy)} - \$40,000 \text{ (to be spent)} \\ & = \$48,933.18 \text{ (remainder)} \end{aligned}$$

***In-Lieu Fee Account***

The in-lieu fee is collected from residential development projects. Land Use Ordinance Section 22.12.080 (Inclusionary Housing) requires the provision of affordable housing. Applicants may choose to pay an in-lieu fee rather than provide affordable housing units. The County collects and uses the in-lieu fees to support the construction of affordable housing units.

The following table summarizes the activities of the in-lieu fee account since October, 2013.

Table 4  
Summary of In-Lieu Fee Account  
Between October, 2012 and October, 2013

Account	Starting Amount	Disbursements (--)	Remainder	New Income** (+)	New Amount Available
In-Lieu Fees	\$4,984.00	(\$4,984.00)	\$0	\$12,484.37	\$12,484.37

\*\* A 5% administrative fee has already been subtracted from the fee amounts shown in this column, as provided for by Section 29.03.010.

***Housing Impact Fee Account***

The housing impact fee is collected from new commercial / industrial development projects. Land Use Ordinance Section 22.12.080 (Inclusionary Housing) requires the provision of affordable housing. The housing requirement is based on the number of employees who work in commercial projects. Applicants may choose to pay a housing impact fee rather than provide affordable housing units. The Planning and Building Department collects and uses the housing impact fees to support the construction of affordable housing units. Housing Impact fees cannot be used to repair or rehabilitate existing housing units or to support affordable housing programs.

The following table summarizes the activities of the housing impact fee account since October, 2012.

Table 5  
Summary of Housing Impact Fee Account  
Between October, 2012 and October, 2013

Account	Starting Amount	Disbursements (--)	Remainder	New Income** (+)	New Amount Available
Housing Impact Fees	\$59,606.86	(\$52,518.47)	\$7,088.39	\$46,767.81	\$53,856.20

\*\* A 5% administrative fee has already been subtracted from the fee amounts shown in this column, as provided by Section 29.03.010.

**Action Plan from the Previous Year****Summary of Previous Year's Action Plan Projects**

The following table shows the status of the project(s) funded through the previous year's Action Plan:

Table 6  
Projects Supported by the Title 29 Fund during the Previous Year (2014 Action Plan)

Project Name	Amount Allocated	Amount Drawn	Remaining Amount	Was Project Completed?
Oak Park – Phase 1 Paso Robles (80 units)	\$16,362.27	\$16,362.27	\$0	Yes – Completed November, 2014
Moylan Terrace - Phase 2 San Luis Obispo (7 units)	\$35,974.78	\$35,865.78	\$109.00	Yes – Completed June, 2014
People's Self Help Oceano (6 units)	\$5,274.42	\$5,274.42	\$0	Yes – Completed September, 2014

Of the \$57,611.47 in Title 29 funds that were provided to projects in 2014, all but \$109.00 was spent. The eligible projects were located in north, central and south county areas. All of the projects made considerable progress and construction was completed.

**Achievements of Individual Projects****Project Name: Oak Park – Phase 1**

- Location: 3201 Pine Street, Paso Robles
- What the funding paid for: The funds were used to pay for hard construction costs, including roofing, cabinets, doors, windows and fire alarms.. Oak Park is a redevelopment project. Oak Park has 148 affordable units that are more than 70 years old. The 148 apartments will be replaced with 302 new affordable apartment units over five phases. Phase 1 involves the demolition of 40 old apartments and construction of 80 new apartments.
- Achievements & beneficiaries
  - Number of Affordable Housing Units Constructed or Assisted – 80 units are being constructed.
  - Number of Beneficiaries – 80 low and very low income tenant households
- Additional funding considerations
  - Does this project need additional funding? No.
  - Why should additional funding be awarded? (if applicable) – Not applicable.

**Project Name: Housing Authority of San Luis Obispo – Moylan Terrace Phase 2**

- Location: 800 Block of Lawrence Dr., City of San Luis Obispo
- What the funding paid for: The funds were used to pay for excavation, concrete work, plaster and painting, etc. Moylan Terrace is a five-phase project with 81 unit condominium units where 80 of the units will be sold to workforce, moderate or low income buyers, and one unit will be a low income rental unit. Moylan Terrace – Phase 2 has 21 units, of which of which 2 units were sold to moderate income households and 5 units to low income households.

- Achievements & beneficiaries
  - Number of Affordable Housing Units Constructed or Assisted – 7 units were constructed (2 moderate and 5 low income units).
  - Number of Beneficiaries – Seven moderate and low income homeowner households.
- Additional funding considerations
  - Does this project need additional funding? No.
  - Why should additional funding be awarded? (if applicable) – Not applicable.

Project Name: People's Self-Help Housing Corp. – Oceano townhomes

- Location: 1725 15<sup>th</sup> Street (15<sup>th</sup> and Paso Robles Street) Oceano
- What the funding paid for: The funds were used to pay for wood framing. This is a six unit townhouse project managed by People's Self-Help Housing Corporation. It is a sweat-equity project where six low and very low income households are helping to build their homes.
- Achievements & beneficiaries
  - Number of Affordable Housing Units Constructed or Assisted – 6 units were constructed.
  - Number of Beneficiaries – Six low and very low income households.
- Additional funding considerations
  - Does this project need additional funding? No.
  - Why should additional funding be awarded? (if applicable) – Not applicable.

***Draw-Down of In-Lieu and Housing Impact Fees in 2014***

The 2014 Action Plan allocated a combination of in-lieu and housing impact fees to three eligible projects. Most of the available Title 29 funds were spent in 2014, and were used to pay for direct construction costs. All the projects have followed a one-year or two year construction period, and all projects were completed in 2014. As a result, the 2014 Title 29 funds have helped to pay for construction of 93 affordable housing units.

## **Action Plan for Year 2015**

### **Summary of Funding for Year 2015 Projects**

A total of \$106,340.57 of Title 29 funds is available in 2015 for eligible projects. Eligible projects shall have affordable housing units that are deed restricted or that conform to the County's affordable housing standards (i.e., Land Use Ordinance Section 22.12.070 – Housing Affordability Standards or Coastal Zone Land Use Ordinance Section 23.04.094 – Housing Affordability Standards).

Action Plan Table 3 (above) shows the amount of funds that are available for each area of the County. Title 29 directs the County to allocate the Title 29 funds to affordable housing projects within the same housing market area as where the projects that paid the Title 29 fees are located.

The South County area has no affordable housing projects currently under construction. Staff recommends that the County hold the South County area fund until new project(s) are started in that area.

Title 29 requires the Action Plan to identify specific projects that will receive the affordable housing funds. For 2015, the County has allocated Title 29 funds to three projects:

1. Oak Park – Phase 2. The Monterey and Paso Robles Housing Authorities will start the construction of Oak Park – Phase 2 in January, 2015 and complete the work in July, 2016. Oak Park Apartments is a redevelopment project. Oak Park consists of 148 affordable apartment units that are more than 70 year old. The 148 apartments will be replaced with 302 new affordable apartment units over five phases. Phase 2 involves the demolition of 27 old apartment units and construction of 62 new units. Title 29 funds will be used to help complete the construction work for Phase 2.
2. Tract 2640 – El Camino Oak subdivision in Atascadero. This is a sweat-equity project being managed by People's Self-Help Housing Corporation. The project was started in January, 2015 and will be completed in July, 2016. It will have 24 single family dwellings. Due to an unexpected increase in lumber costs, 12 of the families need help in paying for the construction of their houses. This includes nine low income and 3 very low income families. Title 29 funds will be used to cover the costs of construction lumber for these 12 households.
3. South Street Family Apartments – 313 South Street, San Luis Obispo. This is a new 42 unit apartment project that will be built by ROEM Development Corporation and the Housing Authority of San Luis Obispo. The units will serve low and very low income households, and five of the units will be reserved for homeless families. Title 29 funds will be used to help pay for the construction of this new apartment project.
4. Morro del Mar Senior Apartments – 555 Main Street, Morro Bay. This is a new 20 unit apartment project for low and very low income seniors. It will be built by the Pacific Southwest Community Development Corporation. Title 29 funds will be used to help pay for the construction of this new apartment project.

Table 7  
Projects to be Funded in Year 2015

Project Name	Amount Allocated
Oak Park – Phase 2 Paso Robles (62 units)	\$0
El Camino Oak Tract 2640 - Atascadero (12 units)	\$19,337.50
South Street Family Apt's San Luis Obispo (42 units)	\$33,773.23
Morro del Mar Senior Apt's Morro Bay (20 units)	\$46,979.39
Total amount allocated	\$100,090.12

Table 8  
Remaining Amounts for Future Projects

Fund Source	Unspent Amount
Unallocated fund from South County area	\$6,250.45
Unused amount of loan pay-off	\$48,933.18
Remaining amounts From 2015	\$55,183.63

### ***Funding Amounts and Goals for Funded Projects in Year 2015***

Project Description – Oak Park (Phase 2) by the Monterey and Paso Robles Housing Authorities. Title 29 funds will be used to pay for construction costs. A portion of the funds available for the north county housing market area (\$0) is being allocated to this redevelopment project / affordable apartment project in Paso Robles. Project compliance will be verified when the project manager submits to the County requests for reimbursement of construction work completed. This project has also been awarded tax credits by the California Tax Credit Allocation Committee, and will be subject to the 55-year affordability requirements of the Committee.

- This new phase of construction will start in January, 2015.
- Project location – Oak Park Apartments, 3201 Pine Street, Paso Robles
- Prior funding – The County has provided the following: \$945,580.00 in federal HUD – HOME funds, and \$27,378.44 in 2013 and 2014 Title 29 funds.
- Housing unit description – 62 unit project – 2, 3 & 4 bedroom size – all units will be rental apartment units for low and very low income households. Oak Park is a redevelopment project. Oak Park consists of 148 affordable units that are more than 70 year old. The 148

apartments will be replaced with 302 new affordable apartment units over five phases. Phase 1 involved the demolition of 40 old apartment units and construction of 80 new units. Phase 2 involves the demolition of 27 old apartment units and construction of 62 new units.

- What the funding will pay for – To help pay for completion of construction work – \$0 is available in 2015 Title 29 funds.

Achievements & beneficiaries

- Number of affordable housing units to be constructed or assisted – 62 rental units.
- Number of beneficiaries – 62 very low and low income households

County Housing Policy or Goal being met –

- Housing Element Program HE 1.C: Reduce and defer fees for affordable housing development.

Project Description – El Camino Oak – Tract 2640 by People’s Self-Help Housing Corporation. Title 29 funds will be used to pay for construction costs. A portion of the funds available for the north county housing market area (\$19,337.50) is being allocated to this sweat equity project being managed by People’s Self-Help. Project compliance will be verified when the project manager submits to the County requests for reimbursement of construction work completed. This project has also been awarded tax credits by the United States Department of Agriculture (rural housing program), and will be subject to the affordability requirements of the USDA.

- This is a new project and construction began in January, 2014.
- Project location – Oak Park Apartments, 3201 Pine Street, Paso Robles
- Prior funding – The “sweat-equity” home builders are also receiving loans from the USDA.
- Housing unit description – 24 unit project – 2, 3 & 4 bedroom single family dwellings – all units will be built and owned by low and very low income households. .
- What the funding will pay for – To help pay for completion of construction work – \$19,337.50 is available in 2015 Title 29 funds. Due to an unexpected increase in lumber costs, 12 of the families need help in paying for the construction of their houses.

Achievements & beneficiaries

- Number of affordable housing units to be constructed or assisted – 12 rental units.
- Number of beneficiaries – 12 very low and low income home buying households

County Housing Policy or Goal being met –

Housing Element Program HE 1.C: Reduce and defer fees for affordable housing development.

Project Description – South Street Family Apartments by ROEM Development and the Housing Authority of San Luis Obispo. Title 29 funds will be used to pay construction costs. All of the funds available for the central county housing market area (\$33,773.23) are being allocated to this apartment project in the City of San Luis Obispo. Project compliance will be verified when the project manager submits to the county requests for reimbursement of construction work completed. This project has also been awarded tax credits by the California Tax Credit Allocation Committee, and will be subject to the 55-year affordability requirements of the Committee.

- This is a new project and construction will start in January, 2015.
- Project location – 313 South Street, City of San Luis Obispo
- Prior funding – The County is providing \$764,431.00 in federal HUD / HOME funds.
- Housing unit description – 42 unit project – 2, 3 & 4 bedroom size – all units will be rental apartment units for low and very low income households. Five of the units will be reserved for extremely low income (homeless) households.
- What the funding will pay for – To help pay for completion of construction work – \$33,773.23 is available in 2015 Title 29 funds.

Achievements & beneficiaries

- Number of affordable housing units to be constructed or assisted – 42 units.
  - Number of beneficiaries – 42 low, very low and extremely low income households
- County Housing Policy or Goal being met –
- Housing Element Program HE 1.C: Reduce and defer fees for affordable housing development.

Project Description – Morro del Mar Senior Apartments by the Pacific Southwest Community Development Corporation. Title 29 funds will be used to pay construction costs. All of the funds available for the north coast housing market area (\$46,979.39) are being allocated to this senior apartment project in Morro Bay. Project compliance will be verified when the project manager submits to the County requests for reimbursement of construction work completed. manager submits to the county requests for reimbursement of construction work completed. This project has also been awarded tax credits by the California Tax Credit Allocation Committee, and will be subject to the 55-year affordability requirements of the Committee.

- This is a new project and construction will start in January, 2015.
- Project location – 555 Main Street, Morro Bay.
- Prior funding – The County is providing \$315,000.00 in federal HUD / HOME funds.
- Housing unit description – 20 unit project – primarily one-bedroom sized units – all units will be rental apartment units for low and very low income seniors.
- What the funding will pay for – To help pay for completion of construction work – \$46,979.39 is available from the 2015 Title 29 fund.

Achievements & beneficiaries

- Number of affordable housing units to be constructed or assisted – 20 apartment units.
  - Number of beneficiaries – 20 low and very low income senior households
- County Housing Policy or Goal being met –
- Housing Element Program HE 1.C: Reduce and defer fees for affordable housing development.

**Refund Payments**

Certain circumstances require that unspent Fund amounts be repaid to the original contributing developers. Title 29 Section 29.05.010.d requires that unspent Funding shall be refunded whenever the County targets an affordable housing development and determines that adequate funding is available to complete the said project, but the project is never completed.

***List of Payees***

Whenever refunds are made pursuant to Title 29 Section 29.05.010.d the name of the original contributing developer and the amount of the refund shall be described here.

**Recommended Ordinance Amendments**

Normally, County staff would use this section to request authorization to initiate changes to the affordable housing ordinances and policies. The need for the ordinance changes and the expected benefits of those changes would also be described. The recommendations would come as a result of staff's observations from working with the ordinance over the past year.

This year staff is making no recommended changes.

***Anticipated Benefits of the Amendments***

This section is used to describe the anticipated benefits of any proposed amendments. No amendments are being proposed.

Appendix: Housing Market Area Map



**HOUSING MARKET AREAS**  
Area 1: North County, Area 2: South County, Area 3: Central County, Area 4: North Coast

Area 1: North County – includes Santa Margarita, Atascadero, Creston, Templeton, Paso Robles and Shandon.

Area 2: South County – includes Oceano, Nipomo, Woodlands, Pozo and California Valley

Area 3: Central County – includes San Luis Obispo, Avila Beach and Arroyo Grande

Area 4: North Coast – includes Los Osos, Morro Bay, Cayucos, Cambria and San Simeon