

Title 29
Affordable Housing Fund:
Annual Report
and
Action Plan
YEAR 2017

Department of Planning and Building
County of San Luis Obispo

Approved by the Board of Supervisors
December 6, 2016

COUNTY OF SAN LUIS OBISPO

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Summary of Activities for Year 2016 Action Plan

Title 29 – Affordable Housing Fund – has been active since 2009. At the beginning of 2016, there was \$125,268.00 available in the Fund. Pursuant to the 2016 Action Plan, the County awarded \$109,848.73 to help pay the construction costs for 51 affordable housing units in three projects in Templeton, San Luis Obispo and South County. As of October, 2016, there was \$683,170.82 in the Fund. Pursuant to the 2017 Action Plan, the County will use the \$683,170.82 to help pay the construction costs of affordable housing units for three projects in Atascadero, San Luis Obispo and Arroyo Grande. These projects will produce 32 affordable units. An amount of \$37,229 in unspent 2016 funds will be transferred to a different project in 2017 (to a Habitat for Humanity project in Arroyo Grande). An additional \$52,380.64 in unspent 2016 funds will remain with the same project (Rolling Hills 2).

During 2017, additional fee payments may be collected and some of the awarded funds may not be spent. At the end of 2017 the Board of Supervisors shall consider the available revenue amounts in all of the accounts of the Affordable Housing Fund and determine how to allocate the Fund in 2018.

Introduction

This Annual Report and Action Plan for 2017 is a combined document. The Board of Supervisors of San Luis Obispo County has accepted this Annual Report and has adopted a resolution approving this 2017 Action Plan. The Annual Report summarizes the past year's funding activities of the Title 29 – Affordable Housing Fund. The 2017 Action Plan guides this year's use of the Fund. Both the Annual Report and Action Plan illustrate the process by which the County collects and disburses the Affordable Housing Fund. Priorities for spending the Fund are set by the County's housing policies and goals, which are described in the General Plan – Housing Element, in Title 29 – Affordable Housing Fund, and in the Inclusionary Housing Ordinance (Land Use Ordinance Section 22.12.080 and Coastal Zone Land Use Ordinance Section 23.04.096).

Contents of the Annual Report

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

Available Funding for Year 2017***Available Revenue in the Affordable Housing Fund Accounts***

Table 1 (next page) summarizes the activities in all of the Title 29 – Affordable Housing Fund accounts since October, 2015.

Table 1
Summary of All Accounts
Between October, 2015 and October, 2016

Amount of Funds Spent			Amount of Funds Available		
Account	Starting Amount	Disbursements & Commitments (--)	Remainder	New Income** (+)	New Amount Available
In-Lieu Fees	\$47,228.93	(\$47,228.93)	-	\$628,439.56	\$628,439.56
Housing Impact Fees	\$29,005.29	(\$26,369.35)	\$2,635.94	\$37,292.90	\$39,928.84
Loan Pay-off	-	-	-	-	-
Unused 2014 Loan Pay-off	\$42,783.32	(\$30,000)	\$12,783.32	-	\$12,783.32
Unused 2014 T-29 funds	6,250.45	(\$6,250.45)	-	-	-
Interest				\$2019.10	\$2019.10
Total Amount	\$125,268.00	(\$109,848.73)	\$15,419.26	\$667,751.56	\$683,170.82

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

NOTE 1: \$2019.10 in interest earnings is shown as new income in Table 1 and as "remainder funds" in Table 2. It is the interest earned in 2016 from Title 29 funds, and can be spent in any area of the County.

NOTE: 2: Table 1 does not show \$89,610.57 in unspent 2016 funds. Table 5 shows the projects with unspent funds.

Table 1 shows that \$109,848.73 was disbursed in 2016 to affordable housing projects. Of that amount, only \$20,238.16 was spent, leaving a remaining amount of \$89,610.57 that has been allocated to projects that have not been completed. Table 5 shows the projects with unspent funds. One uncompleted project, Rolling Hills 2 (\$52,380.64) is scheduled to begin construction in December, 2016. The other, a Habitat for Humanity project (\$37,229.93), has not been started, and Habitat has asked to reallocate the funds to its Arroyo Grande project.

Additional Funds – Loan Pay-off and Unused 2014 Title 29 Fund

In 2014, two affordable housing units were sold and the County loans were paid off. The loan pay-offs were deposited into the Title 29 Fund even though they are not in-lieu fees. This money is not subject to the Title 29 requirements and it may be spent on affordable housing projects in any area of the County.

NOTE: These County loans were “silent second” loans between the County and homeowners. The County loans captured the dollar difference between the affordable price and market price of an affordable housing unit. The County has amended its affordable housing ordinance and no longer captures this type of loan on affordable housing units.

Available Funding Amounts for Each Area of the County

The following table summarizes the funding amounts available for each area of the County. Title 29 directs the County to allocate the Title 29 funds to affordable housing projects within the those housing market areas where the projects which paid Title 29 fees are located.

Table 2
Funds Available for Each Area of the County**

Account	Remainder 2016 Funds	North County	Central County	South County	North Coast	Total
In-Lieu Fees	-	-	\$7,461.75	\$620,977.81	-	\$628,439.56
Housing Impact Fees	\$2,635.94	\$5,765.02	\$17,183.29	\$14,344.59	-	\$39,928.84
Unused 2014 Loan Pay-off	\$12,783.32	-	-	-	-	\$12,783.32
Unused 2014 T-29 funds	-	-	-	-	-	-
Interest	\$2,019.10	-	-	-	-	\$2,019.10
Total	\$17,438.36	\$5,765.02	\$24,645.04	\$635,322.40	-	\$683,170.82

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

NOTE 1: \$2019.10 in interest earnings is shown as new income in Table 1 and as “remainder funds” in Table 2. It is the interest earned in 2016 from Title 29 funds, and can be spent in any area of the County.

NOTE: 2: Table 1 does not show \$89,610.57 in unspent 2016 funds. Table 5 shows the projects with unspent funds.

In-Lieu Fee Account

The in-lieu fee is collected from residential development projects. Land Use Ordinance Section 22.12.080 (Inclusionary Housing) requires the provision of affordable housing. Applicants may choose to pay an in-lieu fee rather than provide affordable housing units. The County collects and uses the in-lieu fees to support the construction of affordable housing units. To date, all applicants have chosen to pay in-lieu fees, with one exception. The Templeton Ranch project will provide five on-site inclusionary housing units.

The following table summarizes the activities of the in-lieu fee account since October, 2015.

Table 3
Summary of In-Lieu Fee Account
Between October, 2015 and October, 2016

Account	Starting Amount	Disbursements (--)	Remainder	New Income** (+)	New Amount Available
In-Lieu Fees	\$47,228.93	(\$47,228.93)	-	\$629,521.22	\$629,521.22

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

Housing Impact Fee Account

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

The following table summarizes the activities of the housing impact fee account since October, 2015.

Table 4
Summary of Housing Impact Fee Account
Between October, 2015 and October, 2016

Account	Starting Amount	Disbursements (--)	Remainder	New Income** (+)	New Amount Available
Housing Impact Fees	\$29,005.29	(\$26,369.35)	\$2,635.94	\$38,230.34	\$40,866.28

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

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

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

Table 5
Projects Supported by the Title 29 Funds during the Previous Year (2016 Action Plan)

Project Name	Amount Allocated	Amount Drawn	Remaining Amount	Was Project Completed?
Rolling Hills 2 Apt's Templeton (30 units)	\$52,380.64	\$0	\$52,380.64	No – will start construction December, 2016
Humbert Avenue Apt's San Luis Obispo (20 units)	\$20,238.16	\$20,238.16	\$0	No – Construction is underway
Habitat for Humanity Home Rehab Program South County	\$37,229.93	\$0	\$37,229.93	No – Habitat requests transfer of project funds
Total amount allocated	\$109,848.73	\$20,238.16	\$89,610.57	

Of the \$109,848.73 in Title 29 funds that were allocated to projects in 2016, only \$20,238.16 was spent, leaving a remaining amount of \$89,610.57. Table 5 shows the projects with unspent funds. One uncompleted project, Rolling Hills 2 (\$52,380.64) is scheduled to begin construction in December, 2016. The other, a Habitat for Humanity project (\$37,229.93), has not been started, and Habitat has asked to reallocate the funds to its Arroyo Grande project.

Achievements of Individual Projects**Rolling Hills 2 Family Apartments – by People's Self-Help Housing Corporation**

- Location: 990 Las Tablas Road, Templeton
- Achievements & Beneficiaries:
 - Number of Affordable Housing Units Constructed or Assisted – 30 family apartment units – 2, 3 & 4 bedroom size
 - Number of Beneficiaries – Thirty low and very low income households.
- Use of Title 29 funds: The funds will be used to pay for hard construction costs. This is a new construction project. It is on schedule to start in December, 2016. Additional time was needed to secure all construction funds.
- Additional funding sources: The construction cost of this project is \$11,686,798. In addition to Title 29 funds the County is providing \$649,520.00 in federal HUD / HOME funds. This project has been awarded tax credits by the California Tax Credit Allocation Committee.
- Additional funding considerations: None.

Humbert Avenue Apartments – by the Housing Authority of San Luis Obispo

- Location: 860 Humbert Avenue, San Luis Obispo
- Achievements & Beneficiaries:
 - Number of Affordable Housing Units Constructed or Assisted – 20 apartment units

- Number of Beneficiaries – Twenty low, very low and extremely income tenant households. Ten studio units will be reserved for homeless veterans.
- Use of Title 29 funds: The funds were used to pay for hard construction costs, including grading, foundation work and framing. This is a new construction project. Construction began March, 2016 and will be completed in April, 2017.
- Additional funding sources: The construction cost of this project is \$7,576,386. In addition to Title 29 funds, the County and City of San Luis Obispo are providing \$1.2 million in federal HUD / HOME and CDBG (Community Development Block Grant) funds. This project has been awarded tax credits by the California Tax Credit Allocation Committee.
- Additional funding considerations: None.

Home Rehabilitation Program – by Habitat for Humanity for San Luis Obispo County

- Location: South County housing market area. (See Appendix: Housing Market Area Map.)
- Achievements & Beneficiaries:
 - Number of Affordable Housing Units Constructed or Assisted – 1 existing home would be repaired.
 - Number of Beneficiaries – 1 low or very low income household.
- Use of Title 29 funds: The funds would be used to pay for hard construction costs related to home repairs and bringing existing housing units up to code.
- Additional information: Habitat recently started a Home Rehabilitation (home repair) program. The program goal is to help very low income homeowners to stay in their home and complete all necessary repair work. A target was set to provide low interest home repair loans of no less than \$45,000, but no clients were found. Habitat has asked to transfer the funds that were allocated (\$37,229.93 in 2016 funds) from its Home Rehabilitation program to its 8 unit sweat-equity project in Arroyo Grande (the Brisco Road project).
- Additional funding considerations: None

Results: Draw-Down of In-Lieu and Housing Impact Fees in 2016

The 2016 Action Plan allocated Title 29 funds to three eligible projects. Most of the available 2016 funds were allocated – but not spent. Table 5 (on page 8) shows the projects with unspent 2016 funds. The new construction projects (Rolling Hills 2 Apartments and Humbert Ave. Apartments) need 2 to 3 years to secure all necessary funding and to complete construction. The Humbert Ave. project began construction in March, 2016, and has drawn down its Title 29 funds. The Rolling Hills 2 Apartments project is on schedule to start construction in December, 2016 and will draw down its Title 29 funding in 2017. As a result, the 2016 Title 29 funds will help to pay for the construction of 50 affordable housing units. The third project, Habitat for Humanity's Home Rehabilitation program, does not have any clients. Habitat has asked to transfer the (2016) Title 29 funds from its Home Rehabilitation program to its eight (8) unit sweat-equity project in Arroyo Grande (the Brisco Road project). These 2016 funds can be combined with additional funds from the 2017 Action Plan for the Brisco Road project.

Action Plan for Year 2017***Unspent Funds from the Previous Action Plan (Year 2016 Action Plan)***

The 2016 funds were allocated to three projects. Not all of the 2016 funds were spent. Table 5 (on page 8) shows the projects with unspent funds. The results of the 2016 funding activities are described on the previous page in the section entitled: Results: Drawdown of In-Lieu and Housing Impact Fees in 2016.

Summary of Funding for Year 2017 Projects

A total of \$683,170.82 of Title 29 funds is available in 2017 for eligible projects. Eligible projects shall have affordable housing units that are deed restricted or that conform to the County's affordable housing standards (i.e., Land Use Ordinance Section 22.12.070 – Housing Affordability Standards or Coastal Zone Land Use Ordinance Section 23.04.094 – Housing Affordability Standards).

Table 2 (on page 6) shows the amount of funds that are available for each area of the County. Title 29 directs the County to allocate the Title 29 funds to affordable housing projects within those housing market areas where the projects which paid Title 29 fees are located. Refer to the Title 29 Market Area Map (both in Title 29 and in the appendix section of this document).

Title 29 requires the Action Plan to identify specific projects that will receive the affordable housing funds. For 2017, the County has allocated Title 29 funds to three projects:

Table 6
Projects to be Funded in Year 2017

Project Name	Amount Allocated
Olmeda Ave. Apt's upgrade Family Care Network Inc. Atascadero (4 units)	\$22,438
Brisco Road project Habitat for Humanity Arroyo Grande (8 units)	\$24,645**
So. Halcyon Road Apt's project Housing Authority of SLO (20 units)	\$635,322
Not Allocated: \$0 from North Coast area	\$0
Total amount allocated	\$682,405

**An additional \$37,229.93 in 2016 funds has been allocated to the Habitat / Brisco Road project (transferred from the Habitat / Home Rehabilitation program shown in Table 5).

Table 7
Remaining Amounts for Future Projects

Fund Source	Unspent Amount
Total amount of 2017 T-29 funds available	\$683,170.82
Total amount of 2017 T-29 funds allocated	\$682,405
Remaining amounts From 2017	\$765.82

Funding Amounts and Goals for Funded Projects in Year 2017

Olmeda Ave. Apartments upgrade – by Family Care Network, Inc.

- Location – Olmeda Avenue, Atascadero.
- Achievements & Beneficiaries –
 - Number of affordable housing units to be constructed or assisted – Rehabilitation of an existing 4 unit family apartment building.
 - Number of beneficiaries – 7 very low and extremely low income youth, some who may have families
- Use of Title 29 funds – To pay for hard construction costs – for the upgrades to the exterior of the apartment building
- Prior Title 29 funding – None
- Project Summary – Family Care Network, Inc. (FCNI) owns and operates this 4 unit apartment for the benefit of youth who are aging out of the foster care system, and who are homeless or at-risk of homelessness. The project houses seven (7) youths of ages 18 to 26 years old (some who have their own families) plus one Resident Advisor. Along with housing, FCNI provides a living stipend, one-on-one life skills training, counseling, access to education, and job skill development and placement. FCNI will use the Title 29 funds to do exterior improvements recommended by the Atascadero Police Department to help create a safe, secure project that will discourage crime and unwanted activities. Most of the funds available for the north county housing market area (\$5,000) plus \$17,438 in 2016 remainder funds (\$5,000 + \$17,438 = \$22,438 total) are being allocated to assist with upgrades to this project. The County will verify project compliance for the Title 29 funds when the project manager submits requests for reimbursement of construction work that has been completed.
- County Housing Policy or Goal being met –
 - Housing Element Programs: HE 1.C: Reduce and defer fees for affordable housing development, and HE 1.G: Provide direct financial assistance for housing.

Brisco Road housing project – by Habitat for Humanity of San Luis Obispo County

- Location – 189 Brisco Road, Arroyo Grande
- Achievements & Beneficiaries –
 - Number of affordable housing units to be constructed or assisted – 8 single family dwelling units (townhouse units) – all three-bedroom units
 - Number of beneficiaries – Eight (8) low and very low income households
- Use of Title 29 funds – To pay for hard construction costs. This is a new construction project that will start in 2017 or 2018.

- Prior Title 29 funding – None
- Project Summary – This is a sweat-equity project where eight single family dwellings (townhouse units) will be constructed by eligible low and very low income families. All of the 2017 funds available for the central county housing market area (\$24,645) are being allocated to this housing project in the City of Arroyo Grande. At Habitat's request, \$37,229.93 in 2016 Title 29 funds will be reallocated from another Habitat project to the Brisco Road project. Habitat was awarded \$37,229.93 in 2016 Title 29 funds for a Home Rehabilitation program. The program has no clients and Habitat requested that the 2016 funds be transferred to its Brisco Road project. The combined total of 2016 and 2017 funds will be \$61,874.93 (\$24,645 + \$37,229.93 = \$61,874.93). It is important to note that the \$37,229.93 in 2016 funds originated from the South County housing market area. The Brisco Road project is in the Central County housing market area. Pursuant to Land Use Ordinance 22.12.080.K.1, a special finding by the review authority (the Board of Supervisors) is required to transfer the south county funds to a central county project. The County will verify project compliance for the Title 29 funds when the project manager submits requests for reimbursement of construction work that has been completed.
- County Housing Policy or Goal being met –
 - Housing Element Programs: HE 1.C: Reduce and defer fees for affordable housing development, and HE 1.G: Provide direct financial assistance for housing

South Halcyon Family Apartments – by the Housing Authority of San Luis Obispo

- Location – 224 South Halcyon Road, Arroyo Grande.
- Achievements & Beneficiaries –
 - Number of affordable housing units to be constructed or assisted – 20 family apartment units – 1, 2 & 3 bedroom size
 - Number of beneficiaries – 20 low and very low income households
- Use of Title 29 funds – To pay for hard construction costs. This is a new construction project that will start in 2017 or 2018.
- Prior Title 29 funding – None
- Project Summary – This project involves the construction of a new 20-unit family apartment for low and very low income households. The City of Arroyo Grande provided \$600,000 to the Housing Authority to acquire the project site. The Housing Authority will apply for tax credits and other project funding. This project will be subject to the affordability requirements of both the City of Arroyo Grande and the Tax Credit Allocation Committee. All of the funds available for the south county housing market area (\$635,322) have been allocated to this project. The County will verify project compliance for the Title 29 funds when the project manager submits requests for reimbursement of construction work that has been completed.
- County Housing Policy or Goal being met –
 - Housing Element Programs: HE 1.C: Reduce and defer fees for affordable housing development, and HE 1.G: Provide direct financial assistance for housing.

Refund Payments

Certain circumstances require that unspent Fund amounts be repaid to the original contributing developers. Title 29 Section 29.05.010.d requires that unspent Funding shall be refunded whenever the County targets an affordable housing development and determines that adequate funding is available to complete the said project, but the project is never completed. Funds may be transferred to other eligible projects, but unspent funds must be returned to the developer if those funds have not been used within five years of when the developer paid the Title 29 fees.

List of Payees

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

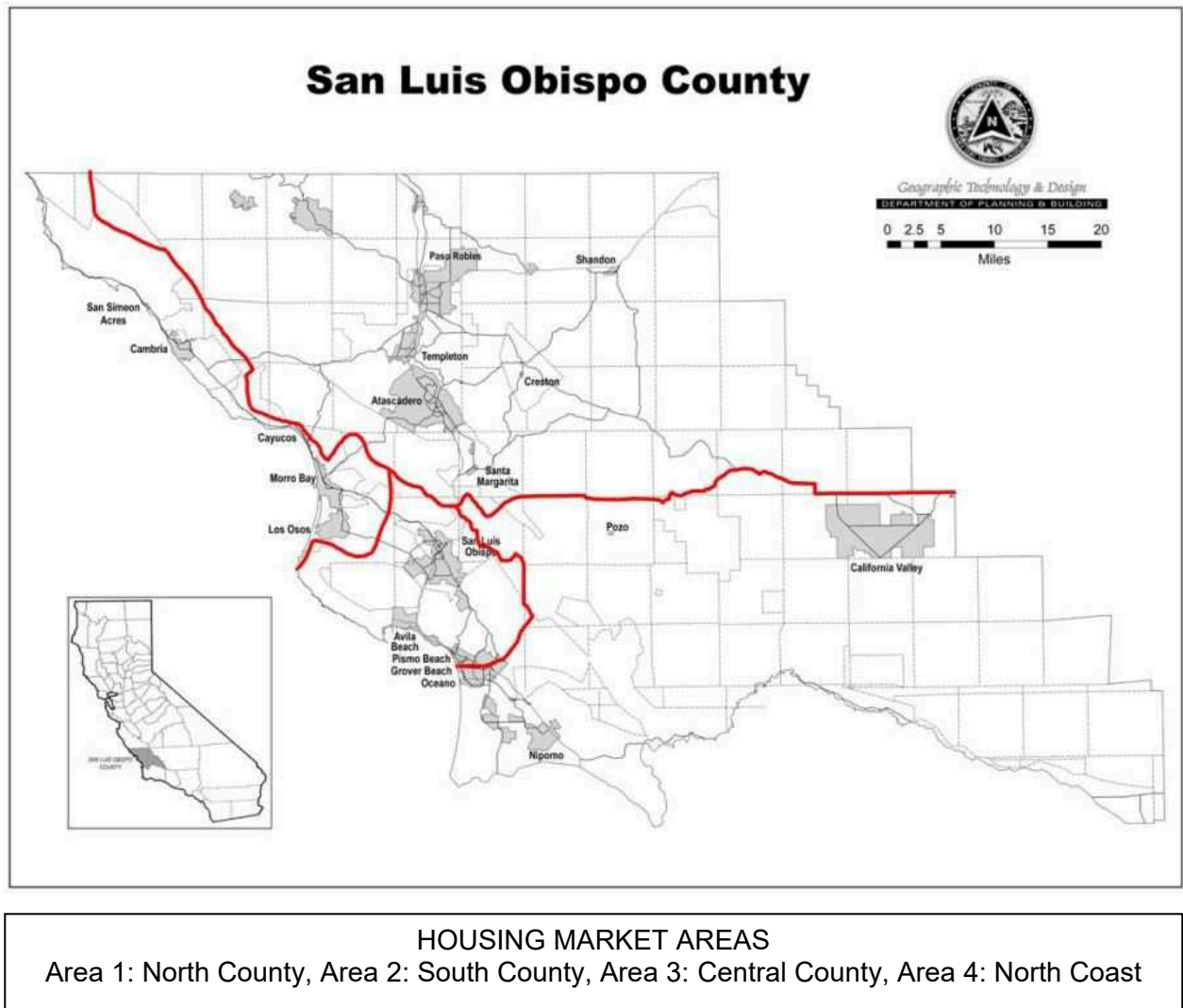
Recommended Ordinance Amendments

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

This year staff is making no recommended changes.

Anticipated Benefits of the Amendments

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

Appendix: Housing Market Area Map

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

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

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

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