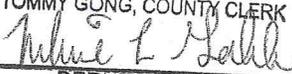


FILED

April 30, 2016

San Luis Obispo County
Department of Public Works
County Government Center, Room 206
San Luis Obispo, Ca. 93408

MAY 02 2016

TOMMY GONG, COUNTY CLERK

DEPUTY CLERK

Re: Request to waive South County Road Fees of \$7,327 per unit
PMT2015-02033 & 02152

Attn: Clerk of the Board of Supervisors,

I'm in receipt of the Road Fee Letter, from Tim Tomlinson dated February 16, 2016 which was sent to an incorrect address, but finally received on March 3rd, 2016.

Our project is a personal attempt to provide affordable housing by design without any federal funding. I have been practicing architecture in the County for over 35 years and currently serve on the Architectural Review Committee for the City of Arroyo Grande. Our practice has seen very little demand for affordable housing since 2007. Recently, I have witnessed multiple properties converting Multi-family housing to single family housing. The only explanation for this new trend is that it makes no financial sense to build multi-family due to the numerous costs associated with developing multi-family. Only single family can provide profit to the developer. See my attached notes of my presentation to the City of Arroyo Grande City Council on 3.22.16, regarding the Housing Element update where I've witnessed many barriers to affordable housing.

The project estimate of all permit fees are 45% of the actual building cost per unit. This traffic impact fee of \$43,962 represents 17.9% of the total fees of \$245,395. I would prefer to use this fee to actually improve the 350' of public road, curb, gutter and sidewalk on our property which I'm estimating at over \$100,000. This would go a long ways to actually benefiting the neighborhood and roads that this project would serves. Our project shouldn't subsidize the luxury homes in the Black Lake area. I actually have to spend money to find the sewer manholes that have been covered by the current road work the County has done on the properties fronting this project.

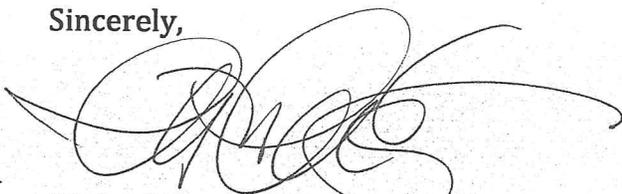
When I first researched the fee schedule of road impact fees, I found it confusing to see that properties in Nipomo had a substantially higher impact fees than other communities that you would think would require higher impact fees due to the location ie. Avila Beach which has a major traffic problems. The person at the counter informed me that this fee was a reflection of the new Willow Road freeway interchange improvements and he actually said with a chuckle, this project was a \$1million over budget. I have several comments related to this fee and our property as follows;

1. Infill properties such as my multi-family project should be exempt from this fee, for it discourages development and increases cost of housing. Because of the extreme amount of fees and numerous requirements of Planning and Building Permits, many multi-family properties are being developed as single family residential. See City Council notes and presentation to City of Arroyo Grande City Council Housing Element update comments, "Barriers to Affordable Housing"
2. This improvement only benefited one community group, that of the Blacklake and Trilogy. This group and all properties serviced by this improvement should bear the total impact.
3. My project is designed as affordable and is within a 2 blocks of a RTA Bus stop which would be used by the potential tenants, thus not burdening the impact of additional traffic.
4. Adding Freeway improvements such as Willow Road, encourages urban sprawl and does not incorporate smart growth principles. We as a community need to address affordable housing and the development of alternative transportation, not encourage more luxury development projects that rely on affordable housing projects to subsidize their projects while promoting urban sprawl and loss of open space and prime agricultural properties.

So, here's a little secret of the "affordable" housing miracle: Developers normally work on about 10% profit margin. Small builders building individual homes work on a typical 15% profit margin which includes their overhead. Cities and other municipalities amount for 25 to 45% of the construction budget, which means that these agencies are working on at least Three to FOUR times as big margin while creating the longest delays in the projects (Which also increases the cost of the project), creating the most uncertainties, hurdles and unnecessary complications on the design, cost and overall economics of the housing in California.

Thank you for consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Peachey', with a large, stylized flourish extending to the right.

Michael Peachey, Trustee
MW Architects 401k New Comparability Plan

Barriers to Affordable Housing

City Council 3.22.16 for Housing Element Update.

1. Numerous Government regulations and development costs.
 - a. Permit fees and additional improvement cost are becoming a larger percentage of the construction costs.
 - b. Impact fees increased and Commissioner Harmon is not in touch with costs. I wish permit costs were only \$25,000.
 - c. Zoning definition of density favors single family and discriminates on smaller unit types. Some agencies don't make a distinction of dwelling unit. City of SLO defines studio as .5 dwelling units, 1 bedroom as .67 and 2 bedroom as 1 dwelling unit. County doesn't make any difference with dwelling units, a dwelling unit could equal a studio or a 10 bedroom residence. This policy discourages smaller developments on multi-family zoning.
 - d. Additional help in zoning could help with infill within mixed use districts, single family and multifamily
2. Market Conditions drive housing. It is more profitable to build single family in a multi-family zone. The Architectural Review Committee has witnessed 4 properties in the last 2 month come to the committee with proposals for single family residential instead of multi-family. This loss of multi-family housing is another impact to affordable housing in our communities. This is a symptom of underlying issues in our market which relate to return on investment to the developer.
3. Financing limitations. Small projects of 4 units or less are easily financed. Larger projects take special financing. Cities now are asking development to finance more of the public improvements as well. Ie. Multiple Traffic studies when the roads were already designed for the underlying zoning densities.
4. Rising Utility Costs such as approved in City Council Meeting 3.22.16.
5. Parking- There is a debate on how much parking is appropriate for development. Many agencies have different parking ratio's for development and the ordinance could use an update to address alternate design approaches to solving the parking issues and the perceived problems of inadequate parking.
 - a. Parking dimensions to be considered for example, Arroyo Grande 9x18 with 24" required obstruction clearance. SLO standard is 8.6'x18.3' with 12" clearance.
 - b. Allow for compact parking
 - c. Allow equivalent parking: provide motorcycle (vespa) spaces equivalent to car. Provide smart car and electric car spaces ie. 7'x12' on site car share
 - d. Seattle's Parking Solutions discussed by HALA
 - i. Seattle's Parking benefit districts
 - ii. "cap and trade"
6. Housing Diversity
 - a. Examples
 - i. Backyard Cottages
 - ii. In-law apartments
 - iii. Neo-rooming houses
 - iv. Fewer restrictions on shared housing.
 - v. Higher density paired with transportation, transit centers, parks and shops. (churches?) "density may be the most important part of beyond-carbon living"
 - vi. Adding subsidized housing around parks, reservoirs and above the parking lots of high schools and community centers.
 - vii. Upzoning with inclusionary housing mandates.

LETTERS TO THE EDITOR JANUARY 2, 2016 10:09 AM

9 ways to create more affordable housing in SLO County

BY T. KEITH GURNEE

In November, The Tribune took the majority of the San Luis Obispo County Board of Supervisors to task over not increasing affordable housing fees. Shortly thereafter, John Fowler of Peoples' Self-Help Housing echoed that criticism. Unfortunately, both missed the point in maligning the board's action.

Increasing affordable housing fees and driving up the costs of housing for working families and members of the middle class already struggling to own a home is not the answer. In accepting the staff recommendation to keep fees at their present level, the board majority, led by Supervisor Frank Mecham, who stated that the inclusionary housing fees "just aren't working," directed staff to come up with a more effective strategy to increase the supply of affordable housing. The board majority of Mecham, Lynn Compton and Debbie Arnold did exactly what they should have done.

To his credit, Fowler's critique stated, "We must all use all of the tools available in the box to face the challenge" of affordable housing. Couldn't agree more. So why focus exclusively on only one tool: increasing the cost of market-rate housing to fund affordable housing? Meanwhile, fee supporters such as Supervisor Bruce Gibson have been "missing in action" on other initiatives contained within the county's Housing Element. Where are they on "zoning more land for housing," "making the permitting process less cumbersome" or "providing incentives to developers to build affordable homes"? These are the initiatives that call for real progress, not lip service.

Affordable housing demands bolder actions. It's time to assemble a coalition of housing advocates, nonprofit organizations like Fowler's, public agencies and for-profit builders to think outside the box in devising ways to remove the regulatory and institutional barriers to affordable housing, while incentivizing the private sector to become the willing producer of affordable housing. If we are really serious about increasing affordable housing, such a coalition should consider hard-hitting actions that could dramatically increase the amount of affordable housing, including:

1. Advocating legislation to amend the California Environmental Quality Act to exempt projects containing 20 percent or more of affordable housing from having to prepare environmental impact reports. (With the state exempting football stadiums and basketball arenas from CEQA, why not affordable housing?) There is no single measure that would have a more profound effect in producing affordable housing than this one.
2. Allowing a density bonus equal to the number of affordable units incorporated within a market-rate housing project.
3. Establishing a program with incentives and reduced development standards for generating workforce housing — an initiative that the Home Builders Association and the Economic Vitality Corp. have been pursuing for nearly two years — and exempting future projects that are by definition more affordable from having to pay inclusionary housing fees.
4. Applying for grants through the state Strategic Growth Council's recently announced affordable housing program funded to the tune of \$32 million.
5. Implementing AB 744, recently signed by Gov. Jerry Brown, to reduce excessive parking requirements for affordable housing projects.
6. Pursuing the rezoning of lands for projects that would include affordable housing and identifying where such rezonings would be appropriate, starting now.
7. Advocating legislation on how to limit liability issues for condominiums and attached townhomes.
8. Developing a countywide infrastructure enhancement program to ensure the county and its cities have appropriate infrastructure to serve housing needs.
9. Reconsidering how expensive all developer fees have become and adjusting them in the interest of providing needed housing, like the city of Paso Robles is doing.

Increasing inclusionary housing fees by 366 percent as planned over the next few years will only add to the costs of housing and create financial barriers that will make it even harder for the middle class to afford to buy homes.

The Board of Supervisors did the right thing in keeping the fees as they are and in calling for bolder action from county staff. When the Planning Department reports back to the board in March 2016, it will be interesting to see what progress it's made on the these priorities. It's time to take actions like these and follow through with a strategy for success.



SAN LUIS OBISPO COUNTY
DEPARTMENT OF PUBLIC WORKS

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Peachy

PEACHY MICHAEL

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~~SAN LUIS OBISPO, CA 93401-7363~~

*330 South Halcyon Road
Arroyo Grande, Ca. 93420*

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Building Permit Applicant:

We are writing to notify you that your building permit applications (PMT2015-02033 & 02152) are subject to the County's Road Improvement Fees for the South County Area 1. This fee is to be collected from all new development in your community to help fund improvements to the major streets and intersections. You will be required to pay the fee prior to issuance of your building permit.

Current Fee Amount *:\$7,327 each

* The fees are required by State law to be reviewed and updated annually. During these updates, they most commonly increase, to reflect the rising cost of roadway construction. Although the fee is not due any sooner than you seek to pick up your permit, you may wish to consider paying the fee earlier, to avoid a possible increase from the amount shown above. The fee only needs to be paid one time, and if it is increased after that, you will not be affected.

The ordinance provides a mechanism for appealing the Road Improvement Fee, to request that the fee either be modified or waived. If you wish to protest the fee or seek to have it waived or modified, you must submit a written request to the Clerk of the Board of Supervisors, received within 90 days of the date of this letter. See Title 13.01.050 of the County Code for more information. You must also pay the appeal fee to process the request which is currently \$529. Payment may be made by enclosing a check payable to San Luis Obispo County along with the written request, or by submitting both in person to the Clerk of the Board of Supervisors, County Government Center, San Luis Obispo CA., 93408.

If you have any questions about the Road Improvement Fees, please contact the Development Services Division of the Department of Public Works, by email at <http://www.slocounty.ca.gov/PW/DevServ> or by phone at (805) 781-5252, or toll-free (800) 834-4561.

Sincerely,

Tim Tomlinson
Development Services
File: Road Fee Letters (TJT)

February 16, 2016

Received March 3rd 2016