COUNTY OF SAN LUIS OBISPO

UPDATE TO THE BOARD OF SUPERVISORS

AFFORDABLE HOUSING – POLICIES AND PROGRAMS

October 2016

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INTRODUCTION

The County Board of Supervisors is preparing for a study session on the subject of housing with a focus on affordable housing as a priority policy issue in the County. To further this effort, the County Administrative Office and the Planning and Building Department collaborated to develop this report that assesses the current housing situation, provides an overview of current County efforts and provides a list of potential policy alternatives. Specifically, this report provides a definition of affordable housing, presents housing supply and market trends, and reviews past assessments of housing needs in the County. The report also identifies current adopted County policies, programs and ordinances and presents information from neighboring counties and cities of their efforts to facilitate the building of affordable housing. Lastly, impact fees from neighboring jurisdictions has been gathered and compared to current fees collected by the County.

Changes in the following key variables affect affordability: housing prices, interest rates, and income. Though these three key variables are the primary factors that determine housing affordability, this report only focuses on the role the county can play in facilitating and developing affordable housing as it relates to housing prices and does not look at polices related to interest rates or income. While the County does provide funding to support economic development activities and job creation through the nonprofit Economic Vitality Corporation (EVC) and the SLO HotHouse, we will table the discussion of economic development as it relates to affordable housing for a future date.

A key component of this report was outreach to industry professionals and to key stakeholder to obtain a sense of market forces, local issues, and impediments to the construction of affordable housing, as well as policy ideas that could help address the current situation. Outreach included an online survey and policy oriented workshops held with the Home Builders Association, Economic Vitality Commission and San Luis Obispo Chamber of Commerce.

SECTION 1: AFFORDABLE HOUSING DEFINED

1.1 WHAT IS AFFORDABLE HOUSING?

The term “affordable housing” refers to housing that households can rent or buy while keeping housing costs within certain limits of a household’s total budget. Housing is generally considered affordable if total housing costs do not exceed 30 percent of household’s yearly gross income. The most commonly used categories of housing affordability include housing which is affordable to “very low”, “low,” or “moderate” income households. The County also adopted an “extremely low” income affordably housing category for households earning less than 30 percent of average median income and a “workforce housing” income category for workers earning up to 160 percent of median income. "Workforce" is defined by Title 22 of the County Code.

Households eligible to become renters or owner-occupants of affordable housing under provisions of the County Code must have incomes not exceeding one of the following income ceilings and they must agree to occupy the affordable housing as their principal residence.

- Extremely low-income: no more than 30 percent of median income.
- Very low-income: no more than 50 percent of median income.
- Lower-income: no more than 80 percent of median income.
- Moderate-income: no more than of 120 percent of median income.
- Workforce: no more than 160 percent of median income.

The County considers actual income and income from assets when determining eligibility.

1.2 WHY IS AFFORDABLE HOUSING IMPORTANT?

The chronic undersupply of housing affordable and suitable for locally employed persons has economic, social, and environmental impacts. This situation warrants coordinated public and private actions to facilitate more housing affordable to local residents. Providing an adequate supply and range of affordable housing choices is a high priority and a significant challenge in San Luis Obispo County. The San Luis Obispo region faces constraints such as limited resource capacity for drinking water and transportation as well as severely limited access to funds to develop or improve associated infrastructure or supplies.

As stated in the County General Plan Housing Element 2014-2019, affordable housing benefits the entire community in the following ways:

- It strengthens the local economy by ensuring that employers have access to high quality workers and by allowing people to spend more of their income on goods and services rather than on housing.
- It facilitates diversity in the local population by allowing persons and households of all income levels to live in the county.
- Indirectly, it can improve the health of families by enabling them to spend more time and money on health care, nutrition, education, and recreation.

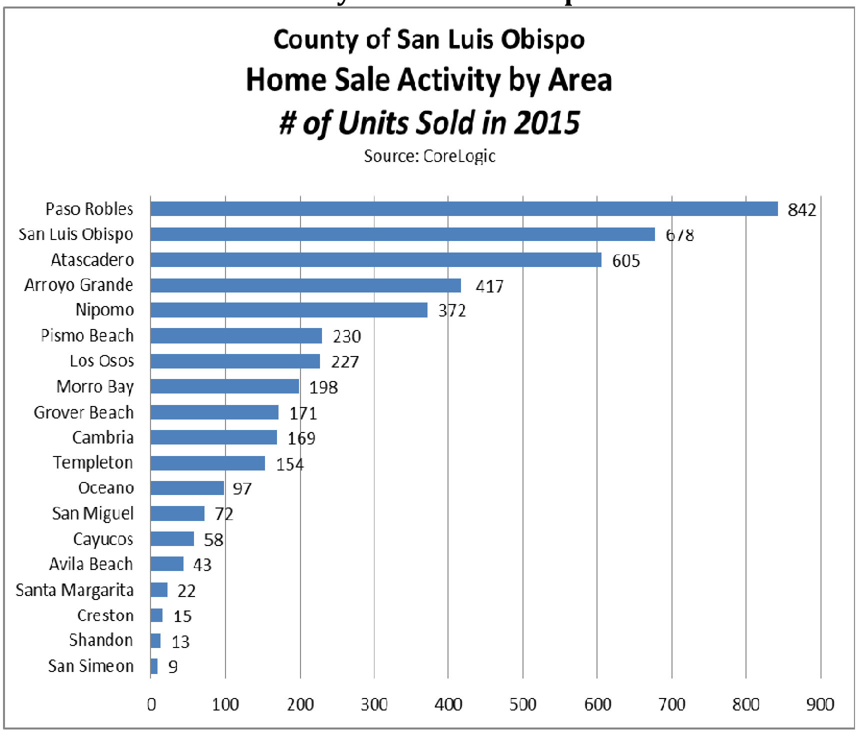
SECTION 2: HOUSING COSTS

San Luis Obispo County experienced a rise in the housing market like many other parts of California with the start of the high tech boom in the late 1990s. Since then the housing market continues to remain unaffordable to many different income levels including low and moderate income households. There are several major factors that make living in this region expensive. The limited supply of housing units combined with a strong demand leads to a significant increase in prices. The natural beauty and year-round Mediterranean climate make this region desirable.[1]

2.1 MEDIAN SALE PRICE IN SAN LUIS OBISPO COUNTY

The median sales price of a house in San Luis Obispo County in 2015 was approximately $484,000. This represents an 8.8% increase from 2014, when the median price was $445,000. The total number of units sold in San Luis Obispo County in 2015 was 4,526, including resale single family residences and condominiums as well as new homes. The home sale activity, including both the number of units sold and the median price varies throughout the county. Figure 1 shows the number of units sold in 2015 by area and Figure 2 shows the median home sale values by area. In 2015, Paso Robles had the highest number of units (842) sold, while San Simeon has the lowest number of units (9). Avila Beach had the highest median sale price at $822,000, while Shandon had the lowest at $243,000.[2]

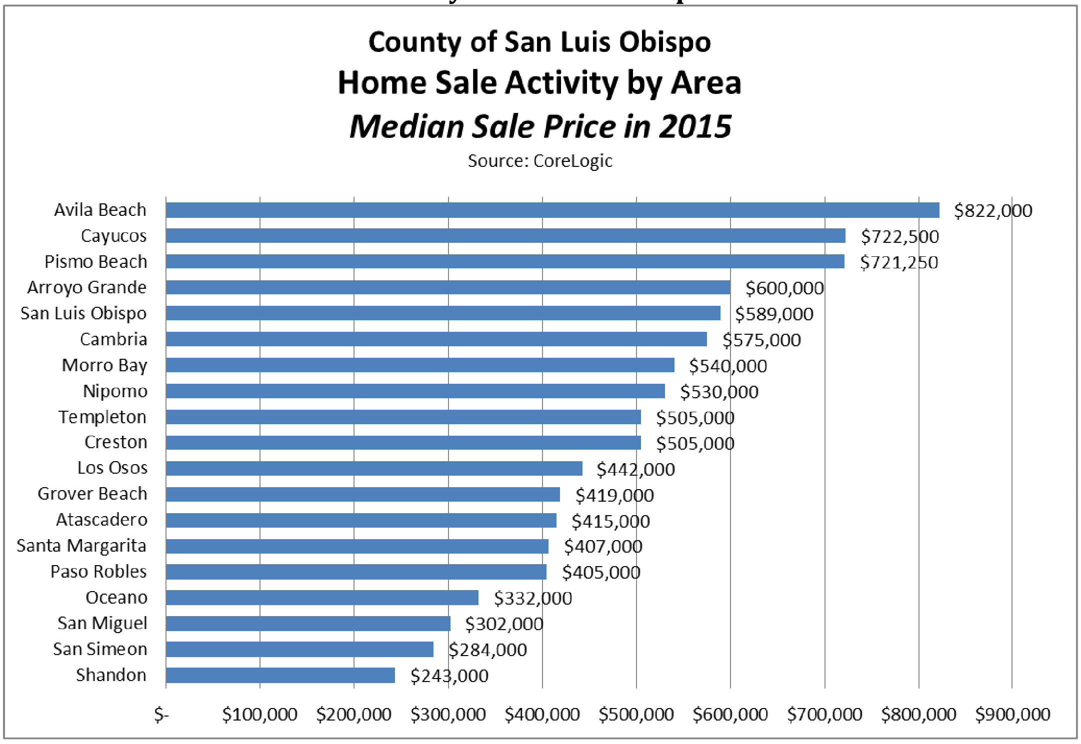
Figure 1: # of Units Sold in 2015
County of San Luis Obispo



[1] County of San Luis Obispo Department of Planning and Building (2015). 2015-2019 Consolidated Plan. Retrieved from http://www.slocounty.ca.gov

[2] Core Logic (2015) California Home Sale Activity by City. Retrieved from http://www.corelogic.com/

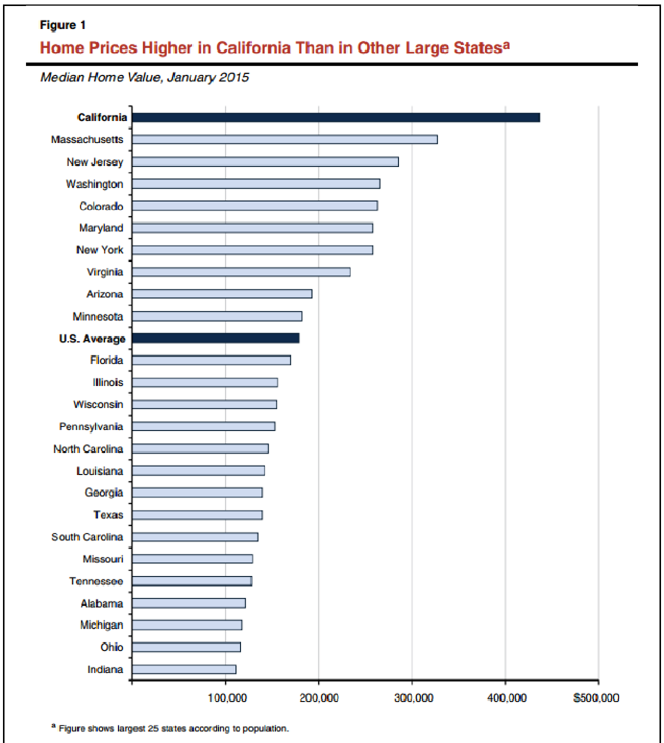
Figure 2: Median Sale Price in 2015
County of San Luis Obispo



California Housing Costs

San Luis Obispo County is much like any other county in California, where the cost of housing is not affordable for many people in the community. As the Legislative Analyst's Office outlined in the March 2015 report, California's High Housing Costs: Causes and Consequences, housing in California has long been more expensive than most of the rest of the country. As of early-2015, the typical California home cost $437,000, more than double the typical U.S. home ($179,000). California renters also face higher costs. The median monthly rent in 2013 was $1,240, nearly 50 percent more than the national average. Figure 3 illustrates how California compares to the rest of the country.

Figure 3: Median Home Value, January 2015



Source: www.lao.ca.gov

San Luis Obispo Housing Costs Compared To Other Areas of the State

In comparison to other counties in California, the median sale price of $484,000 in San Luis Obispo County ranked as the eleventh highest in the state in 2015 as shown in Figure 4 below. When comparing coastal counties in California, home prices in San Luis Obispo are $100,656 lower than the average of $584,656 and ranks in the lower half of the range in median sale prices as shown in Figure 5.[2]

Figure 4: Median Sale Price in 2015 by County in California

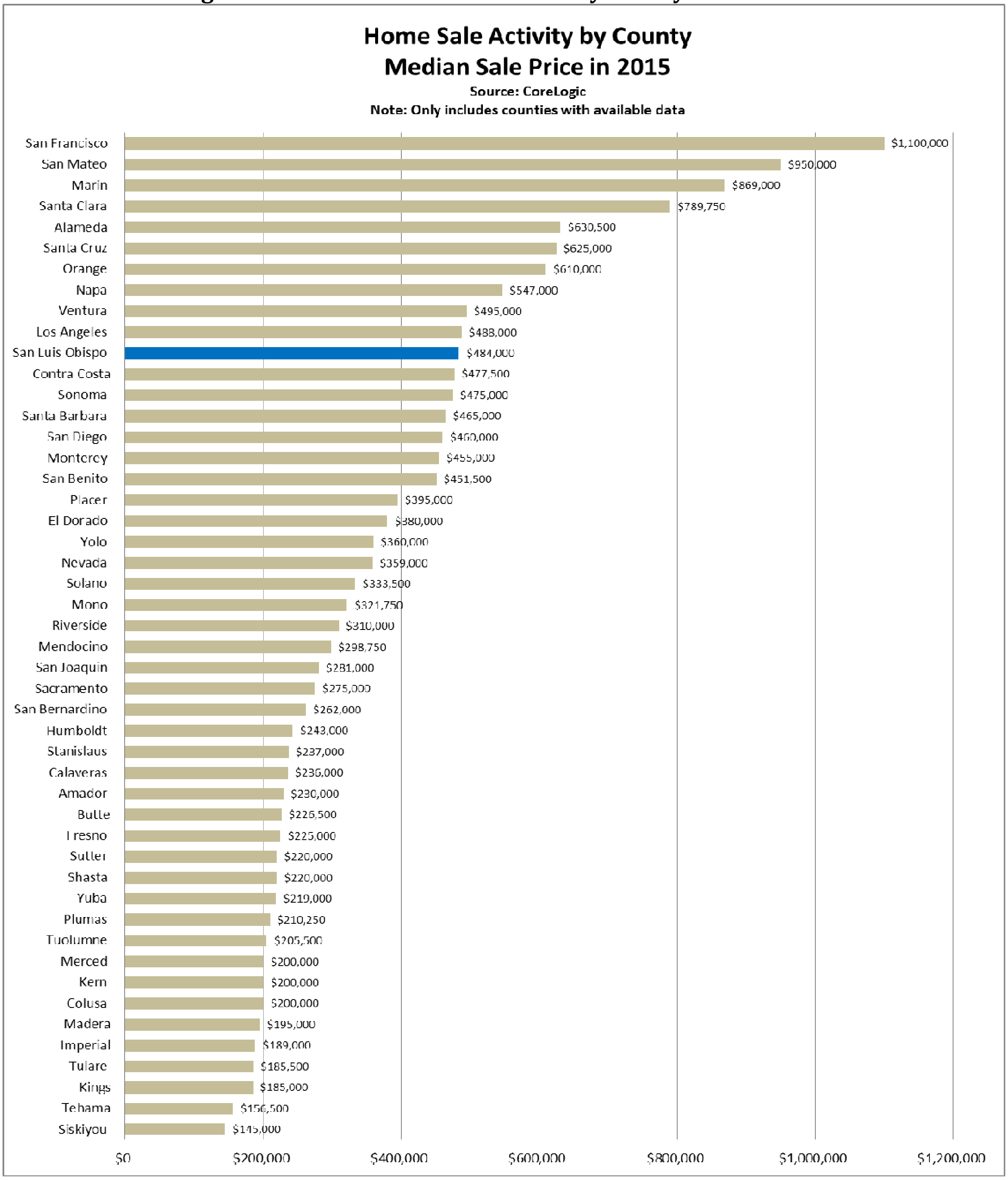
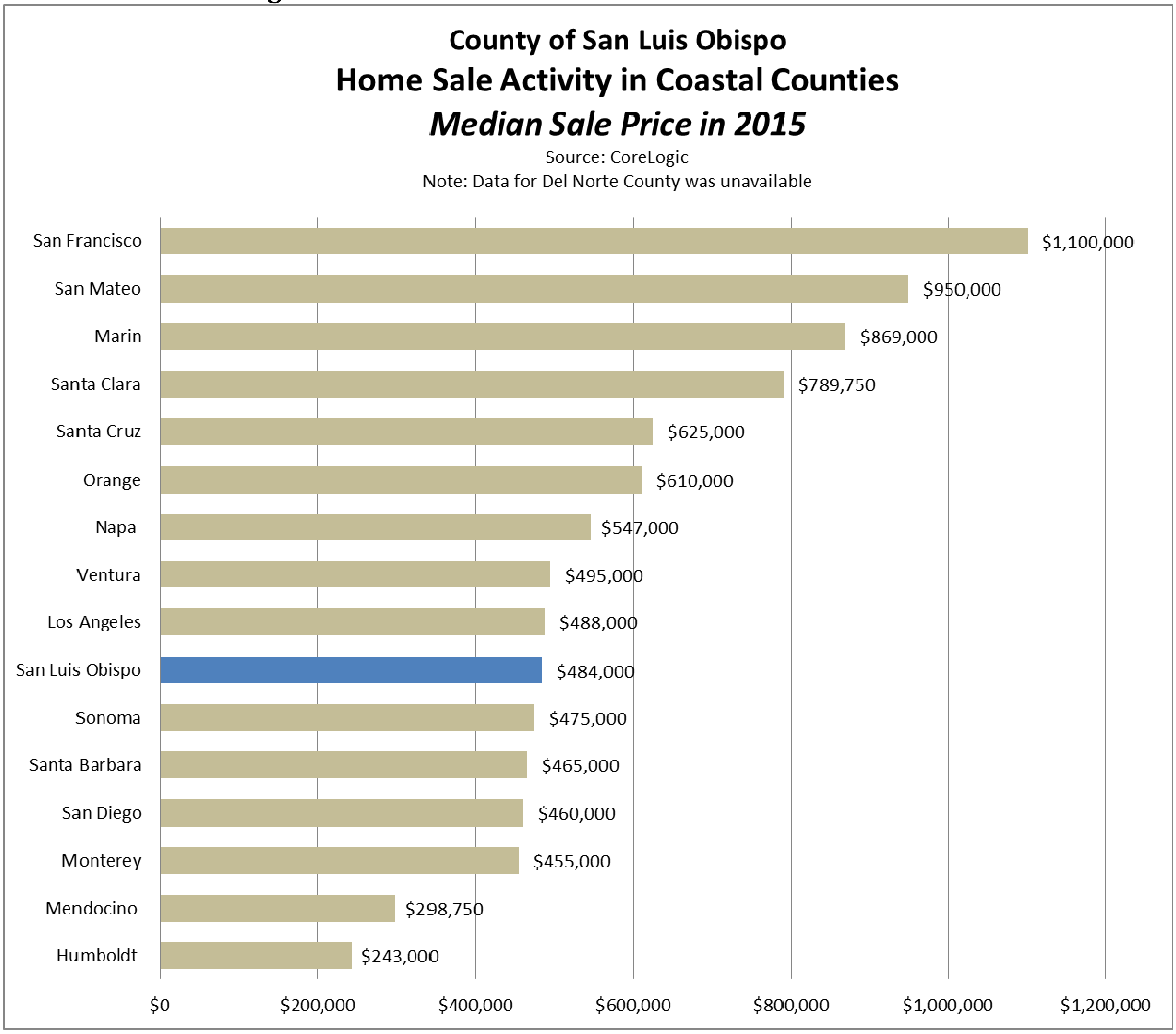


Figure 5: Median Sale Price in 2015 – Coastal Counties



2.2 MONTHLY COSTS

The U.S. Census Bureau measures median monthly owner costs for housing units with and without a mortgage. Selected monthly owner costs are the sum of payments for mortgages, deeds of trust, contracts to purchase, or similar debts on the property (including payments for the first mortgage, second mortgages, home equity loans, and other junior mortgages); real estate taxes; fire, hazard, and flood insurance on the property; utilities (electricity, gas, and water and sewer); and fuels (oil, coal, kerosene, wood, etc.). It is important to note that this is not a measure of monthly costs based off current home prices but of the share of household income households are spending on housing costs regardless of when the purchase was made.

According to the United States Census Bureau 2010-2014 data set, the Median monthly owner costs- with a mortgage, in San Luis Obispo County was $2,163 and the median gross rent was $1,226. The two figures below show how the median monthly homeowner costs and gross rent in the county compare to counties statewide.[3]

Figure 6: Median selected monthly owner costs -with a mortgage, 2010-2014

[3] United States Census Bureau Quick Facts. Retrieved from http://www.census.gov/quickfacts/

Figure 7:   Median gross rent, 2010-2014

SECTION 3: HOUSING AFFORDABILITY

3.1 AFFORDABILITY IN SAN LUIS OBISPO

As discussed above, the term "affordable housing" refers to housing that households can rent or buy while keeping housing costs within certain limits. Housing is generally considered affordable if total housing costs do not exceed 30% of household income.

Monthly Rental Costs - Affordability

According to the data presented in the Draft Fair Housing Plan, the median gross rent for residents of San Luis Obispo County is approximately 35% of household income. This is comparable to the median gross rent for the state, which is approximately 34% of household income.

Monthly Owner Costs - Affordability

As stated in Section 2, it is important to note that this is not a measure of monthly costs based off current home prices but of the share of household income households are spending on housing costs regardless of when the purchase was made. Housing costs as a share of household income are significantly less for homeowners with a mortgage, whose median monthly owner costs represent approximately 26% of household income, and for homeowners without a mortgage, whose median monthly owner costs represent approximately 11% of household income. Roughly half of renters are spending more than 35% of their household income on housing, compared to approximately 39% of owners with a mortgage and 12% of owners without a mortgage.

Current Home Prices

Multiple indices for measuring housing affordability exist; however, the price to income ratio is the basic affordability measure for housing in a given area. The sections below compare the affordability by metropolitan area based on the National Association of Home Builders (NAHB) Housing Opportunity Index (HOI) and by county based on the California Association of Realtors' Traditional Housing Affordability Index (HAI).

Affordability by Metropolitan Area

According to the National Association of Home Builders (NAHB) Housing Opportunity Index (HOI), the San Luis Obispo – Paso Robles – Arroyo Grande metropolitan area ranked 228 out of 236 in the nation and 64 out of 72 in the west region in affordability during the first quarter of 2016. The HOI for a given area is defined as the share of homes sold in that area that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria. Therefore, there are really two major components -- income and housing cost. The figure on the next page illustrates the percentage of homes affordable for median income families within various metropolitan areas in California during the first quarter of 2016. During the first quarter of 2016, the San Luis Obispo-Paso Robles-Arroyo Grande area ranked as the eighth least affordable area in the State[4]. The table on the next page shows the percentage history over the last eight years within the various metropolitan areas in California.

[4] National Association of Home Builders (NAHB) Housing Opportunity Index (HOI) Q1 2016

Figure 8: % Of Home Affordable For Median Income Families By Metropolitan Area

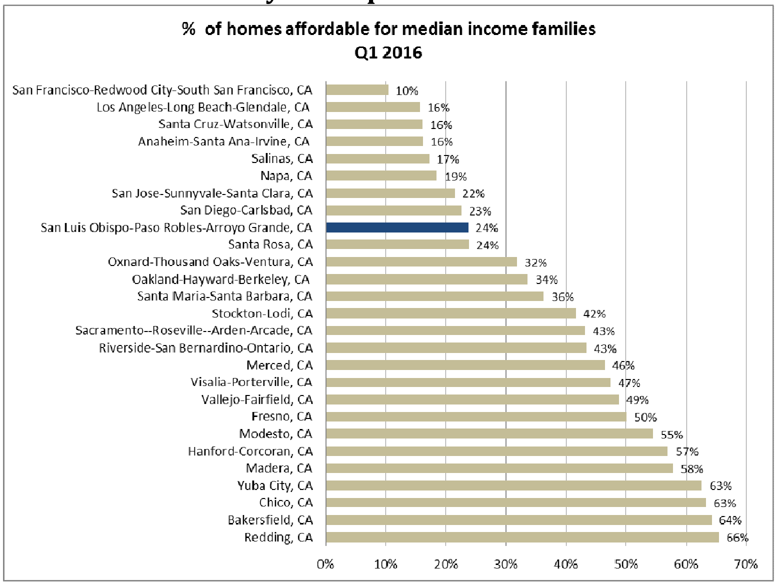


Table 1: Affordability Comparison – California Metropolitan Areas (Q1 2009-2016 Data Sets)

% of Homes Affordable for Median Income Families First Quarter, 2009-2016	2009	2010	2011	2012	2013	2014	2015	2016
Redding, CA	65.9%	69.1%	80.8%	84.4%	80.9%	63.4%	70.2%	65.5%
Bakersfield, CA	77.1%	76.9%	80.5%	86.6%	73.9%	58.7%	63.3%	64.2%
Chico, CA	65.9%	68.3%	76.3%	85.4%	81.3%	68.8%	66.9%	63.3%
Yuba City, CA	75.5%	79.6%	86.9%	92.2%	89.4%	62.6%	68.5%	62.6%
Madera, CA	80.4%	78.5%	82.2%	90.3%	86.7%	72.1%	59.0%	57.8%
Hanford-Corcoran, CA	48.2%	73.4%	84.5%	88.3%	84.0%	74.6%	67.8%	57.0%
Modesto, CA	83.5%	81.5%	87.3%	92.5%	85.8%	58.9%	52.9%	54.5%
Fresno, CA	70.9%	67.0%	77.7%	82.3%	76.4%	50.2%	45.9%	50.1%
Vallejo-Fairfield, CA	82.3%	77.8%	84.5%	89.2%	85.5%	60.2%	53.9%	48.8%
Visalia-Porterville, CA	71.7%	72.2%	80.0%	82.9%	81.1%	64.0%	59.9%	47.4%
Merced, CA	81.0%	82.4%	86.9%	90.5%	90.5%	68.2%	67.6%	46.4%
Riverside-San Bernardino-Ontario, CA	72.6%	70.6%	74.9%	77.5%	68.9%	49.3%	46.9%	43.4%
Sacramento--Roseville--Arden-Arcade, CA	76.0%	72.5%	80.2%	83.3%	74.2%	53.4%	54.3%	43.2%
Stockton-Lodi, CA	80.3%	76.6%	81.2%	87.1%	73.1%	53.1%	50.7%	41.6%
Santa Maria-Santa Barbara, CA	61.7%	47.8%	56.7%	60.6%	51.8%	39.5%	39.5%	36.3%
Oakland-Hayward-Berkeley, CA	73.8%	64.0%	68.8%	75.3%	65.8%	37.3%	38.8%	33.6%
Oxnard-Thousand Oaks-Ventura, CA	61.1%	46.8%	59.7%	67.0%	58.5%	40.7%	32.4%	31.9%
Santa Rosa, CA	63.7%	47.7%	65.4%	71.9%	54.0%	29.7%	26.6%	23.8%
San Luis Obispo-Paso Robles-Arroyo Grande, CA	**34.7%**	**32.4%**	**47.6%**	**57.2%**	**46.4%**	**26.9%**	**30.2%**	**23.7%**
San Diego-Carlsbad, CA	58.8%	46.6%	55.9%	59.3%	46.6%	29.8%	26.7%	22.6%
San Jose-Sunnyvale-Santa Clara, CA	61.5%	45.1%	53.5%	59.1%	43.3%	27.2%	26.1%	21.5%
Napa, CA	54.2%	46.1%	60.3%	70.9%	51.8%	22.9%	26.1%	18.5%
Salinas, CA	69.0%	56.2%	62.4%	62.6%	44.4%	23.0%	24.6%	17.2%
Anaheim-Santa Ana-Irvine, CA	48.2%	35.1%	44.8%	50.7%	35.8%	18.8%	21.5%	16.2%
Santa Cruz-Watsonville, CA	50.9%	34.1%	48.0%	53.8%	37.1%	21.1%	21.6%	16.1%
Los Angeles-Long Beach-Glendale, CA	42.1%	35.9%	43.1%	49.5%	39.9%	20.1%	17.7%	15.6%
San Francisco-Redwood City-South San Francisco, CA	32.1%	23.4%	33.2%	39.9%	28.9%	13.3%	14.1%	10.4%
NATIONAL	72.5%	72.2%	74.6%	77.5%	73.7%	65.5%	66.5%	65.0%

Source: Core Logic, HUD & Federal Housing Finance Agency. Analyzed by NAHB Economics & Housing Policy Group

Figure 9: Affordability by County

Affordability by County

California Association of Realtors' also measures housing affordability. C.A.R.'s Traditional Housing Affordability Index (HAI) measures the percentage of households that can afford to purchase the median priced home in the state and regions of California based on traditional assumptions. Figure 9 shows C.A.R.'s Housing Affordability Index for the first quarter of 2016 by County and the table below shows the affordability for the Central Coast Counties.

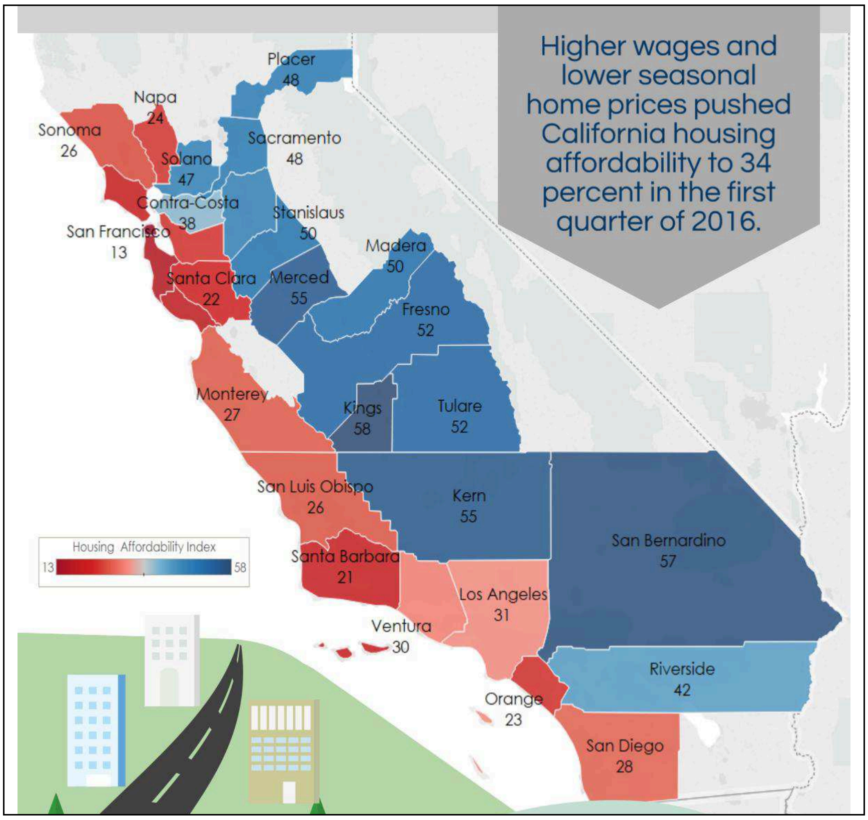


Table 2: Housing Affordability Index

Central Coast	Q1 2015	Q1 2016
Monterey	29%	27%
San Luis Obispo	**30%**	**26%**
Santa Barbara	16%	21%
Santa Cruz	22%	18%

C.A.R.'s First-time Buyer Housing Affordability Index (FTB-HAI) measures the percentage of households that can afford to purchase an entry-level home (defined as 85 percent of the median home price) in California. The table to the right shows the First-time Buyer Housing Affordability Index for the Central Coast Counties.

Table 3: First-time Buyer Housing Affordability Index

Central Coast	Q1 2015	Q1 2016
Monterey	53%	48%
San Luis Obispo	**53%**	**47%**
Santa Barbara	37%	39%
Santa Cruz	43%	38%

3.2 HOME PRICE A TYPICAL MEDIAN-INCOME HOUSEHOLD CAN AFFORD

The California Association of Realtors analyzed how much home a median-income household can afford and the disparity between home prices and what is affordable in certain counties across California in 2015. The analysis assumes a down payment of 20 percent of the median home price and a 30 year fixed-rate mortgage with a rate set on the prevailing mortgage interest rate.

Twenty-five of the 32 reporting California counties had a higher median price than the actual home price that a household earning a median income could afford. San Luis Obispo County was one of the 25 counties that had a higher median price than the actual home price that a household earning a median income could afford by $180,837 or 56.8% as shown in the table below.

Table 4: Home Price a Typical Median-income Household Can Afford
(Includes existing single-family homes, condominiums, and townhomes)

STATE/REGION/COUNTY	Median Income	Median Price	Price that Median Income Household Can Afford	$ Difference	% Difference
CA SFH & Condo/Townhomes	**$60,240**	**$446,980**	**$304,490**	**$142,490**	**46.80%**
S.F. Bay Area					
Alameda	$72,470	$710,190	$366,260	$343,931	93.90%
Contra-Costa	$76,220	$689,690	$385,230	$304,462	79.00%
Marin	$93,000	$979,380	$470,040	$509,337	108.40%
Napa	$69,720	$593,510	$352,370	$241,140	68.40%
San Francisco	$75,910	$1,247,570	$383,670	$863,899	225.20%
San Mateo	$89,430	$1,075,390	$452,020	$623,365	137.90%
Santa Clara	$93,830	$884,030	$474,230	$409,802	86.40%
Solano	$64,620	$345,450	$326,600	$18,852	5.80%
Sonoma	$64,000	$523,940	$323,450	$200,491	62.00%
Southern California					
Los Angeles	$54,510	$436,010	$275,530	$160,481	58.20%
Orange County	$72,860	$619,970	$368,230	$251,735	68.40%
Riverside County	$53,010	$321,350	$267,940	$53,407	19.90%
San Bernardino	$50,640	$222,310	$255,970	($33,659)	-13.10%
San Diego	$61,770	$475,230	$312,180	$163,047	52.20%
Ventura	$73,040	$538,250	$369,190	$169,065	45.80%
Central Coast					
Monterey	$58,980	$487,220	$298,120	$189,098	63.40%
San Luis Obispo	$62,960	$499,050	$318,210	$180,837	56.80%
Santa Barbara	$64,570	$685,310	$326,360	$358,950	110.00%
Santa Cruz	$70,960	$672,570	$358,650	$313,918	87.50%
Central Valley					
Fresno	$42,920	$216,160	$216,910	($755)	-0.30%
Kings County	$48,220	$186,330	$243,730	($57,403)	-23.60%
Madera	$42,820	$215,710	$216,440	($730)	-0.30%
Merced	$45,580	$203,930	$230,350	($26,424)	-11.50%
Placer County	$69,440	$393,340	$350,960	$42,381	12.10%
Sacramento	$53,880	$282,770	$272,310	$10,460	3.80%
San Joaquin	$51,030	$280,030	$257,910	$22,125	8.60%
Stanislaus	$46,070	$243,710	$232,830	$10,884	4.70%
Tulare	$41,340	$188,740	$208,920	($20,184)	-9.70%
Other Counties in California					
Butte County	$43,610	$253,040	$220,390	$32,648	14.80%
El Dorado County	$69,060	$411,760	$349,050	$62,706	18.00%
Humboldt	$43,920	$260,980	$221,980	$39,001	17.60%
Shasta	$46,870	$231,820	$236,910	($5,090)	-2.10%

Source: http://www.car.org/

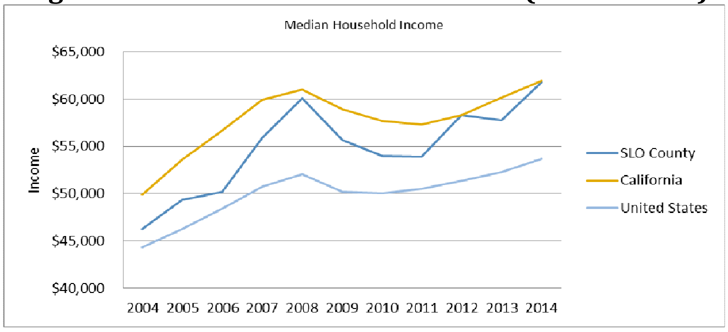
SECTION 4: ECONOMIC CONDITIONS

Changes in the following key variables affect affordability: housing prices, interest rates, and income. The following section provides a summary of the economic conditions to provide context but does not include information regarding economic development policies.

4.1 EMPLOYMENT AND WAGES

According to the Small Area Income and Poverty Estimates by the United States Census Bureau, as of 2014, the Median Household Income in San Luis Obispo is $61,775. This is slightly less than the statewide median of $61,927 and higher than the country's median of $53,657 as shown in the figure to the right.

Figure 10: Median Household Income (2004 – 2014)



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Source: http://www.census.gov/ (Small Area Income and Poverty Estimates)

San Luis Obispo County remains one of the fastest growing labor markets in the state. Compared to neighboring coastal counties, San Luis Obispo has had the highest Median Household Income growth when comparing the year 2000 to 2014 as shown below.

Table 5: Median Household Income

	2000 Median Household Income	2014 Median Household Income	% Change (from 2000 to 2014)
San Luis Obispo County	$ 42,498	$ 61,775	45.36%
Santa Barbara County	$ 46,908	$ 62,116	32.42%
Monterey County	$ 47,073	$ 57,428	22.00%
Ventura County	$ 57,164	$ 74,967	31.14%
California	$ 46,836	$ 61,927	32.22%
United States	$ 41,990	$ 53,657	27.79%

Source: http://www.census.gov/ (Small Area Income and Poverty Estimates)

San Luis Obispo County overall has a higher median household income than most of its neighboring counties, but the figure varies by up to $20,000 between cities within the county.

The figure below shows how the median annual household income in San Luis Obispo compare statewide.[5]

[5] United States Census Bureau Quick Facts. Retrieved from http://www.census.gov/quickfacts/

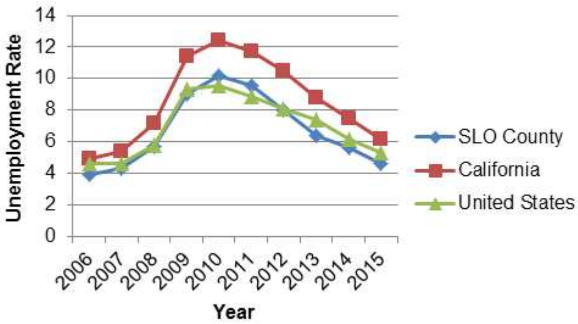
Figure 11: Median annual household income (in 2014 dollars), 2010-2014

Source: www.census.gov/quickfacts

4.2 UNEMPLOYMENT

The graph to the right compares the county's unemployment rates over the past 10 years to the unemployment rates seen in California and the United States. The county has historically experienced lower unemployment rates than those felt at the State and national level. The county's rate surpassed the national rate in 2010 and 2011 but fell below in 2013, 2014, and again in 2015. The county's unemployment rate is still much lower than statewide unemployment rates.[6]

Figure 12: 10 Year Unemployment History



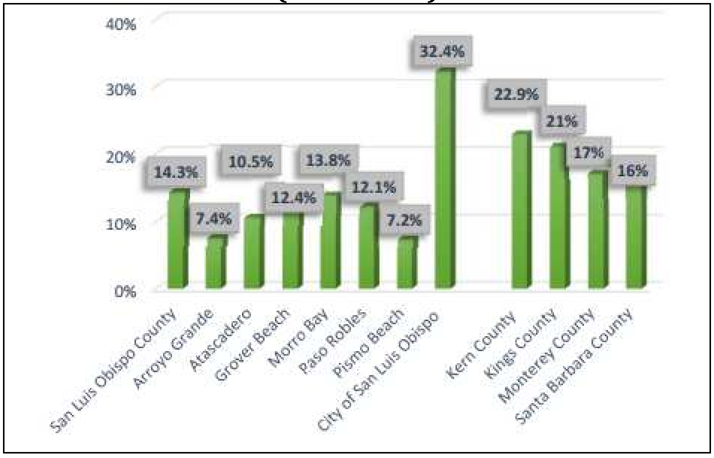
4.3 POVERTY

The number of San Luis Obispo County residents in poverty has increased slightly in recent years, from 12.8% in 2000 to 14.3% in 2013. Poverty in San Luis Obispo County increased in the aftermath of the nationwide recession in 2008 but is still slightly lower on a whole than neighboring communities. However, the poverty level differs greatly across the County, varying by more than 25% between some cities, and highest in the City of San Luis Obispo comparatively,

[6] Bureau of Labor Statistics

In light of high housing costs, high educational attainment, and a host of other factors that would tend to suggest that the City of San Luis Obispo is an affluent community, its low median household income and high poverty rate may be surprising. Those statistics, however, are consistent with the role that Cal Poly plays in shaping the city's demographics. Full-time college students are likely to have extremely low incomes, and 37.9% of the city's population is 18 to 24 years of age as opposed to 15.2% countywide. For context, the otherwise affluent cities of Davis and Santa Cruz have high poverty rates of 26.3% and 21.9% respectively. The source of the City of San Luis Obispo's high poverty rate is important to keep in mind when considering where to invest affordable housing resources and may suggest less need for caution than in high-poverty communities with more typical age distributions.

Figure 13: Percentage of Population in Poverty – SLO County/Cities, Neighboring Counties – 2013 (ACS 5 Year)



The figure below shows how the percentage of persons in poverty in San Luis Obispo compare statewide.[7]

Figure 14: Persons in poverty, percent, 2010-2014

Source: www.census.gov/quickfacts

[7] United States Census Bureau Quick Facts. Retrieved from http://www.census.gov/quickfacts/

SECTION 5: POPULATION AND HOUSING STOCK TRENDS

5.1 POPULATION & DEMOGRAPHICS

The considerable distance from the large metropolitan cities of Los Angeles and San Francisco allows San Luis Obispo County to maintain a much more rural character than some of its neighbors. The 2015 estimates from the California Department of Finance place the San Luis Obispo County's population at 274,293 making it the 23rd largest county in the state. The County's growth was in line with the overall California increase of 10% from 2000-2010. Within the County, growth has varied by community.[8]

Figure 15: Overall Population Growth San Luis Obispo County

The median age of San Luis Obispo County residents was estimated at 39.5 years in 2014. This compares with 35.6 years in California and 37.4 years for the United States.[9]

In 2014, an estimated 10.7 percent of the county's population was born in a foreign country, compared with 27 percent for California and 13.1 percent for the United States.[5]

Figure 16: Age Distribution

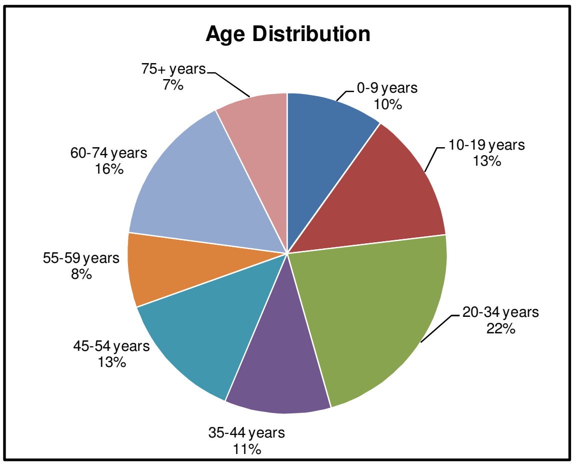
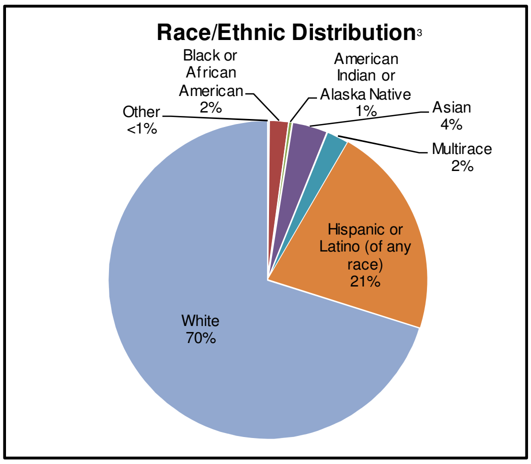


Figure 17: Race/Ethnic Distribution



[8] County of San Luis Obispo Department of Planning and Building (2015). Analysis of Impediments to Fair Housing Choice. Retrieved from http://www.slocounty.ca.gov

[9] US Census Bureau 2014 American Community Survey

5.2 HOUSEHOLDS

According to the United States Census Bureau 2010-2014 data set, there are 102,350 households in the County with a median 2.52 persons per household. As figure 18 below illustrates, San Luis Obispo County has a relatively small per household rate compared to neighboring counties. As described above, it is important to note the county median age is higher than the rest of the state and country. Figure 19 shows the percentage of persons 65 years and over in the county compared to the rest of the state.

Figure 18: Persons per Household, 2010-2014

Source: www.census.gov/quickfacts

Figure 19: Persons 65 years and over, %, July 1, 2014

Source: www.census.gov/quickfacts

5.3 HOUSING STOCK

The housing stock of San Luis Obispo County contains primarily single-family detached units and owner-occupied units. Housing costs in the county and the region are rising, and the burden of those price increases is falling most heavily on renters. Foreclosure activity appears to be winding down, and the foreclosure rate in San Luis Obispo County is less than that of California as a whole. However, vacancy rates in the county are still high, as a high number of vacant units for seasonal, recreational, or occasional use constrains the supply of available housing for full-time residents. [10]

Units in Structure

In general, the residents of San Luis Obispo County are more likely to live in detached single family homes than any other type of housing unit. In 2014, San Luis Obispo County had approximately 118,209 housing units, including 15,859 vacant units. Most of the housing units in the county, about 71.7%, are single-family units (including 66.7% detached and 5.0% attached). Multi-family units of various sizes make up about 18.8% of the total units (8.6% two to four units, 10.2% five or more

[10] County of San Luis Obispo Draft Fair Housing Plan

units). In addition, the county has a relatively large number of mobile homes, representing approximately 9.4% of the total housing units[11].

The table below shows housing inventory by tenure according to the 2010 Census and the 2014, American Community Survey (5 - Year) in San Luis Obispo County.

Table 6: Housing Inventory by Tenure

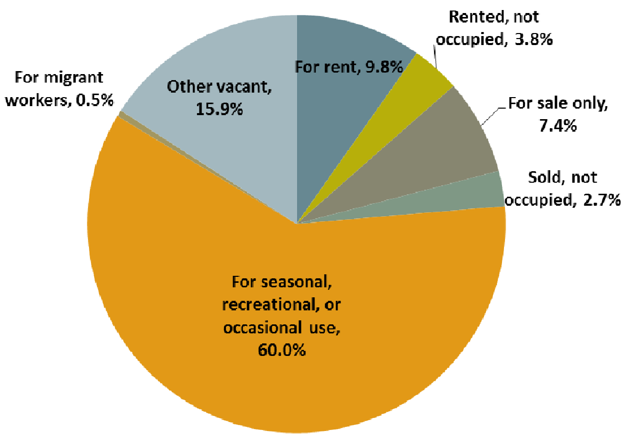
Housing Inventory by Tenure San Luis Obispo County		
	2010 Decennial	**2014 ACS 5-year estimates**
Total Housing Units	**117,315**	**118,209**
Occupied	**102,016**	**102,350**
Owners	60,920	59,381
% Owners	59.7	58.0
Renters	41,096	42,969
%Renters	40.3	42.0
Total Vacant	**15,299**	**15,859**
Available for Sale	1,318	1,172
Available for Rent	2,393	1,549
Other Vacant	11,588	13,138

Source: U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates

Foreclosures and Vacancies

As of May 2015, the foreclosure rate for San Luis Obispo County was 1 in 1,498 homes. This is a lower rate than for California as a whole, which had a foreclosure rate of 1 in 1,142 homes in 2015.

Figure 20: Vacant Housing Units – San Luis Obispo County – 2010-2014 5-Year Estimates

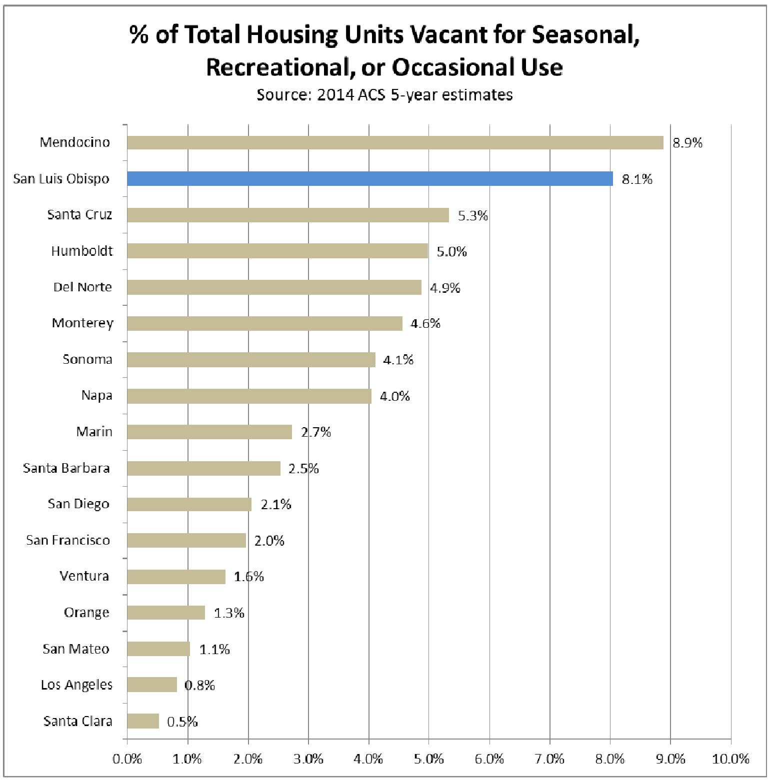


Source: U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates

Based on the 2010-2014 American Community Survey 5-Year Estimates, 15,859 out of the 118,209 housing units in the county (roughly 13%) were vacant. This is a higher rate than the California (8.45%) and the nation (12.45%). However, in San Luis Obispo County, most vacant units are for seasonal, recreational, or occasional use (60%) which is much higher than the statewide 31% and the national 32%. The percentage throughout the county varies by city with Pismo Beach being the highest at 82% and Atascadero the lowest at 28%. Of the 15,849 vacant units in the county, only 1,549 (9.77%) were for rent, which is much lower than the statewide average of 23.69% and the national of 18.69%.

[11] 2010-2014 American Community Survey 5-Year Estimates

Figure 21: % of Total Housing Units Vacant for Seasonal, Recreation, or Occasional Use Coastal Counties



As stated above, the majority of vacant units are for seasonal, recreational, or occasional use. Of the total 118,209 housing units in the county, 9,514 or 8.05% were vacant for seasonal, recreational, or occasional use. This is an increase from the 2005-2009 American Community Survey 5-Year Estimates of 6.15% (7,092 units).

The county percentage of seasonal, recreational or occasional use units is a lot higher than the state average of 2.61% and the national average of 3.97%. As shown in the figure to the right, San Luis Obispo County has the second highest percentage of total housing units vacant for seasonal, recreational, or occasional use behind Mendocino County when comparing coastal counties. [12]

The chart below shows the percentage of total units for seasonal, recreational, or occasional use by areas in San Luis Obispo County.

Table 7: Housing Occupancy and Vacancy by City

Area	Total	Occupied	Vacant	Vacant For seasonal, recreational, or occasional use	% of Total Units for seasonal, recreational, or occasional use
Arroyo Grande City	7,852	6,848	1,004	471	**6.00%**
Atascadero City	11,726	11,065	661	184	**1.57%**
Grover Beach City	5,850	5,205	645	433	**7.40%**
Morro Bay City	6,464	5,038	1,426	1,111	**17.19%**
El Paso De Robles City	12,006	11,356	650	115	**0.96%**
Pismo Beach City	5,192	3,652	1,540	1,263	**24.33%**
San Luis Obispo City	19,109	17,855	1,254	422	**2.21%**
Unincorporated	50,010	41,331	8,679	5,515	**11.03%**
Total	**118,209**	**102,350**	**15,859**	**9,514**	**8.05%**

Source: U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates

[12] 2014 ACS http://factfinder.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t

Residential Vacation Rentals

A residential vacation rental is the use of an existing residence as a rental for transient use. This does not include the rental of the entire residence for periods of thirty days or longer. A Business License and Transient Occupancy Tax (TOT) Registration is required for each residential vacation rental. The table below shows the total number of registered TOT establishments by business type in the unincorporated area of the county.

Table 8: Registered TOT establishments (Unincorporated County)

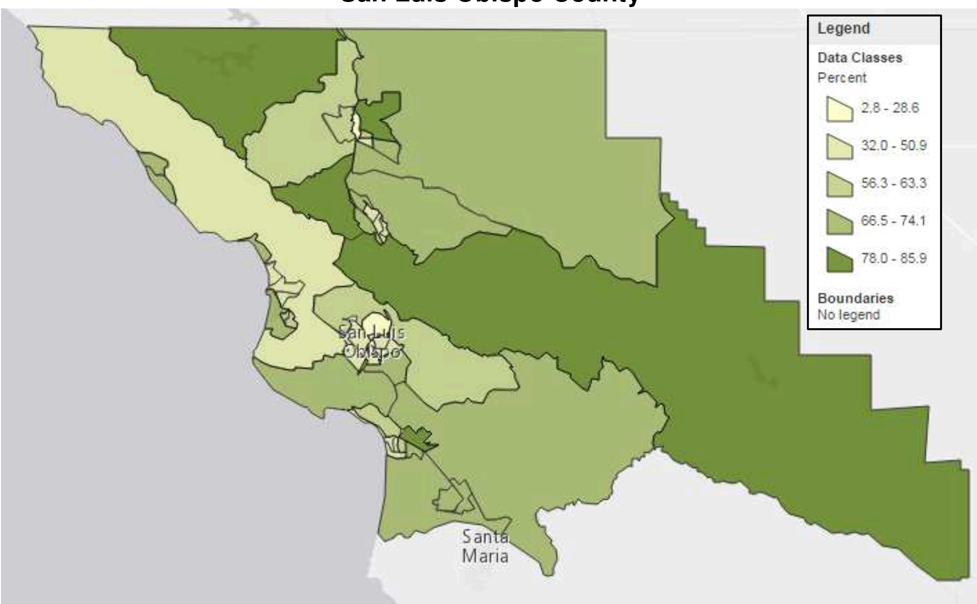
Business Type	Number
Bed & Breakfast	45
Home Stay	6
Hotel/Motel	75
Vacation Rental	1,024
Total	**1,150**

Renters

In San Luis Obispo County, there are approximately 102,350 occupied housing units, of which 58% are owner occupied and 42% are renter occupied. Compared to the state of California, the County has a slightly lower percentage of renter occupied units (42% compared to 45.2%), and a slightly higher percentage of owner occupied (58.4% compared to 54.8%).

The maps below demonstrate the percentage of owner-occupied and renter-occupied homes in San Luis Obispo County by census tract.

Figure 22: % Owner-Occupied Housing Units By Census Tract San Luis Obispo County



Source: 2010-2014 American Community Survey 5-Year Estimates

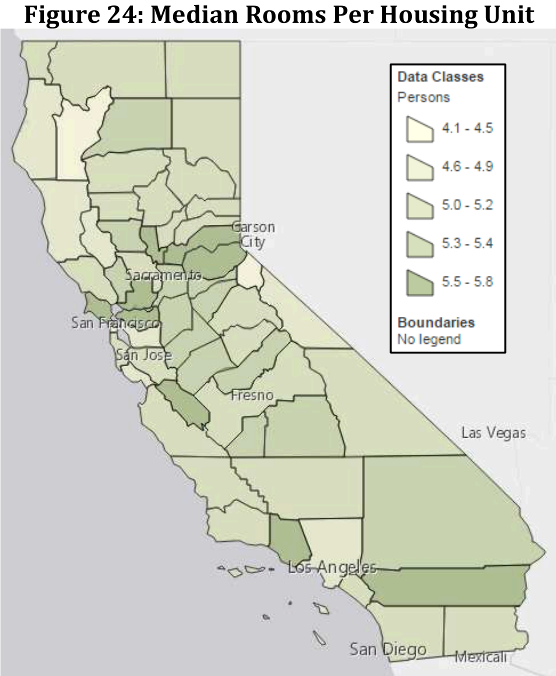
Figure 23: % Renter-Occupied Housing Units By Census Tract
San Luis Obispo County

Source: 2010-2014 American Community Survey 5-Year Estimates

Number of Rooms Per Housing Unit

According to the United States Census Bureau 2010-2014 data set, in San Luis Obispo County the median number of rooms for the total housing units is 5.2, which is slightly lower than the state median of 5.5 (figure 24). Table 9 below shows the percentage breakdown of bedrooms per housing unit in San Luis Obispo County compared to the state.

Figure 24: Median Rooms Per Housing Unit



Source: factfinder.census.gov

Table 9: Median # of Bedrooms per Housing Unit %

Bedrooms	San Luis Obispo County	California
Bedrooms	**San Luis Obispo County**	**California**
No bedroom	2.2%	2.2%
1 bedroom	10.1%	11.2%
2 bedrooms	31.6%	26.7%
3 bedrooms	41.9%	39.7%
4 bedrooms	12.0%	16.1%
5 or more bedrooms	2.3%	4.2%

Source: factfinder.census.gov

SECTION 6: NEEDS ASSESSMENT

There are a variety of reports and surveys throughout the county focusing on housing needs. Outlined below are the key takeaways from some of these reports.

6.1 SLOCOG REGIONAL HOUSING NEEDS PLAN

The San Luis Obispo Council of Governments (SLOCOG) Regional Housing Needs Plan (RHNP) establishes numerical targets for the development of housing units in each of its member jurisdiction's state-mandated Housing Element updates. The total number of units required to be allocated by SLOCOG are based upon the California State Department of Housing and Community Development (HCD) Regional Housing Need Allocation of 4,090 housing units for the SLOCOG region - covering the 2014 through 2019 time frame. The HCD approved the Regional Housing Needs Plan calling for 4,090 new units between January 1, 2014 and June 30, 2019, with 1,347 units in the unincorporated county and 2,743 in the cites. The table below shows the breakdown of the assigned share by income group for the Unincorporated County.

Table 10: Unincorporated County Share of Housing Needs, 2014-2019

Income Category	Number of New Units	Percent
Very Low	336	25.0
Low	211	15.7
Moderate	237	17.6
Above Moderate	563	41.8
Total	**1,347**	**100**

The assigned share for the cities is broken down as follows:

Table 11: Cities Share of Housing Needs, 2014-2019

City	Very Low	Low	Moderate	Above Moderate	Number of New Units
Arroyo Grande	60	38	43	101	242
Atascadero	98	62	69	164	393
Grover Beach	41	26	29	69	166
Morro Bay	39	24	27	65	154
Paso Robles	123	77	87	206	492
Pismo Beach	38	24	27	64	152
San Luis Obispo	285	179	201	478	1,144
Total	**684**	**430**	**483**	**1,147**	**2,743**

6.2 HOUSING ELEMENT – HOUSING NEEDS ASSESSMENT

The Housing Element is one of seven required elements of the San Luis Obispo County General Plan. Its primary purpose is to facilitate the provision of needed housing in the context of the Land Use Element of the County General Plan and related ordinances. The secondary purpose is to meet the requirements of State law and achieve certification by the California Department of Housing and Community Development, which in turn will help the County qualify for certain funding programs offered by the State.

The Housing Element includes studies, data and research related to the current state of housing, cost, and job information as they are interrelated with regards to the affordability and supply of housing. Data collection through market studies and needs assessments are conducted on top of a study of the current conditions with regards to population, growth, and existing land capacity for residential growth. This data is compiled in an effort to direct the amendment or creation of policies and programs with regards to housing.

Chapter 5 of the Housing Element provides a comprehensive analysis of housing needs. This chapter addresses trends and interrelationships between people, economics, and the housing stock. Page 5-1 of the Housing Element includes the following seven general conclusions drawn from this information.

- Although home prices declined significantly between 2006 and 2011 and housing in San Luis Obispo County is relatively more affordable than five years ago, home sales prices are still beyond the financial reach of most existing residents.

- Resource limitations, especially water, continue to impact housing development and where it may be located.

- The county's population is growing older. The housing supply will need to accommodate those changing needs with housing that is safe, walkable, and bikeable to transit stops, nearby medical services, and shopping.

- As the household size declines, the need for relatively smaller homes may rise.

- Attached housing is a viable option for many residents. It is generally developed at higher densities with lower land cost per housing unit. Projects should be close to services and provide useable open areas and other amenities.

- It is becoming more important to find opportunities to provide housing to locally-employed persons. When people live closer to work, school, shopping, and other destinations, they consume less energy, contribute less to 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).

According to the County's Housing Element, the county is expected to grow between 0.44-1% per year from 2015 through 2019, an increase of approximately 12,000 persons over the five year period (AECOM for San Luis Obispo Council of Governments SLOCOG, 2011).

The County's Housing Element discoveries support the following trends:

- 40% of the households are renters; 60% of the households are homeowners.

- 25% of the households are very low and low income households. This means 1 in every 4 households are very low and low income.

- 65% of low and very low income households are seniors.

- 72% of moderate and middle income households are senior.

- 52% of the very low and low income households are small family households.

- 80% of very low and low income renter households (which are mainly seniors) face housing cost burdens of greater than 50%.
- 70% of very low and low income renter households live in overcrowded housing conditions.
- 98% of very low, low, and moderate income renter households have 1 or more housing problems.

The following shows the estimated number and type of families in need of housing assistance for the next five years.

- Very low income household – There are a total of 11,640 very low income households. A third of the very low income households are senior.
- Low income household – There are a total of 11,020 low income households. Of this total, 36% are senior and 33% are small family households.
- Moderate income household – There are a total of 15,215 moderate income households. Of this total, 35% are senior households and 35% are small family households.
- Middle income household - There are a total 8,945 middle income households. Of this total, 37% are senior households and 40% are small family households.

6.3 EVC WORKFORCE HOUSING STUDY

In an effort to better understand the actual housing needs and preferences of our local workforce, the Economic Vitality Corporation (EVC) and Building Design & Construction cluster, part of the countywide Economic Strategy Project, worked closely with experts to develop and conduct an online survey of employees and employers throughout our local economy. The results of the survey were published in October 2013, and present data regarding housing needs and preferences throughout the County.

According to the survey, a large number of employees (88%) and employers (83%) think it is "somewhat" or "very" difficult to find suitable and affordable housing in San Luis Obispo County. Nearly four in ten employees (38%) and about one-third of the employers (32%) rate finding suitable housing "very" difficult. In addition, only 20% of employees feel they have a lot of choice in housing type and location here in the county. [13]

The EVC listed the key takeaway points from the study as:

Workforce Housing Conditions

- A lack of affordable housing is a real issue in the county. Employees are particularly impacted by housing costs and report having fewer choices of where and in what type of homes to live than do employers.
    - Cost of living and lack of affordable housing are reported to be driving factors behind people's reasons for moving out of the county.
    - Employees want to live and work in the same community. Many are making compromises, trading location for type of home or type of home for location.

[13] Economic Vitality Corporation (2013). Workforce Housing Survey. Retrieved from http://www.sloevc.org/

- Employers are more satisfied than employees with the location, type and setting of their homes; they make fewer compromises in their housing choices.

- Commutes are quite short, averaging less than 15 minutes for employees and about 9 minutes for employers. However, commutes of up to 30 minutes are considered acceptable.

- About one-quarter to one-third of employees are less than very satisfied with their current housing situation; about one in four is renting and wants to own a home.

Barriers to Developing Workforce Housing

- According to employers, regulations and fees are a deterrent to developing more workforce housing.

- There is a distinct disconnect between the area's cost of living and employees' incomes. Based on their current incomes, employees have limited financial resources to purchase even modest homes.

- There is an inclination to want single family detached homes, a somewhat unaccepting attitude regarding multi-family and mixed use properties and a partiality towards mid to large size suburban lots

SECTION 7: STATE LEGISLATION, COUNTY POLICIES, PROGRAMS & ORDINANCES

The County Department of Planning and Building prepares policies and programs as they relate to land use and future growth for the County Board of Supervisors review and adoption. These policies and programs are within the County's adopted General Plan, and those specifically related to housing are within the County's Housing Element of the General Plan. Policies and programs can also be created to address statewide laws.

While there are many adopted policies and programs within the Housing Element, some of these programs are listed for future implementation and action by the County Board of Supervisors. This information below includes those that are adopted, ordinance requirements currently adopted, and programs which could be brought forward for future implementation upon further direction from the Board.

7.1 STATEWIDE TOOLS AND PROPOSED LEGISLATION

Golden State Financing Authority

Golden State Finance Authority (GSFA), is a California joint powers authority and a duly constituted public entity and agency. The Authority was organized in 1993 and exists under and by virtue of Articles 1-4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California. What began in 1993 as a rural resident homebuyer assistance program in 11 California counties has expanded to financial assistance programs for both homebuyers and homeowners throughout California, with plans to further support local economies in the future. Interested income qualifying homebuyers and homeowners have opportunities to apply for down payment assistance, mortgage credit certificates, energy efficiency financing and multi-family financing. Some of the grants are sized up to 5% of the loan for down payment assistance. Golden state financing works with local lenders to help people apply for the opportunities identified above. These programs are also available state wide through a GSFA Platinum Participating Lender. San Luis Obispo County is currently an associate member of GFSA and residents have access to all of the programs. Since inception, 294 families have participated in GFSA down payment assistance programs in the County. As a member of the Rural County Representatives of California (RCRC), the County can become a full voting member of GSFA. Member counties appoint one elected Supervisor from its own Board of Supervisors to sit on the GSFA Board of Directors.

Proposed Legislation

Governor Gerry Brown offered legislation known as the "by right" housing proposal as a part of the 2016-17 Budget (trailer bill). This particular streamlining approach would allow local governments to grant ministerial approvals for certain multi-family developments (which must include at least 20% of the units as affordable to lower income households). This particular trailer bill however was unsuccessful, but the state continues to focus on methods to address the issues regarding housing and specifically affordable housing within the State. Three bills were recently enrolled and presented to the governor to help add secondary units (AB2299, AB2406 and SB1069) and specifically to relax additional parking requirements for secondary dwelling units.

7.2 COUNTY HOUSING ELEMENT POLICES AND PROGRAMS

As stated above, the Housing Element is one of seven required elements of the San Luis Obispo County General Plan. Its primary purpose is to facilitate the provision of needed housing in the context of the Land Use Element of the County General Plan and related ordinances.

In the 2014-2019 Housing Element which was last updated by the County on June 17, 2014, Chapter 4 sets forth the overall Housing Element goals, objectives, policies, and programs identifying actions the County intends to take in order to facilitate the construction and preservation of affordable housing. Below is a summary table of the programs listed in the Housing Element for implementation. The programs range from items that are short term to longer term in order to implement dependent upon available resources. While many of these programs are currently being implemented (i.e. continue ongoing), there are a few that are worthy of additional resources as directed by the Board for future implementation and those are shown under the column listing "needed implementation."

Housing Element 2014 – 2019 Programs for Implementation

Program		Needed Implementation
HE 1.A	Designate additional land for residential uses.	Needed
HE 1.B	Continue and track existing development incentives.	Continue Ongoing
HE 1.C	Reduce and defer fees for affordable housing development.	Needed
HE 1.D	Provide incentives for construction of secondary dwellings.	Needed
HE 1.E	Review existing ordinances for possible amendments to Farm Support Quarters, with special emphasis on Group Quarters.	Needed
HE 1.F	Review and update residential development standards - new mobile home parks min site size 5 acres, parking adjustments and more.	Needed
HE 1.G	Provide direct financial assistance for housing.	Continue Ongoing
HE 1.H	Provide support to the Housing Trust Fund	Continue Ongoing
HE 1.I	Provide incentives for mixed use development.	Needed
HE 1.J	Facilitate affordable housing through advocacy, education, and support.	Continue Ongoing
HE 1.K	Construct a Community Sewer system in Los Osos	Completed
HE 1.L	Implement the Inclusionary Housing Ordinance requiring development of affordable housing.	Continue Ongoing
HE 1.M	Respond to Inquiries and complaints related to Fair Housing Laws	Continue Ongoing
HE 1.N	Amend ordinances to facilitate development of senior-friendly communities.	Needed
HE 2.A	Rehabilitate housing units. CDBG and HOME	Continue Ongoing
HE 2.B	Create a new Mobile Home Park land use category.	Needed
HE 2.C	Implement the Mobile Home Park Closure Ordinance	Continue Ongoing
HE 2.D	Implement the Condominium Conversion Ordinance	Continue Ongoing
HE 3.A	Revise the General Plan and ordinances to address group homes (Residential Care Facilities).	Needed
HE 3.B	Provide housing opportunities and services to help reduce homelessness.	Continue Ongoing

There are 20 total programs listed for implementation. Nine of these programs show as "needed" and remain on the Planning Department's list for authorization by the Board in order to allocate resources toward implementation. These programs include the following:

- **Program: HE 1.A: Designate Additional Land for Residential Uses:** Amend the Land Use and Circulation Elements to designate additional land to Residential Multi Family (RMF) and Residential Single Family (RSF) land use categories to accommodate needed housing to meet population growth during the next five years and beyond to 2025. The need is primarily for Residential Multi-Family land. The County will seek opportunities (1) to designate infill sites before proposing to expand urban reserves and (2) to designate land for housing in all communities.

- **Program: HE 1.C: Reduce and Defer Fees for Affordable Housing Development:** Explore ways to reduce fees for development of affordable housing. Reduced fees could include payment of developer impact fees for affordable housing projects with inclusionary housing funds and deferral of impact fees for affordable housing developments until final inspection. It may be possible to adjust impact fees for infrastructure based on unit size.

- **Program: HE 1.D: Provide Incentives for Construction of Secondary Dwellings:** Revise County ordinances and fees to encourage development of secondary dwellings, and further promote secondary dwellings. For example, the County (in conjunction with Public Works) could consider revising road requirements and public facility fees for secondary dwellings.

- **Program: HE 1.E: Farm Support Quarters and Group Quarters***:* Revise existing Farm Support and/or Group Quarters ordinances. For example, the maximum distance to site group quarters from a worksite is currently five miles. This requirement could be modified to increase this distance if growers provide transportation to employees.

- **Program: HE 1.F: Review and Update Residential Development Standards:** From time-to-time, review development standards for 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.

- **Program: HE 1.I: Provide Incentives for Mixed Use Development***:* Explore ways to provide incentives for development of mixed use projects such as reduced or deferred fees and revised ordinance standards for mixed use.

- **Program: HE 1.N: Amend Ordinances to Facilitate Senior Communities**: Amend ordinances and the General Plan to facilitate development of senior-friendly communities and housing suitable for the County's aging population.

- **Program: HE 2.B: Create a new Mobile Home Park Land Use Category***:* Create a new land use category for mobile home parks (Note: The State describes a manufactured housing community where spaces are rented or leased as a "mobile home park").

- **Program: HE 3.A: Group homes and Residential Care Facilities***:* 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.

7.3 FAIR HOUSING PLAN

San Luis Obispo County's Draft 2015 Analysis of Impediments to Fair Housing Choice (AI) is a comprehensive examination of the structural barriers to fair housing and access to opportunity for members of historically marginalized groups protected from discrimination by the federal Fair Housing Act (FHA). The plan is currently in draft form and is proposed to be before the Board of Supervisors on October 4, 2016 for review and adoption.

The AI refines this information into five overarching impediments to fair housing choice in San Luis Obispo County, and proposes 15 steps that the County should take to overcome those obstacles. These actions will not remedy the longstanding equity issues involving housing, economic opportunity, transportation, and education in the County by themselves, but they provide a starting point for addressing systemic barriers to equal opportunity.

Out of the 15 proposed steps, 11 of the action steps directly relate to addressing barriers to providing affordable housing, which can be seen in the following table below. The other steps while related, discuss how to implement or support the AI through further coordination with California Rural Legal Assistance (CRLA) through regular meetings, and potential funding for an organization which specializes in Fair Housing law and implementation.

Action Steps	Fair Housing Plan
2.1:	**Expand Multi-Family Residential Zoning** and Zoning That Allows for the Development of Small Single-Family Homes in Cities and Census-Designated Places throughout San Luis Obispo County with a Strong Emphasis on Sites That Are Outside of the Coastal Zone and That Do Not Currently Have Concentrations of Multi-Family Housing.
2.2:	Expand **Exceptions to the Growth Management Ordinance** or Otherwise Ease Its Restrictions.
2.3:	**Ease Procedural Barriers to Multi-Family** Housing Development.
2.4:	**Allow for Increased Density** within Residential Multi-Family Districts.
2.5:	Prioritize the **use of City Allocations of CDBG** Funds towards assisting Affordable Housing Development.
2.6:	**Waive or Reduce Building Fees** for Developments That Include Affordable Housing.
2.7:	Fully **Implement** the County's **Inclusionary Housing Ordinance**.
3.1:	Coordinate with Transit Agencies to Ensure That Expanded Bus Lines **Effectively Serve New Affordable** and Multi-Family Housing.
3.2:	Monitor Implementation of **Reduced Required Numbers of Parking Spaces** for Residential Developments When Developers Agree to Provide Complimentary Bus Passes to Low-Income Residents in the City of San Luis Obispo.
4.1:	Support Efforts to Pass a Legislative Fix to the Palmer Decision on **Inclusionary Zoning in Rental Properties**.
4.2:	Support Reforms to the California Coastal Act in Order to Facilitate **Affordable Housing Development in the Coastal Zone.**

7.4 COUNTY ADOPTED ORDINANCES & PROGRAMS

Ordinances

The Land Use Ordinance and the Coastal Zone Land Use Ordinance are in place to carry out the policies and programs listed in the County's General Plan and the Housing Element. The standards cover many areas such as how development will look, the density, safety measures, environmental protections, and protections for affordable housing. Below includes a list of the currently adopted ordinance requirements which are in place to protect housing units and facilitate the construction of additional units.

County Ordinance Requirements to Facilitate Affordable Housing
1. **Coastal Zone Land Use Ordinance Sec. 23.04.092** - Affordable Housing Required in the Coastal Zone with projects of 11 or more units
2. **Density Bonus** (Coastal Zone Land Use Ordinance Section 23.04.090 and Land Use Ordinance 22.12.040) allows for design concessions if affordable units included in project
3. **Avila Beach Specific Plan – Inclusion of Studio Unit** required with multi-family construction
4. **Planned Development Ordinance 22.22.145** provides design assurance for certain types of development
5. **Title 29 In-Lieu Fees and Housing Impact Fees** allows for the construction of affordable units or in lieu funding to construct future affordable units
6. **Mobile Home 22.30.440, 23.08.164** requires the preservation of existing mobile home parks and standards for construction of new parks
7. **Condo Conversion Land Use Ordinance 22.22.080 and Coastal Zone Land Use Ordinance 23.08.264** protects the conversion of existing affordable rental units
8. **Caretaker Land Use Ordinance 22.30.430, and Coastal Zone Land Use Ordinance 23.08.161** allows residential within commercial or industrial properties
9. **Workforce Housing Ordinance (Currently in Draft format)** facilitates construction of "missing middle" market rate units

The list above includes standards for both the preservation of existing affordable for sale or rental units, as well as standards for smaller and more diverse housing types. Below are examples of results from having the specific ordinances in place.

- **1. Coastal Zone Land Use Ordinance Sec. 23.04.092:** In Avila Beach there were two projects that provided more than 11 units which included two affordable units each.
- **2. Density Bonus:** Density Bonus' have only been applied for by non-profits developers building affordable housing.
- **3. Avila Beach Specific Plan – Inclusion of Studio Unit:** Multiple projects have included studio units each to meet the affordable housing requirement. Examples include The Shear Edge project, Hassoldt Project, and Oceans 17 to name a few.
- **4. Planned Development Ordinance 22.22.145:** Examples include a project of 12 units and a project of 17 units both elected to pay in-lieu fees. In-lieu fees collected on the 12 unit project were $1,509 per unit, equaling a total of $18,108.

- **5. Title 29 In-Lieu Fees and Housing Impact Fees:**
  - 2012 - $39,155 collected 2010/11 and used on 3 projects – Tract 2975 in Oceano, Tract 2458 in Templeton, Moylan Terrace in San Luis Obispo.
  - 2013 -$72,355 collected 2012 and used on 3 projects - Tract 2975 in Oceano, Rockview Place in San Luis Obispo, Oak Park (Phase 1) in Paso Robles.
  - 2014 -$64,590 collected 2013 and used on 3 projects – Oak Park (Phase 1) in Paso Robles, Moylan Terrace (Phase 2) in San Luis Obispo, Oceano Project by PSHHC.
  - 2015 -$155,273 collected 2014 and used on 4 projects- Atascadero Triangle in Atascadero, El Camino Oak – Tract 2640 in Atascadero, South Street Family Apartments in San Luis Obispo, Morro Del Mar Senior Apartments in Morro Bay.
  - 2016 -$125,268 collected 2015 and used on 3 projects - Rolling Hills 2 Apartments in Templeton, Humbert Avenue Apartments in San Luis Obispo, the Home Rehabilitation Program by Habitat for Humanity for San Luis Obispo.

  Total: $456,641 (These funding sources contributed to the building of 242 units)

- **6. Mobile Home 22.30.440, 23.08.164:** This ordinance actively preserves existing mobile home parks throughout the county. Approximately 2,501 mobile homes were protected through the mobile home park closure ordinance adopted in 2008 to preserve the County's stock of mobile homes.
- **7. Condo Conversion Land Use Ordinance 22.22.080 and Coastal Zone Land Use Ordinance 23.08.264:** This ordinance actively preserves existing rental units throughout the county. Approximately 120 apartment units were retained through the condominium conversion ordinance adopted in 2008 to preserve the County's stock of rental housing.
- **8. Caretaker Land Use Ordinance 22.30.430, and Coastal Zone Land Use Ordinance 23.08.161:** The ordinance allows a residential component commonly used by developers in commercial and industrial uses throughout the county.
- **9. Workforce Housing Ordinance (Currently in Draft format)**The workforce housing ordinance which is a pilot program (currently in a draft form) creates special standards and concessions for market rate yet smaller units for working class families or wage earners (limited to residents who make no more than 120-160% of median income for the County). This type of housing is often referred to as "missing middle" or housing types that are geared toward the working class and young professional which is seen as a great need for San Luis Obispo. It is anticipated that the pilot program will serve up to 100 units countywide.

Programs

The County Department of Planning and Building currently contains a staff of five planners engaged in carrying out major funding programs from both the State and Federal Housing and Urban Development Departments. These are multi-million dollar programs which provide funding sources for sub-recipients (other Cities and nonprofit organizations within the County) to carry out projects for both construction of housing and providing services for those in need. Projects include public services in an effort to improve neighborhoods such as the Community Development Block Grant Program (CDBG), the construction of multi-family housing units with the HOME Investment Partnership Program (HOME), and finally homeless services through both the Continuum of Care and Emergency Solutions Grant programs. These programs not only facilitate the construction of housing projects for persons of very low, low to moderate income categories, but they provide much needed services from warming centers for homeless, to rental assistance for residents. For example, CDBG includes funding for rehabilitation of sewer or water infrastructure for low income households, HOME grants are awarded to non-profit agencies such as the Housing Authority or Peoples Self Help for construction of new affordable units, and funding for rental vouchers to keep those who are in immediate risk of becoming homeless. Over the past five years from 2012 – 2016 the County estimates that about 4.8 million of CDBG and HOME funds have been used to fund affordable housing related projects including; 111 assisted households through Tenant Based Rental Assistance (TBRA) and First Time Home Buyer program, 276 preserved units through Minor Home Repair and Rehab, and 189 new affordable housing units. All of these funding sources play a vital role in the health of the County's residents who are unable to earn wages to support the market rate housing costs of the area.

SECTION 8: OUTREACH

8.1 OTHER JURISDICTION TOOLS AND PROGRAMS

To determine how San Luis Obispo County housing development programs compare to other jurisdictions, staff examined other jurisdiction's housing elements, zoning codes, and county websites. Jurisdictions looked at included Santa Barbara County, Monterey County, and Ventura County, as well as the cities within San Luis Obispo County: Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Paso Robles, Pismo Beach, and the City of San Luis Obispo. Additional jurisdictions were looked at from out of the area which had successful programs that were not found locally. Examining the other jurisdictions will help provide examples of programs that the county may not have or provide ways to improve existing programs. Provided below is a summary of some of the programs examined.

Density Bonus Programs

Research showed that most jurisdictions implement a density bonus program, along with varied alternative incentives or concessions. Density bonuses and alternative incentives were awarded to projects that included a set number of affordable units, dependent on the income level served. The County's Density Bonus was intended to be used by all developers but has only been applied for by non-profits. Some potential adjustment could be applied to make the Density Bonus more appealing to all. In addition, all jurisdictions, except for Grover Beach and Paso Robles, sited the use of an inclusionary housing policy. The inclusionary housing policies require a set percentage or number of affordable units in development projects, or the payment of an in-lieu fee or land dedication in some cases.

Secondary Dwelling Units

Secondary dwelling unit programs were implemented by the cities of Arroyo Grande, Grover Beach, and Pismo Beach, as well as the County of Sonoma. Programs varied from allowing specified criteria (Arroyo Grande), allowing second units to use the same utility connections as the primary residence (Pismo Beach), or other density bonuses and incentives with affordable deed restrictions (Grover Beach). Sonoma County utilizes an affordable secondary unit program that provides incentives such as allowing a larger second unit, a larger garage for a second unit, allowing second units where zoning or regulations may restrict them, or potentially legalizing existing units, with the commitment of maintaining affordability to low income level residents for 30 years. The County does allow secondary dwelling units but could allow greater flexibility and expand allowed areas to increase the numbers of units in currently restricted areas.

Fee Payments

While most jurisdictions provide an application for development fee waivers, fewer jurisdictions have a fee deferral system. The county of Sonoma also allows affordable housing projects that serve low or very low income households or housing projects for persons with special needs, such as the elderly or disabled, with a minimum of 20% low-income affordability, to apply for a deferral of payment on development fees, including traffic impact fees and parkland dedication fees. Although the city of Morro Bay does not have a fee deferral program, they are somewhat unique in that their development impact fee structure is based on a rate per square foot system, where each impact fee has a different specified rate per square foot. The County does not have a fee deferral system but has approved waiver of fees depending on specific circumstances.

Transient Occupancy Tax (TOT) on Vacation Rentals for Affordable Housing

Currently the County charges a TOT on vacation rentals through the issuance of the business license for vacation rentals. The County currently charges a 9% fee based on the price of the rental cost as well as other fees depending on the location such as the business improvement district (BID) area or tourism marketing district (TMD) area if the rental is within these specific districts. Last year the county took in a total of $10,733,566 for TOT of which $2,464,801 was for vacation rentals. Vacation Rentals in residential areas have been found to displace housing which were once used for full time residential purposes (either owner occupied or renter occupied) and are purchased for the purposes of this vacation or transient type of use (also shown as issue in other Counties such as Sonoma http://www.sonoma-county.org/prmd/docs/vacrent/eps-report-on-impacts-of-vacation-rentals-on-housing.pdf). This in turn drives up the price of the homes as rents for the transient use can sometimes double that of a full time occupant. In order to mitigate this, one option (similar to something Sonoma County investigated) could be to impose an additional TOT specifically for the supplement of funding for new affordable units. This would require imposition of a new TOT if the Board chooses to investigate this as a potential option.

Housing Bond Measures and Sales Tax for Affordable Housing

Some communities around the state are looking at other potential funding sources to help pay for affordable housing including sales tax and housing bond measures. Many California counties and cities that have moved to place affordable housing measures on the November 2016 ballot. A precedent for the current wave of housing measures subject to voter approval is San Francisco, where a $310 million bond proposal passed last fall for the construction of affordable housing in the city. Other California counties and cities that have moved to place affordable housing measures on the November 2016 ballot include:

- City of Los Angeles: $1.2 billion bond for low income housing (80% toward Permanent Supportive Housing and 20% would fund affordable housing for Extremely Low Income/Low Income persons who are not homeless).
- Santa Clara County: $950 million affordable-housing bond measure. If voters approve the measure, Santa Clara County would issue the bond in three phases, each providing about $316 million for housing projects.
- Alameda County: $580 million general obligation bond measure. If approved by voters, $120 million of the $580 million that will be raised will pay for homeowner programs, such as down payment assistance loans, and $460 million will go toward rental housing programs.
- San Mateo County: The Board of Supervisors voted to submit a ballot measure to extend an existing half-cent general sales tax (Extension of Measure A) for 20 more years, after it was determined through polls that voters would not support a large bond measure for affordable housing. The sales tax was originally intended to last 10 years and is now in its fourth year. It currently generates $80 million annually, with revenues used for affordable housing and other public services. Extension of the sales tax would require fifty percent voter approval versus two-thirds approval for a bond measure. Supervisors also unanimously approved a new fund that will provide loans to those willing to purchase existing affordable multi-family rental housing with the promise to keep existing tenants

and retain affordable rents for at least 30 years. $10 million has been budgeted for the fund.[14]

Napa County Proximity Housing Homebuyers Assistance Program

The program will provide down payment assistance of up to ten percent (10%) in the form of a homebuyers' assistance loan for qualified buyers toward an eligible property. The purpose of the program is to promote affordable workforce housing, while reducing greenhouse gasses and commutes for people who work in Napa County. An eligible applicant must work in the County of Napa and the applicant's total household income can not exceed 120% of Napa County's median income for the household size. In the case of the County, the only other large community that is outside of the county that people commute from is Santa Maria in Santa Barbara County. To apply this locally, boundaries within our county would need to be established in the places where people drive to affordability.

First Time Homebuyer Program

The County of San Luis Obispo previously obtained funding through the California Department of Housing and Community Development for a First Time Homebuyer Program (FHTB). The FTHB program helped a total of 35 low income families in San Luis Obispo buy homes by providing down payment assistance. In 2007 and 2011, the State HCD awarded $1.6 million ($600,000 in 2007 and $1 million in 2011) in grant funds to the County to operate the FTHB program and to provide financial assistance to low income home buyers. The FTHB program operated from 2007 until summer of 2015 when the program ran out of grant funds. Currently there are no funds through Cal HCD for this program.

8.2 IMPACT, BUILDING AND IN-LIEU FEES COMPARISON

Impact and Building Fees

Staff has compiled a list of local jurisdiction's impact, building and in-lieu fees that are applicable to the creation of single- and multi-family housing units. Since the majority of fees are collected on a square footage basis, the County made the assumption that the single and multi-family units would be calculated based on a 2,000 sq. ft. unit. Research on fees was compiled from the Counties of Santa Barbara, Ventura, and Monterey, as well as the cities of San Luis Obispo, Morro Bay, Atascadero and Paso Robles. The purpose of checking with these local jurisdictions was to get a measure on how the County of San Luis Obispo compares to local and other coastal jurisdictions.

When comparing, several noteworthy observations become apparent. One of the most significant observations is that the total fee costs are lower in the counties than the cities. This is largely attributed to county housing units obtaining their own potable water and waste water management systems (i.e. well and septic). The county's impact fees are much lower than the city's impact fees due to the same reason: water and waste water are not impacting county-run systems. Furthermore, although the square footage of the single family dwelling unit and multi-family dwelling unit were assumed to be equal, five out of the eight jurisdictions had cheaper rates per

[14] LeSar, Jennifer (2016, September 1) Housing Bond Measures Growing As Local Municipalities Step Up Retrieved from http://www.lesardevelopment.com/

unit for the multi-family dwelling unit. This is not the case for the County of San Luis Obispo, as the single unit cost for multi-family dwelling is about $679 more than a single family dwelling unit.

Building fees are closer in range between the jurisdictions than the impact fees. The County of San Luis Obispo is near the average of a single family unit being $4,426 and multi family unit being $4,590 when compared to the building fees of all the jurisdictions. When comparing just the counties, San Luis Obispo County had the highest total fees per unit for both single family dwellings (SFD) and multi-family dwellings (MFD).

	Building Fees		+	Impact Fees		=	Total Fees per unit	
COUNTY	**SFD**	**MFD**		**SFD**	**MFD**		**SFD**	**MFD**
Santa Barbara	$3,334	$6,197		$5,090	$3,771		$8,424	$9,968
Ventura	$7,347	$4,554		$3,516	$1,926		$10,863	$6,480
Monterey	$5,621	$5,143		$5,994	$4,687		$11,616	$9,831
San Luis Obispo	$4,699	$5,329		$7,598	$7,648		$12,298	$12,977
CITY								
Atascadero	$4,169	$1,383		$20,124	$16,537		$24,292	$17,920
Morro Bay	$7,438	$7,571		$28,482	$33,432		$35,919	$41,002
San Luis Obispo	$6,965	$7,924		$18,435	$13,578		$25,400	$21,502
Paso Robles	$6,172	$2,075		$55,567	$25,321		$61,739	$27,396

Note: Fees in table are based on an assumed 2,000 sf unit for both single family and multi family. All fees reflect what a city or county collect for their building and impact fees. Some of these fees vary such as water and wastewater (for example there is an approximately $23,000 water fee for City of Paso Robles). Fees do not include school district fees.

In-Lieu Fee Programs

Similar to the County's existing Title 29 In Lieu Fee program, about a third of jurisdictions in California use this as a tool to supplement funding to construct affordable housing, or require a percentage of larger projects to include affordable units on site. For example, if a developer in Monterey County decides to pay the fees for a project with five or more units (if they are providing 20% of the project as inclusionary), the fees can range from $22,000 - $729,000 per unit depending on location. The City of San Luis Obispo's program requires projects with five or more units to pay in-lieu fees equal to 5% of the building valuation. An example calculation in the City of San Luis Obispo of in-lieu fees for an average home costing $600,000 is $30,000.

The County of San Luis Obispo uses a sliding scale for evaluating its in-lieu fees associated with new development. The County currently imposes a phase-in Annual Adjustment of the fee schedule which has been at year 1 since 2012. Currently the County is 20% of the fees on the sliding scale. To give an example of a fee that would be collected in on a 2,100 s.f. residence would equal $1,575k. The Board of Supervisors will be reviewing the Annual Adjustment of the In Lieu fees by the end of the calendar year.

Table 29.3 (FY 2016/2017) – Phasing of In-Lieu and Housing Impact Fees

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Percentage of fee collected	20%	40%	60%	80%	100%

Table 29.4 (FY 2016/2017) – Examples of Phasing of Fees

Sample Project	Year 1	Year 2	Year 3	Year 4	Year 5
In-Lieu Fee – 2,100 s.f. Residence	$1,575	$3,150	$4,725	$6,300	$7,875
Housing Impact Fee – 10,000 s.f. Commercial Retail building	$6,800	$13,600	$20,400	$27,200	$34,200

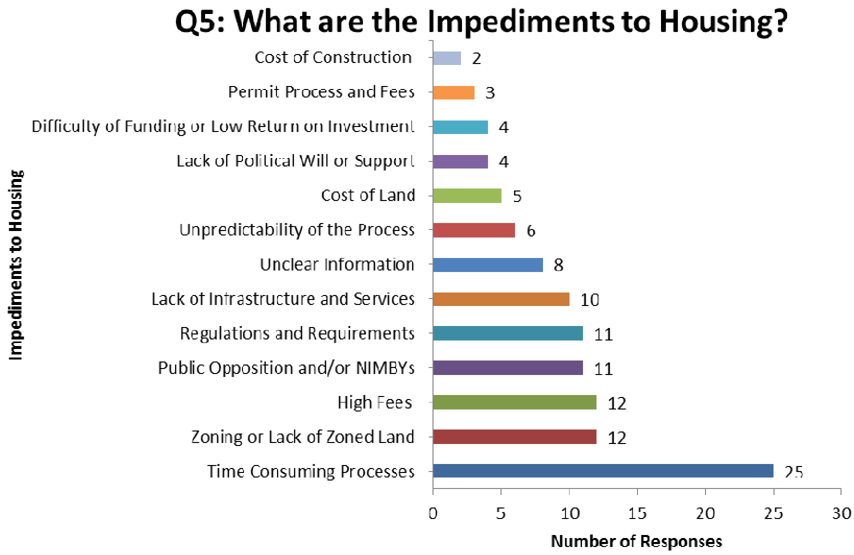
Note: All fee amounts shown above include a 0.0% increase (no increase) for FY 2016/2017.

8.3 COUNTY SURVEY RESULTS

The County Department of Planning and Building sent out an online survey to housing industry professionals (architecture, planning, building, non-profits, education, real estate or other related fields), as well as the distribution lists of the Home Builders Association, Economic Vitality Corp and SLO Chamber of Commerce. The survey was intended to facilitate a dialogue on affordable housing development, and to enlighten County staff about issues and potential solutions for housing development, from the perspective of professionals within the housing industry. Questions in the survey ranged from identifying what types of housing are needed in the County, to where housing should be built, to what impedes or incentivizes the development of housing, etc. The survey contained eleven questions total, with seven open-ended questions requiring written responses, three questions that requested respondents to rank several options, and one multiple choice question. Forty-four respondents participated in the survey. The results of the survey will be used to inform the County on the needs of its communities, as well as provide a launching point for further research and discussions about creating more affordable housing in the County.

Housing ranked as the biggest issue when compared to all other issues that the county faces. From the survey, it was very clear that a mix of housing types (preferably smaller lot and smaller units) are needed to address the county's housing needs. It was also evident that respondents felt that the housing should be built on sites in cities or near urbanized areas, sites near employment centers, and sites located near existing infrastructure and services (such as transit stops). Considering incentives related to county process, fees, density/affordability and zoning may be useful in helping the development of more affordable housing.

Question five is highlighted in this report because it aimed at determining the issues that deter the production of housing within the county. The short answer format allowed respondents to supply a multitude of ideas, not defined by county staff. The chart below shows a breakdown of the major themes revealed in the responses.



The following types of land use and other regulatory actions were found by respondents to be very helpful:

- Make development review process more consistent/predictable
- Improve coordination of departments involved in review (e.g. concurrent review by multiple departments)
- Reduce number of public hearings needed for plan approval
- Zone more multi-family land
- Zone land for higher density development
- Affordable Housing overlay to streamline permit process in specified zoning districts
- Streamline CEQA for affordable housing
- Create "one-stop" permitting center for all questions/submittals
- Flexible standards for lot size, setback
- Flexible standards for building size, footprint

Furthermore, the survey provided additional commentary on ideas and methods for the county to explore as possible aids for the development of housing in the future, which combined with other results from the survey, will be used to support further research into tools and actions that have potential to be adopted or implemented by the county.

8.4 "HOUSING POLICY SOLUTIONS REPORT" BY THE ECONOMIC VITALITY COMMISSION (EVC), THE HOME BUILDERS ASSOCIATION (HBA), AND THE SAN LUIS OBISPO CHAMBER OF COMMERCE

The "Housing Policy Solutions" report is a document developed through the San Luis Obispo Home Builders Association, the Economic Vitality Corp, and the SLO Chamber of Commerce. The document proposes multiple policy ideas to address the need for more housing in the county. A list of policies through conducting a series of workshops, as well as examining the results from a county-wide workforce housing survey, commissioned by the EVC in 2014.

Housing Policy Solutions from HBA, EVC and Chamber include:

- Zoning: Zone for Large Scale Projects
- Process Time: Streamline Process Calendar

- Process Time: Establish Floor on Housing Growth
- Fees: Scale Fees to Unit Size
- Fees: Revise Timing of Payment within Fee Schedule
- Infrastructure: Regional Approach to Funding and Spending
- CEQA: Administrative Draft Review of EIR

The "Housing Policy Solutions" report, was examined by county staff, who then provided feedback to the group regarding the feasibility of each proposed policy. County staff engaged in discussions between the members of the HBA, EVC and the Chamber on an expanded list including input from the County's recent outreach survey. The list of proposed policies were prioritized by the stakeholder groups and County Planning and Building staff. The (S) and (L) abbreviations in the table below indicated short and long term time frames assumed to get a policy implemented. Ultimately, all groups agreed upon four policies that were identified by both groups as a high priority. Those four policies can be viewed below in the stakeholder and county staff priority lists identified in bold.

Stakeholder Priority	County Staff Priority
Fees Scale to Unit Size (S)	**Fees Scale to Unit Size (S)**
Removing barriers to build smaller single family units (S)	**Removing barriers to build smaller single family units (S)**
Revise Timing of Payment within Fee Schedule (S)	Affordable by design (S)
Agree to project schedule at the beginning (S)	**Revise Timing of Payment within Fee Schedule (S)**
Sphere of Influence Expansion (L)	Matrix for discretionary vs. ministerial (S)
Regional Approach to Infrastructure Funding (L)	**Agree to project schedule at the beginning (S)**
Encourage Larger Scale Housing Projects (L)	Require minimum density (L)
CEQA: Admin Draft Review of EIR (S)	Add housing in the business park and industrial properties with a conditional use permit (L)
Affordable by design (S)	Sphere of Influence Expansion (L)
Matrix for discretionary vs. ministerial (S)	Accessory Dwelling Units allowed in more zoning districts and flexible standards (S)
Accessory Dwelling Units allowed in more zoning districts and flexible standards (S)	Regional Approach to Infrastructure Funding and Spending (L)
Establish a Floor on Housing Growth (S)	Establish a Floor on Housing Growth (S)
Board of sups. Pre-authorization (S)	New Communities Process (L)
Require minimum density (L)	Allow for Larger Scale Housing Projects (L)
Add housing in the business park and industrial properties with a conditional use permit (L)	Board of sups. Pre-authorization (S)
New Communities Process (L)	CEQA: Admin Draft Review of EIR (S)

SECTION 9: POTENTIAL POLICY SOLUTIONS

After reviewing all the existing policy documents, other jurisdiction information, the outreach survey, the report produced by the HBA, EVC, and San Luis Obispo Chamber of Commerce, County staff has compiled a list of potential policy solutions which are highlighted here. These policies and recommendations are all categorized below into sections related to permitting and processing, zoning, fees, density/size, and special housing types.

In the last section, *9.7 Recommended Potential Policy Solutions to Focus On*, County staff has narrowed down some of these items into specific suggestions which could be considered in the near term, and some items that the Board should consider adding to the Planning Department priorities report with further information in the future (long term items). The recommended options contain policies prioritized by the county, which include some of the shared high priorities from the workshops and remaining items not brought up in the outreach but are contained within the County's Housing Element.

9.1 COUNTY PERMITTING PROCESSING

Program /Policy/Ideas	Included in: Housing Element (HE)	Included in: Fair Housing (FH) Plan	Item included in Survey & HBA Report	Currently Implemented
County Permitting Processing				
1. Expand Exceptions to the Growth Management Ordinance	No	FH 2.2	No	No
2. Ease Procedural Barriers to Multi-Family	No	FH 2.3	No	No
3. Board of Sups. Pre-authorization	No	No	Yes	No
4. Agree to project schedule	No	No	Yes	No
5. Matrix for discretionary vs. ministerial	No	No	Yes	No
6. New Communities Process	No	No	Yes	No
7. CEQA: Admin Draft Review of EIR	No	No	Yes	No

1. <u>Expand Exceptions to the County's Growth Management Ordinance or Otherwise Ease its Restrictions</u> –Identified by the Draft Fair Housing Plan. While resource constraints such as water are a piece of the housing discussion, the County's Growth Management Ordinance currently constrains the supply of new housing, resulting in higher costs. Since inclusionary zoning is one of the primary strategies for expanding affordable housing in the County, exempted affordable units are still constrained when the market-rate units that trigger the affordable set-aside requirement cannot be built.

2. <u>Ease Procedural Barriers to Multi-Family Housing Development</u> - Identified by the Draft Fair Housing Plan. Even where multi-family housing is permitted under applicable zoning district regulations and sufficient building permits are available under the Growth Management

Ordinance, developments with 25 or more units are still required to obtain a Conditional Use Permit (CUP) in order to go forward. This procedural requirement adds to the cost of development and may provide local opponents of multi-family housing and affordable housing with an opportunity to mobilize to block approvals.

3. Board of Supervisors. Pre-authorization - Identified by the Home Builders Assn./EVC Policy Solutions Report. According to the HBA, this would allow for a measure of accountability by the decision makers before investment is made, and would allow developers to get input from decision makers early in the process. Currently this occurs with General Plan Amendments as they are reviewed for "authorization" by the Board before staff begins the review process. This, however could be problematic if you don't have flushed out or detailed project description information, and the decision makers are being asked to weigh in during a public meeting before that information formally submitted and vetted.

4. Agree to project schedule - Identified by the Home Builders Assn./EVC Policy Solutions Report. This recommendation asks that staff and the developer ensure realistic goals for timelines early on. In addition, an update for the decision makers on schedule for larger projects should be included so that accountability is shared.

5. Matrix for discretionary vs. ministerial - Identified by the Home Builders Assn./EVC Policy Solutions Report . Compares types of permits that require discretionary approval versus those which are ministerial so that it is clear to all parties and the public.

6. New Communities Process - Identified by the Home Builders Assn./EVC Policy Solutions Report. A Planned development process should be considered that would encourage creative new community planning - similar to large scale housing projects or new communities process.

7. CEQA Admin Draft Review of EIR - Identified by the Home Builders Assn./EVC Policy Solutions Report. The request by the HBA includes allowing the applicant to review the draft of the EIR before the document is made public. This option, could increase the timeframe because of information being public when staff submits documents to the applicant. Once the County submits documents, letters, notices, emails etc. to the applicant those then become public information. It could be confusing and the County could be vulnerable if there were multiple public drafts, and especially if content within the document were amended based on information from the applicant or comments from the applicant. This option is not recommended by staff.

9.2 ZONING AND LAND USE

Program /Policy/Ideas	Included in: Housing Element (HE)	Included in: Fair Housing (FH) Plan	Item included in Survey & HBA Report	Currently Implemented
Zoning and Land Use				
1. Designate additional land for residential uses	HE 1.A	No	Yes	No
2. Create a new Mobile Home Park land use category	HE 2.B	No	No	No
3. Expand Multi-Family Residential Zoning	No	FH 2.1	No	No
4. Increase Density within Multi-Family Districts	No	FH 2.4	No	No
5. Support Affordable Housing in the Coastal Zone	No	FH 4.2	No	No
6. Encourage Larger Scale Housing Projects	No	No	Yes	No
7. Sphere of Influence Expansion	No	No	Yes	No
8. Establish a Floor on Housing Growth	No	No	Yes	No
9. Require minimum density	No	No	Yes	No
10. Add housing in the business park and industrial properties	No	No	Yes	No
11. Management of short term vacation rentals	No	No	No	Partially

1. Designate additional land for residential uses – Identified by the Housing Element and the Home Builders Assn./EVC Policy Solutions Report. Amending the Land Use and Circulation Elements to designate additional land to Residential Multi Family (RMF) and Residential Single Family (RSF) land use categories to accommodate needed housing to meet population growth during the next five years and beyond to 2025. The need is primarily for Residential Multi-Family land.

2. Create a new Mobile Home Park land use category - Identified by the Housing Element. Create a new land use category for mobile home parks (Note: The State describes a manufactured housing community where spaces are rented or leased as a "mobile home park").

3. Expand multi-family residential zoning in cities and census-designated places throughout San Luis Obispo County with a strong emphasis on sites that are outside of the Coastal Zone and that do not currently have concentrations of multi-family housing - Identified by the Draft Fair Housing Plan.

4. Allow for Increased Density within Residential Multi-Family Districts - Identified by the Draft Fair Housing Plan. Allowable residential density is the product of multiple different factors under applicable zoning ordinances. In addition to the stated allowable density in terms of units per acre, developments must also comply with maximum building heights, minimum setback requirements, and open space requirements, as well. At both the level of the County and in the individual cities there are regulations that limit density even within multi-family districts. For example, the maximum allowable density in any district in the City of Paso Robles is 20 units per acre, which is a low to moderate level of density for a multi-family development. In unincorporated areas of the County, as another example, the maximum allowable building

height is 45 feet. These limits may limit multi-family production and constrain affordable housing development without a countervailing justification.

5. Support Reforms to the California Coastal Act in Order to Facilitate Affordable Housing Development in the Coastal Zone - Identified by the Draft Fair Housing Plan. Coastal Commission requirements limit housing development, including affordable housing development, in the Coastal Zone. The California Coastal Act should explicitly recognize affordable housing as a priority in the Coastal Zone and incorporate policies that reduce regulatory barriers for the development of affordable housing, in particular, and more dense housing, in general. While the County does not have jurisdiction over amending the Coastal Act, the County should collaborate with affordable housing advocates and housing and community development officials in other coastal jurisdictions to develop proposals to amend the County's Local Coastal Program and provide suggestions to the State with regards to affordable housing in the Coastal Zone.

6. Encourage Larger Scale Housing Projects – Identified from the Home Builders Assn./EVC Policy Solutions Report. With larger parcels of land an economy of scale can be achieved to lower net housing costs and pay for more infrastructure.

7. Sphere of Influence Expansion - Identified from the Home Builders Assn./EVC Policy Solutions Report. County and Cities need to have a discussion regarding whether or not cities should expand their Sphere of Influence.

8. Establish a Floor on Housing Growth - Identified from the Home Builders Assn./EVC Policy Solutions Report. The HBA recommends a minimum of housing units that are anticipated to be built within a specific timeframe. This is not recommended by County Staff because the County is not a home builder and has no control over the rate of construction, and would not have control over fluctuating market conditions.

9. Require minimum density - Identified from the Home Builders Assn./EVC Policy Solutions Report. Update County code to require minimum densities in Residential Multi-family.

10. Add housing in the business park and industrial properties – Identified from county survey. Add housing in the business park and industrial properties with a use permit.

11. Management of short-term vacation rentals – This option could be further researched in an effort to limit the number of short-term transient rentals, which are creating issues within residential neighborhoods. While these contribute to the County's overall transient occupancy tax revenue, they are also proliferating the amount of vacant residential units within the County. Homes are being purchased by outside parties who use the home as a short-term rental and the rest of the year the home remains vacant while not in use. There may be an opportunity here through further limiting vacation rentals to ensure this use does not over saturate residential neighborhoods, and that homes remain for permanent (or full time rental) habitation.

9.3 FEES

Program /Policy/Ideas	Included In Housing Element (HE)	Included In Fair Housing (FH) Plan	Item included from Survey & HBA Report	Currently Implemented
Affordable Housing fees collected and expended				
1. Reduce, waive and defer fees for affordable housing	HE 1.C	FH 2.6	Yes	No
2. Fees Scale to Unit Size	Yes	Yes	Yes	Partially
3. Increase Title 29 In-Lieu Fee program	Yes	Yes	No	No
4. Fully Implement the County's Inclusionary Housing Ordinance	HE 1.L	FH 2.7	No	Yes
5. Prioritize use of City Allocations of CDBG Funds towards Affordable Housing	No	FH 2.5	No	No
6. Support Legislation to the Inclusionary Zoning in Rental Properties.	No	FH 4.1	No	No
7. Regional Approach to Infrastructure Funding	No	No	Yes	No
8. Public Funds to Rehabilitate existing units	HE 2.A	No	No	Yes

1. Reduce, waive and defer fees for affordable housing – Identified by the Housing Element, Draft Fair Housing Plan, and the Home Builders Assn./EVC Policy Solutions Report. Explore ways to reduce and/or defer payment of fees for development of affordable housing. Reduced fees could include payment of developer impact fees for deed restricted affordable housing projects with inclusionary housing funds and deferral of impact fees for affordable housing developments until final inspection or occupancy.

2. Fees Scale to Unit Size - Identified by the Housing Element, Draft Fair Housing Plan, and the Home Builders Assn./EVC Policy Solutions Report. Fee based on unit size instead of a flat fee per unit.

3. Increase Title 29 In-Lieu Fee program - Identified by the Housing Element and Draft Fair Housing Plan. Increasing the in-lieu will increase the amount of funds available for affordable housing projects.

4. Implement the Inclusionary Housing Ordinance requiring development of affordable housing - Identified by the Housing Element, Fair Housing Plan, and implemented by the County. Implement the Inclusionary Housing Ordinance approved in December 2008 by the Board of Supervisors, requiring affordable housing in conjunction with new market-rate housing development and non-residential projects. Staff will prepare a report on an annual basis for the Board of Supervisors to discuss the schedule for phasing in the inclusionary requirement (currently at 4% of the ultimate 20% requirement), annual increases or decreases of fees (i.e. to reflect the cost of construction), and uses/activities undertaken with the fees collected.

5. Prioritize use of City Allocations of CDBG Funds towards Affordable Housing - Identified by Draft Fair Housing Plan. The County and the City of San Luis Obispo do an effective job of utilizing their HOME (in the case of the County) and CDBG (for both governments) funds to promote the development of affordable housing. CDBG funding could additionally be used

further with site acquisition for the construction of affordable units and currently the City of San Luis Obispo is utilizing these funds for this purpose (Example the South Street project).

6. Support Legislation to the Inclusionary Zoning in Rental Properties - Identified by Draft Fair Housing Plan. Coastal Commission requirements limit housing development, including affordable housing development, in the Coastal Zone. The California Coastal Act should explicitly recognize affordable housing as a priority in the Coastal Zone and incorporate policies that reduce regulatory barriers for the development of affordable housing, in particular, and more dense housing, in general.

7. Regional Approach to Infrastructure Funding - Identified by the Home Builders Assn./EVC Policy Solutions Report. Regional Approach to Infrastructure Funding and Spending - research other opportunities for financing with SLOCOG.

8. Public Funds to rehabilitate existing units - Identified by the Housing Element and implemented by the County. Finance the rehabilitation of 28 existing housing units occupied by very low or low-income households through its CDBG and HOME programs over the next five years.

9.4 DENSITY AND UNIT SIZE

Program /Policy/Ideas	Included In Housing Element (HE)	Included In Fair Housing (FH) Plan	Item included from Survey & HBA Report	Currently Implemented
Infill, density, smaller units and affordable due to size				
1. Removing barriers for smaller single family units	Yes	No	Yes	Yes
2. Provide incentives for building of secondary units	HE 1.D	No	No	No
3. Review and update residential development standards	HE 1.F	No	No	No
4. Reduced Parking for Residential when provided Bus Passes to Low-Income Residents	No	FH 3.2	No	No
5. Accessory Dwelling Units allowed in more zoning districts and flexible standards	Yes	No	Yes	No
6. Density Bonus	Yes	No	No	Yes
7. Affordable by design	No	No	Yes	No

1. Removing barriers for smaller single family units – Identified by the Housing Element and the Home Builders Assn./EVC Policy Solutions Report. Remove barriers in County code such as scale fees and impact fees to unit size.

2. Provide incentives for building of secondary units - Identified by the Housing Element. Revise County ordinances and fees to encourage development of secondary dwellings, and further promote secondary dwellings. For example, the County will consider revising road requirements and public facility fees for secondary dwellings or according to home size. There are additional opportunities for looking at the minimum parcel size requirements for secondary dwelling units as well as exploring use of single water meter for a secondary unit as the main unit.

3. Review and update residential development standards - Identified by the Housing Element. From time-to-time, review development standards for 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.

4. Reduced Parking for Residential when provided Bus Passes to Low-Income Residents - Identified by the Fair Housing Plan. Although other communities may not have sufficient public transportation, the City of San Luis Obispo can make the public transit system more accessible to their most vulnerable with incentives that promote compact, environmentally sustainable development by reducing minimum numbers of parking spaces in residential developments in exchange for developers providing complimentary bus passes to low-income residents.

5. Accessory Dwelling Units allowed in more zoning districts and flexible standards - Identified by the Housing Element and county survey. Also includes secondary dwelling units.

6. Density Bonus - Identified by the Housing Element and implemented by the County. The County provided incentives for affordable housing development including expedited permit processing for affordable housing developments, density bonuses, modifications of development standards, and exemptions from the Growth Management Ordinance (GMO).

7. Affordable by design - Identified from county survey. Define policy on incentives for smaller affordable units.

9.5 SPECIAL NEEDS, HOUSING TYPES (I.E. FARMWORKER OR SENIOR HOUSING)

Program /Policy/Ideas	Included In Housing Element (HE)	Included In Fair Housing (FH) Plan	Item included from Survey & HBA Report	Currently Implemented
Special Needs, Housing Types				
1. Review existing ordinances for possible amendments to Farm Support Quarters, with special emphasis on Group Quarters.	HE 1.E	No	No	No
2. Provide incentives for mixed use development.	HE 1.I	No	No	Yes
3. Amend ordinances to facilitate development of senior-friendly communities.	HE 1.N	No	No	No
4. Revise the General Plan and ordinances to address group homes (Residential Care Facilities)	HE 3.A	No	No	No
5. Expanded Bus Lines Effectively Serve New Affordable and Multi-Family Housing	No	FH 3.1	No	No

1. Review existing ordinances for possible amendments to Farm Support Quarters, with special emphasis on Group Quarters – Identified by the Housing Element. Revise existing Farm Support and/or Group Quarters ordinances. For example, the maximum distance to site group quarters from a worksite is currently five miles. This requirement could be modified to increase this distance if growers provide transportation to employees. The County Department of Planning and Building is currently investigating this item.

2. Provide incentives for mixed use development - Identified by the Housing Element and implemented by the County. Explore ways to provide incentives for development of mixed use projects such as reduced or deferred fees and revised ordinance standards for mixed use.

3. Amend ordinances to facilitate development of senior-friendly communities - Identified by the Housing Element. Amend ordinances and the General Plan to facilitate development of senior-friendly communities and housing suitable for the County's aging population.

4. Revise the General Plan and ordinances to address group homes (Residential Care Facilities) - Identified by the Housing Element. 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.

5. Coordinate with Transit Agencies to Ensure That Expanded Bus Lines Effectively Serve New Affordable and Multi-Family Housing - Identified by the Draft Fair Housing Plan. Housing and community development agencies in the County should coordinate with transit agencies to ensure that proximity to affordable housing and multi-family housing (especially developments with inclusionary components) is considered in any future expansions of bus service (whether adding new stops, increasing frequencies, or deploying services at unconventional hours, including evenings and weekends).

9.6 OTHER PROGRAMS TO CONSIDER

Through the research process, staff has identified some other potential solutions and tools to assist in providing affordable housing options in the County. Below is a bulleted list of programs that are explained on Section 8 of this report.

Program /Policy/Ideas	Included In Housing Element (HE)	Included In Fair Housing (FH) Plan	Item included from Survey & HBA Report	Currently Implemented
Special Needs, Housing Types				
1. Golden State Financing Authority	No	No	No	No
2. First Time Homebuyer Program	No	No	No	No
3. Transient Occupancy Tax on Vacation Rentals for Affordable Housing	No	No	No	No
4. Napa County Proximity Housing / Homebuyers Assistance Program	No	No	No	No
5. Increase Sales Tax for Affordable Housing	No	No	No	No

9.7 RECOMMENDED POTENTIAL POLICY SOLUTIONS ON WHICH TO FOCUS

This section includes a narrowed down table of the policy items that staff is recommending the Board direct staff to begin further research and implementation on. These items can be separated into more immediate action items or those which take more time and are much more resource intensive and involve multiple jurisdictions/agencies for review and approval. The table lists those which are more immediate (I – within one year), short term (S – within approx. 1-3 years) and then long term (L – more than 3 years) as referenced in the table below. These items rose to the top because of support from the outreach efforts, information within the adopted Housing Element and items that would be easier to implement in a timeframe which is not extended (i.e. updating fee schedule which occurs yearly).

Staff is requesting discussion and ultimately direction from the Board with regards to either the items narrowed down here, or other policies which may rise to the top as a priority. While these lists of policies in this report and the research conducted was extensive, it is by no means exhaustive. Staff continues to dialogue with professionals within the Building, Finance and Non Profit communities with regards to continuing the County's efforts to support the construction of more affordable housing.

Program /Policy/Ideas	Housing Element (HE)	Fair Housing (FH) Plan	Outreach	Currently Implemented	Time needed Resource Intensity
County Permitting Processing					
Matrix for discretionary vs. ministerial	No	No	Yes	No	I
Zoning and Land Use					
Designate additional land for residential uses	HE 1.A	No	Yes	No	L
Create a new Mobile Home Park land use category	HE 2.B	No	No	No	S
Expand Multi-Family Residential Zoning	No	FH 2.1	No	No	L
Add housing in the business park and industrial properties	No	No	Yes	No	S
Sphere of Influence Expansion	No	No	Yes	No	L
Management of short term vacation rentals	No	No	No	Partially	S
Fees					
Reduce, waive and defer fees for affordable housing/ Fees Scale to Unit Size	HE 1.C	FH 2.6	Yes	Partially	I
Fully Implement the County's Inclusionary Housing Ordinance	HE 1.L	FH 2.7	No	Partially	L
Regional Approach to Infrastructure Funding	No	No	Yes	No	L
Density & Unit Size					
Accessory / Secondary Dwelling Units allowed in more zoning districts and flexible standards	HE 1.D	No	Yes	No	S

Increase Density within Multi-Family Districts/ Require minimum density	No	FH 2.4	Yes	No	S
Special Needs Housing Type					
Review existing ordinances for possible amendments to Farm Support Quarters, group homes (Residential Care Facilities) and senior-friendly communities.	HE 1.E, HE 1.N, HE 3.A	No	No	No	S
Other					
Napa County Proximity Housing Homebuyers Assistance Program/First Time Homebuyer Program	No	No	No	No	S
Increase Sales Tax or Transient Occupancy Tax for affordable housing	No	No	No	No	L
Golden State Financing Authority (Expand Awareness)	No	No	No	No	S