

# FW: HASLO Comments - BOS Oct 4 Meeting - Item 18 - Affordable Housing

Board of Supervisors

Fri 9/30/2016 8:03 AM

To: BOS\_Legislative Assistants <BOS\_Legislative-Assistants@co.slo.ca.us>; cr\_board\_clerk Clerk Recorder <cr\_board\_clerk@co.slo.ca.us>;

1 attachments (266 KB)

HASLO Letter - Agenda Item 18 - Affordable Housing.pdf,

For your review.  
Thank you.

Blake Fixler  
Administrative Assistant III  
Board of Supervisors  
San Luis Obispo County  
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**From:** Scott Smith [mailto:SSmith@haslo.org]  
**Sent:** Thursday, September 29, 2016 6:13 PM  
**To:** Board of Supervisors <Boardofsups@co.slo.ca.us>  
**Subject:** HASLO Comments - BOS Oct 4 Meeting - Item 18 - Affordable Housing

See attached.

Thank you,

*Scott Smith*  
*Executive Director*  
*HASLO*  
*Housing Authority of San Luis Obispo*

Agenda No. 18  
Meeting Date: October 4, 2016  
Presented By: Scott Smith  
Rcv'd prior to the meeting & posted on the web: September 30, 2016  
Page 1 of 6

9/30/2016

San Luis Obispo, CA 93401

Visit our website at [www.haslo.org](http://www.haslo.org)



**Date:** September 29, 2016

**To:** San Luis Obispo County Board of Supervisors

**From:** Scott Smith, Executive Director, HASLO (Housing Authority of San Luis Obispo)

**Subject:** October 4 BOS Agenda. Item 18. "Request to receive and file an update on affordable housing in San Luis Obispo County. All Districts. "

Dear Board of Supervisors:

HASLO is very pleased that the Board is holding this discussion on housing. Obviously today's discussion is very brief given the scope and complexity of the problem. Hopefully it is a springboard to future discussion and action, with emphasis on "action", ultimately reducing the disparity between average incomes and housing costs in our County. This "disparity" is commonly referred to as the "affordability gap" in our world.

HASLO provides affordable housing to about 7,000 individuals/3000 households every month in San Luis Obispo County, through housing we own, as well as through working with private landlords. We assist families in literally every community, incorporated and unincorporated, urban and rural, coastal, and north and south county. We serve an extremely broad range of households, from the most fragile homeless under the "50 NOW" Program in partnership with Transitions Mental Health Association (TMHA), to moderate income homebuyers in our Moylan Terrace development, as well as everything in between. We serve families, seniors, the disabled, and many, many special needs populations. HASLO's waiting lists are years long, and every day our staff witness the human story, the pain and suffering associated with inadequate housing amongst the families knocking on our door looking for some sort of help or guidance.

HASLO would like to provide you with a list, certainly not all inclusive, of some significant items and concepts around our housing dilemma that we hope inform your discussion as we proceed:

- 1) **We support the HBA/EVC/Chamber top recommendations** in their report: a) regulations should be streamlined, b) processing should be sped up, c) CEQA should be more predictable, and d) items that add cost should be examined and reduced wherever possible.
  
- 2) **We need to look at housing policy from a larger regional basis**, and coordinate strategy with all seven cities and the county. The housing market in the unincorporated communities does not work in a "vacuum". These communities are largely affected by the market conditions in their adjacent, satellite cities. Efforts should be made to strategize as a region. Otherwise Herculean efforts by the County could be significantly offset by demand and rising market conditions in these adjacent cities.

- 3) **Development Costs versus Rents and Sales Prices. There is a relationship, but not a dollar for dollar correlation between housing production costs and housing pricing:** Homes are priced and sold or rented at their market value, not at what it cost to construct. This is an important concept you need to keep in mind in your policy discussions. Reduced costs will not be passed on to buyers automatically, but only indirectly, if the market value of that home is somehow reduced through smaller size, higher density or other “affordable by design” factors. We encourage you to work with the development community to produce homes that truly meet this “affordable by design” criteria.
  
- 4) **“Workforce Housing” is a misnomer. Consequently the policy outcomes associated with it could fall short of expectations.** The term Workforce Housing is used frequently without most people realizing how the County formally defines it. The County defines Workforce as “families earning 160% of the area median income”. This equates to an income of \$10,000 per month for a family of four (\$122,240 annually). Most working households do not earn anywhere near the County’s definition of “Workforce”. Consequently, policies that are developed to facilitate “Workforce Housing” under the County’s definition will provide little benefit to the vast majority of real working households. In fact, with the exception of the coastal areas, the market value of homes on standard lot sizes in most unincorporated communities is already at or below 160% of area median income affordability.

The more pressing need is for housing affordable to average or **Median Income** families in San Luis Obispo County. Median Income for a family of four is \$6,400 per month, or \$76,400 annually. Median income is defined as the mid-point, meaning ½ earn more, ½ earn less. We recommend that your attention focus on housing production for families in this Median Income range. This is not to say that aggressive policies are not also needed to serve those earning below the County median income. My comment is only meant to draw your attention to the current definition of Workforce, and the marginal policy outcomes associated with such a definition.

- 5) **Housing as Vacation Rentals:** The growing use of residential units as temporary vacation rentals, AirBnB or otherwise, is having a detrimental impact on the availability and price of traditional long-term rental housing. This is true in the cities as well as unincorporated communities. The County needs to examine this issue and develop policies to protect its residential housing inventory. If conversion to such a commercial usage cannot be managed through regulation, the County might consider implementing a transient occupancy tax on such units sufficient to mitigate its negative impact on housing availability and affordability.
  
- 6) **Encourage build out at “Minimum Densities” - Efficient Use of Land Resources.** Frequently our discussions focus on maximum densities – “what is the greatest number of units I can build pursuant to the zoning”. However, we believe it is time to discuss the concept of Minimum Densities. We have seen a number of cases where significantly fewer units are built than

allowed by zoning. An example of this is where four high-end \$700,000 homes were built on land zoned to accommodate 15 higher density residential units. Or worse, there was a time when mini-storage was constructed by right on vacant multifamily zoned properties. We need to encourage the build out of sites at the uses and densities that they are zoned for, and the County should consider adopting a "minimum density" buildout policy on its medium and high density zoned parcels.

As a side note, the County's Housing Element obtained the mandatory State HCD certification based upon an assumption of building out per zoning densities. To do otherwise could present a certification issue when HCD reviews the next Housing Element 5 Year Plan.

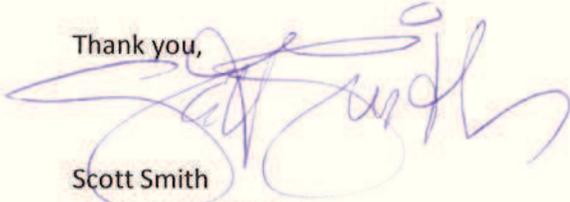
- 7) **Tiny Homes.** The County needs to consider policies which allow for "Tiny Homes", both as infill units as well as small development projects. Tiny Homes are a growing trend across the country, both for environmental as well as affordability reasons. This is a big subject, but discussion at the policy maker level needs to begin so that we can utilize this tool in San Luis Obispo County.
- 8) **Mass Transportation.** The County needs to continue to work hard with its partners to improve the frequency and convenience of public mass transportation systems between the County's residential communities such as Templeton and Nipomo, and job and service centers which are largely located in the cities. This will improve air quality, traffic congestion and overall quality of life. Since we are not providing adequate housing in the region's job centers, we need to ensure improved regional public transportation systems.
- 9) **Inclusionary Housing.** The County needs to maintain its Inclusionary Zoning ordinance. Land with residential zoning is in very scarce supply, and demand great. An Inclusionary policy is the only method to ensure that at least some of our finite land resources will benefit low and moderate income households.

**Inclusionary In-Lieu Fee.** The County currently allows a developer to pay an affordable housing fee in-lieu of constructing the affordable housing. If the county continues to allow this in-lieu method, it should allow the County's fee calculation formula to graduate to where it is currently supposed to be per the ordinance. The formula had a phase-in schedule due to the Great Recession, and even that phase-in schedule was frozen last year when considered. The Housing Recession in SLO County is over, as evidenced by the deluge of permit applications at all the cities and the county, and we are in the middle of another affordability crisis. We need to re-set the in-lieu fee to its intended level now.

These comments are not meant to be all inclusive. HASLO is excited that the discussion is getting started. We would like to see this Board provide initiative and leadership on the housing issue. Let's try to "think outside the box", because as our wise Albert Einstein admonished all of us, "doing the same thing over and over again, but expecting different results, is the definition of insanity." Clearly we all

have our wits about us, but nevertheless HASLO encourages you to stop and consider this bit of wisdom, and then take some bold steps toward resolving the affordable housing crisis in our County.

Thank you,



Scott Smith  
Executive Director  
Housing Authority of San Luis Obispo (HASLO)