HOUSING POLICY SOLUTIONS

PREPARED FOR:

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RE: Input on Housing Policy Solutions
Dear Mr. Buckshi and Mr. Bergman,

Thank you for the opportunity to submit input for your consideration on potential policies to address the need for more housing in San Luis Obispo County.

Attached please find the culmination of a series of solutions-oriented workshops we conducted with private and nonprofit stakeholders.

We recognize that the housing challenge facing our community is complex, and there is not any one magic cure. If meaningful change is to be realized, it has to be done with fierce collaboration among stakeholders, policymakers and staff. It is in that spirit that we are ready and willing to facilitate private sector participation as you work to develop impactful housing policy.

We look forward to discussing these policy ideas and any next steps with you in more detail tomorrow.

Sincerely,

Charlene Rosales

Melissa James

Jefferson Eckles	Charlene Rosales	Melissa James
Executive Director	*Director of Gov. Affairs*	*Director of Economic Development*
Homebuilders Association of the Central Coast	*San Luis Obispo Chamber of Commerce*	*Economic Vitality Corporation of San Luis Obispo County*

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1.1 HOUSING CHALLENGES

HOUSING COSTS FOR COMMUNITY RESIDENTS

Across the nation, housing continues to be an issue fraught with challenges and controversy. In particular, the coastal and rural settings of our communities coupled with broad tourism assets, an award winning university, and a vibrant, creative culture make the Central Coast a highly desirable location. Over the past ten years, San Luis Obispo County and its cities have produced housing at a rate below that prescribed by the County Regional Housing Needs Allocation (RHNA), and the local university's onsite housing has not kept pace with enrollment growth over the last 20 years. New housing is generally focused on "infill" or small sites that have higher costs than on larger, "greenfield" sites. The combination of these factors results in a low supply of housing and unfulfilled, high demand, the consequences of which are higher housing prices.

San Luis Obispo's economy depends on delivering housing that is affordable to the workforce- and not housing that is simply targeted for very-low or low-income households. In San Luis Obispo County, there has been a lot of discussion regarding the lack of housing attainable to the middle class income ranges - what we have come to describe as 'Workforce Housing.'

Workforce Housing has been defined by the County as that which can be rented or purchased by families earning less than 160% of the County median family income. The most recent estimate of the median family income in San Luis Obispo County is approximately $65,500 per year for an average 2.5-person family or household, according to the State Department of Housing and Community Development.

"SLOCOG's Principles for Developing Housing Policy" within its "Regional Housing Needs Plan" has recommended a number of guiding factors to facilitate housing at a rate that will meet local employment and housing needs. (Section 4.1) Those include maintaining a jobs/housing balance, permitting streamlining, focusing development within county and city urban area boundaries, regional cooperation, and other factors.

The preamble to the County's 2014-2019 Housing Element notes:

"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 high construction costs and high demand for developable land."

Numerous policies in the Housing Element and other County documents call for decision makers to address this urgent matter. This draft document and its recommendations are intended to address these issues.

MEDIAN HOME PRICE AFFORDABILITY IN SLO COUNTY

A total household income of $110,000 is needed to afford the median home price in SLO County

According to the California Association of Realtors Housing Affordability Index, only 26% of San Luis Obispo County residents can afford the median home price, compared to 34% in the State. This affordability gap will only continue to grow if interest rates go up.

In order to afford the median home price in San Luis Obispo County, which is $552,830 (as of April 2016), an average income of approximately $110,000 per year is required, (providing for a maximum Principal, Interest, Taxes and Insurance (PITI) payment of $3,135.98 (assuming good credit, no debt, a 3% down payment, an interest rate of 4% and a term of 30 years).

HOUSING SURVEY

In an effort to address the County's housing problem, a countywide Workforce Housing Survey was commissioned by the EVC in 2014 with a focus on employers and employees. The survey was developed to not only gather input about housing needs and affordability, but also to explore housing preferences related to location, setting, and building design. With over 500 audited responses, below is a snapshot of some survey results:

- 80% of employees felt that their housing choices were limited to some extent; 26% felt they had little or no choice in where they live or the setting.
- 27% of employees said they are likely to move out of the area as a result of the cost of living.
- 63% of employees versus 80% of employers own their homes.
- One in four employees is currently renting and would like to own a home.
- The average employee estimates s/he can afford about $1500 a month in mortgage or rent (excluding taxes, insurance, utilities and maintenance) while the average employer estimates s/he can afford about $2100.

1.2 HOUSING COSTS

WHY DOES HOUSING COST SO MUCH?

There are a number of factors that contribute to the high housing cost on the Central Coast:

1. High Demand: The Central Coast is a desirable location and the local employment and population related growth factors are compounded by strong growth in university and college enrollment and retirees. The price effects of strong demand cannot be entirely mitigated by increasing supply, but an adequate supply for local employment, population and enrollment growth will temper these influences and avoid having significant portions of workforce housing being filled by retirees and students.

2. Higher Direct Expenses: The cost of the "sticks and bricks" for a typical home in San Luis Obispo County varies widely based on site conditions, soil conditions, slope, and size of the parcel. Most housing in the County is not built on an economic "production" scale on larger, master planned properties, and direct costs are often 35%to 45 % higher in these situations. In downtown infill locations where housing is encouraged to be more "vertical", direct expenses can be 50% to 100% higher than at non-downtown locations because of smaller sites, constrained locations requiring special staging and construction methods, and required structural systems.

3. Higher Fees: Housing fees include development impact fees, building permit fees, public works fees, and other related expenses. These fees can also include offsite mitigations that have not been factored into city's and county's development impact fee programs. These fees typically total approximately $50K- $90K per dwelling unit. Additionally, the fees (except for school fees), are usually not scaled up or down depending on unit size or family size.

4. Time: It is not unusual for a project within SLO County to take 10-15 years from inception to the actual production of housing. This means that the entitlement process normally spans multiple terms of office for elected officials, involves multiple staff members as the project is being passed from staffer to staffer, and numerous public hearings. Ironically, these longer processes deprive the public of any meaningful involvement in the discretionary parts of the project. Some delay is caused when "ministerial" decisions are made "discretionary." It is often possible to address design and regulatory issues through the application of standard regulations or review processes, and CEQA provides for a number of exemptions. CEQA also encourages environmental

evaluations at the highest possible level (usually the general plan or specific plan level), and more limited or focused reviews and actual implementation at the project level.

5. Inadequate Sites: Most sites are small and entail site challenges. Infill is an important planning goal to ensure that the urban cores of our communities are as nice as the surrounding suburban areas. Potential sites are often in multiple ownerships that make infrastructure phasing more difficult; even where specific plans are prepared for properties under multiple ownership, effective infrastructure financing plans are usually challenging.

6. Inadequate Infrastructure or Infrastructure Financing: It is not unreasonable to have development "pay its own way." There are, however, existing deficiencies in any community, and funding these communitywide expenses can kill projects. Financing of major regional infrastructure is also an issue. Without a regional or community wide solution to these infrastructure challenges these issues will not be addressed.

2.1 HOUSING POLICY DEVELOPMENT

THE PROCESS OF IDENTIFYING AND PRIORITIZING HOUSING POLICY SOLUTIONS

April 7th: Dan Buckshi, Jim Bergman, Melissa James, Charlene Rosales and Jeff Eckles sat down to discuss the County's goal to develop a menu of housing policy solutions to be presented to the BOS in conjunction with the Workforce Housing Ordinance which is in process.

April 12th: Melissa, Jeff, and Charlene compiled a working list of housing policy ideas that have circulated in the housing related working groups from each of their respective organizations. That document was shared, along with an invitation to a policy prioritization meeting, with private sector and non-profit stakeholders.

April 25th: Melissa, Jeff and Charlene convened a 90 minute working group of about 15 industry experts to identify and prioritize policy solutions from seven major policy categories - Land, Process Time, Fees, Regional Collaboration, Affordable Housing, Infrastructure, CEQA. The group was asked to rank their top three policy priorities based on the desirability, viability and the likely length of time needed for implementation (please see chart titled 'Housing Policy Priority Ranking' in the appendix) which indicates the policy category that the idea belongs to, the raw number of votes the idea received, and the weighted value of the idea. The discussed policies and the outcome of this meeting can be viewed in the following places:

- A summary list of 20 policies that were considered moved on from discussion to the voting process (Section 4.2)
- The priority ranking list with a vote tally (Section 4.3)

May 23rd: The same group of industry leaders met and continued to flesh out the top five ideas in some further detail, followed by an additional 90 minute workshop where stakeholders broke into one of the particular policy working groups. The stakeholders worked together to further define and develop the policy idea. Two additional policies were added in the categories of fees and process time during this workshop for a total of seven.

May 23rd – Present: Stakeholders continued to contribute to these policy ideas and peer reviewed the compiled work in one off working groups.

June 16th, 27th and July 13th: EVC, Chamber and HBA staff **met with county staff** to discuss input on the draft solutions proposal and next steps; county staff shared their scoring of the policy ideas based on the desirability, viability and the likely length of time needed for implementation.

July 26th and August 3rd: Housing policy workshop with staff and stakeholders.

August 3rd and After: EVC, Chamber and HBA staff, along with stakeholder volunteers, remain open to further discussion and policy development.

3.1 ZONING: ZONE FOR LARGE SCALE HOUSING PROJECTS

WHAT IS THE PROBLEM/BACKGROUND?

Within San Luis Obispo County, housing projects designed for smaller parcels of land tend to be approved instead of larger scale projects. Because of the allocation of small areas of land, the developers build many small developments instead of fewer large-scale projects, which create more costs per dwelling relative to building infrastructure, acquiring permits, sourcing, etc.

PROPOSED POLICY SOLUTION

1) **ZONING**: Zone for larger scale housing projects (30 acre parcels or more as compared to 5 acres) and therefore allow developers to be cost efficient which will serve to lower net housing costs. Where there are contiguous smaller parcels, there should be an effective and equitable infrastructure cost sharing program that is established by the County. (See Section 3.6)

2) **NEW COMMUNITIES PROCESS:** Institute a planned development process (e.g. Blacklake, Woodlands) that would encourage creative new community planning. Provide a process whereby developers could submit schematic plans for County consideration, and if supported by the County, could pursue a planned development permit that would allow a specific plan or other detailed studies to guide long-term land use and economic development plans.

3) **SPHERE OF INFLUENCE EXPANSION:** In order to identify large acreage parcels that can be used for such projects, the County and the cities need to have a discussion regarding whether or not cities should expand their sphere of influence. The County, in partnership with the San Luis Obispo Local Agency Formation Commission (SLOLAFCO), can take the lead in identifying communities where expansion is consistent with County and SLOLAFCO policies, and lead the planning process. The expansion of their sphere of influence would stimulate development on large acre parcels of land. In addition to identifying these possible parcels of land, the County should also plan for these areas with regard to height and density of housing projects.

3.2 PROCESS TIME: STREAMLINE PROCESS CALENDAR

WHAT IS THE PROBLEM/BACKGROUND?

As development projects move through the process from concept to completion, they are often delayed at various stages. Such delays cause undue burden, added cost to the developer, and substantial delays in actually implementing public policies. For every month that project proposals go beyond the timeframe anticipated, the County's housing goals are not met and project proposers and investors lose time and money, resulting in more costs and higher housing prices. While developers have incentive to meet certain deadlines due to the potential for added cost, there is no real consequence for the public sector in the event of timeline delays.

PROPOSED POLICY SOLUTION

Create a process that holds both developers and staff accountable through the establishment of project milestones, an approval process at the senior staff level and staffing plan agreements. Developers want their applications to be solid from the very beginning. Project proponents can present a predetermined schedule with specific milestones that is initially reviewed and signed off by all departments and managers. The draft schedule includes critical time periods and describes risks that may alter the schedule. Milestone check-ins early in the process is key to the success of this component. In order to ensure that necessary parties are well aware of large scale projects, they should be reviewed at a higher level than those which are on a smaller scale. Criteria would need to be created to determine at what scale a project needs to be in order to qualify for this processing method. An option would be that major projects would first go to the Board of Supervisors so there is a measure of accountability at that level. Finally, a staff lead should be identified and responsible for a particular project's milestones, serving as a direct contact for better communication consistency. This would result in more peer to peer accountability and less turnover in which staff members are responsible for certain projects which causes delays and miscommunication. Finally, this policy suggests the use of a matrix to show what is ministerial and what is not so both developers and county counsel can use it as a guide to ensure the staff is not spending time on items that are non-discretionary by California State Law. This matrix is under development. As a corollary to this, the Board should establish an annual housing production objective for departments, and that should be reported on at least annually. The County was allocated 1,347 housing units (over the 5.5-year period) as part of its RHNA allocation. Create a reporting process on how much of that has been achieved, recommendations to make up for any cumulative deficiencies, and recommendations to accelerate processing.

3.3 PROCESS: ESTABLISH A FLOOR ON HOUSING GROWTH

WHAT IS THE PROBLEM/BACKGROUND?

The County's growth management plan contains a growth cap to ensure that housing does not overtax natural resources and infrastructure. The County also has a policy to implement SLOCOG and Housing Element policies to produce housing at an acceptable rate (See Appendix for SLOCOG 'Principles for Developing Housing Policy'). However, the County does not currently have a growth floor, which would designate a certain level of growth that must happen each year to ensure that housing development matches the pace of population growth within the County. The lack of a quantitative minimum production requirement results in less housing being produced than is needed.

PROPOSED POLICY SOLUTION

Set an objective, quantitative annual floor with a planned, minimum number of housing units that are anticipated to be built within a specific timeframe. With this minimum, the actual number of housing units versus the planned housing growth can be tracked. By establishing a growth floor, the County is empowering and committing to a plan and planning process that will provide the housing needed to match its stated goals in job creation. This would also establish a policy basis for accelerating projects that may address housing production deficiencies, and to establish an expectation that building housing is an expected outcome of County planning efforts.

3.4 FEES: SCALE TO UNIT SIZE

WHAT IS THE PROBLEM/BACKGROUND?

Many fees assessed to a developer are based on the number of units being constructed as opposed to the size of the units. Housing production formulas and business plans have specific guidelines for the permitted fraction of a home value that can be allocated to land, fees, direct expenses, profit and overhead. As a result, the developer is incentivized to "scale up" their houses and build larger units to maintain those ratios. When smaller units are considered, the fees become a higher percentage of the cost per unit, making smaller units less desirable and in some cases, economically unviable for a developer to build. In some cases with "small" and "tiny" houses, fees can be as much as 50% to 75% of the direct production costs. Smaller homes have fewer people and cars, and generate fewer trips. Fees can and should be assessed based upon the building size (size of the unit) or some other unit of measurement that is more closely associated with the actual impact. This approach scales the fees to the unit size, instead of an arbitrary fee applied to either large or small units. Examples of fees currently charged by the County that are per-unit fees, regardless of size, are public facility fees and road fees.

PROPOSED POLICY SOLUTION

Wherever possible, fees should be scaled to the size of the building. An efficient solution is to assess the fee based upon the square footage of each unit instead of a flat fee per unit. An example of this approach can be seen in the City of Morro Bay's fee schedule. Their Impact Fees, Public Facility Fees, and Park Fees are all assessed based upon an amount per square foot of building area.

3.5 FEES: REVISE TIMING OF PAYMENT WITHIN FEE SCHEDULE

WHAT IS THE PROBLEM/BACKGROUND?

By requiring fees to be paid at the beginning stages of building a project, cities and counties create greater financial risk for developers and potentially prevent some residential projects from going forward. Many cities and counties have deferred development impact fees so that they occur at completion of a project. The deferral of fees is desirable because the developer does not have to finance them, and cities and counties usually are not adversely affected because those fees are generally dedicated to fund future infrastructure projects. Nearly 50 local jurisdictions in California have adopted fee deferrals on the basis of state law, which permits local governments to delay fee collections until a final inspection and the certification of occupancy. Contra Costa and Alameda counties have deferred building fees, and the cities of Anaheim, Concord, Brentwood, San Ramon, Livermore and Pleasanton have deferred at least one of the impact fees that developers have to pay.

PROPOSED POLICY SOLUTION

Update the fee schedule to require the impact fee payment to occur at the close of a project and at the time of impact, rather than up front, thereby reducing the carrying costs that developers must pay. By revising the fee schedule, the cost of financing the impact fees is eliminated which reduces the overall cost for the developer without taking any of the county or city's revenue from those fees. The housing is made more affordable by reducing carrying costs, and those savings trickle down to impact the cost of building each housing unit, ultimately resulting in additional housing supply.

3.6 INFRASTRUCTURE: REGIONAL APPROACH TO INFRASTRUCTURE FUNDING AND SPENDING

WHAT IS THE PROBLEM/BACKGROUND?

The opportunity to build housing rarely exists in an area where the infrastructure is perfectly designed for that housing. Instead, developers are tasked with building or updating the infrastructure necessary for the housing, and they bear the cost of that infrastructure. In certain areas, this makes sense, since the only people benefiting from the infrastructure are those buying the houses. However, some residential developments are built near infrastructure that exists and needs major improvements or doesn't exist yet that benefits larger groups of people beyond new home buyers. To complicate things further, in San Luis Obispo, there are areas designated for residential development that are located near roadways that cross city lines and therefore fall into multiple jurisdictions. Furthermore, there are many infrastructure projects that fall into the County's jurisdiction that lack the necessary funding to be completed. Because of this, many projects are abandoned and the potential for development to meet the housing challenges in the County is decreased.

PROPOSED POLICY SOLUTION

In order to facilitate a more regional approach to the challenge of infrastructure, we propose using SLOCOG's model which includes vast representation to ensure a collaborative effort among all city jurisdictions, community service districts and the County. In doing this, the relevant parties can work together to pursue any and all opportunities for infrastructure funding, including Statewide Community Infrastructure Programs (SCIP), Enhanced Infrastructure Financing Districts (EIFD), Community Facility Districts (CFD), property tax allocations, sales tax, general/discretionary funds, and grants. Furthermore, these parties can identify which infrastructure projects in their jurisdictions might have a greater impact on all county residents, particularly those specific infrastructure projects that help facilitate the development of housing. If improving housing within the County is indeed a goal, the County should expand their definition of regional projects to include those infrastructure projects that facilitate a pre-determined threshold of housing development, regardless of what jurisdiction they are in. Through the designation of such projects as regional projects, the type of resources that could be allocated to such projects will expand and the likelihood of such projects being completed will increase. The parties would develop a cost-sharing model that would ensure the investment of all relative parties in these projects.

3.7 CEQA: ADMINISTRATIVE DRAFT REVIEW OF THE EIR

WHAT IS THE PROBLEM/BACKGROUND?

Compared to other jurisdictions, the County is restrictive in its Guidelines and interpretation of how the applicant is allowed to consult with staff during the preparation of the Administrative Draft EIR. There are many jurisdictions on the Central Coast, notably the County of Santa Barbara, that allow the applicant to review the Administrative Draft EIR while maintaining an objective, third-party analysis, legal requirements of noticing and the public availability of the document. By allowing an the applicant to review the Administrative Draft EIR before the Public Review Draft EIR is prepared, this results in a more accurate end product. Without this process, often there can be significant errors, omissions or discrepancies from the applicant-submitted information in the Draft EIR that could be avoided through enhanced collaboration and communication. These discrepancies may exist in areas such as project description, project objectives, identification of alternatives, and feasibility of identified mitigation measures. These errors may result in the recirculation of the EIR for errors and omissions that are essentially avoidable.

PROPOSED POLICY SOLUTION

The applicant should be allowed to review the Administrative Draft of the EIR in pursuit of achieving the best possible product (a complete, technically sound and objective EIR) with the least amount of expense and time. The objective of such policy is not to subvert the public disclosure process. This can be done by amending the local CEQA Policy Guidelines to include the process and procedures whereby the applicant may be consulted during the preparation process with the ability to review and comment on the factual information in the Administrative Draft EIR, the feasibility of the Administrative Draft EIR, and the scope of the analysis in supporting the conclusions of the document. Case law generally recognizes that the Lead Agency and Applicant share the same interest in ensuring an adequate EIR, and the public is assured of an objective analysis because the County must certify that the document represents its independent judgement considering all of the facts an analysis at its disposal. Since the County has the duty to make sure that the EIR is adequate, it has the duty to avail itself of whatever technical and professional resources there are to ensure that the EIR is complete and accurate, and includes feasible mitigation measures. The CEQA Guidelines provide the option for an applicant to submit the technical studies and a draft of the EIR as part of its submittal.

APPENDIX

4.1 SLOCOG PRINCIPLES FOR DEVELOPING HOUSING POLICY

Jobs / Housing Balance - People should have a reasonable opportunity to live close to where they work and each urban area should strive to achieve a better balance between housing and jobs; projects that are appropriately sited and seek to improve that balance should be encouraged through redesigned and efficient planning and development processes.

Permit Streamlining - Local, state and federal agencies should eliminate redundant policies and practices that are found to be obstacles to the production of appropriately located affordable housing, consistent with sound infill development opportunities and environmentally sensitive areas.

Mixed-Use Development - Support appropriately located mixed-use projects that encourage efficient transportation services and walkable communities.

Urban Limits - Urban areas should be efficiently developed within their respective boundaries. Support should be provided to agencies for the redevelopment of underutilized areas that can provide additional housing or employment opportunities that minimize the demands placed upon outlying agricultural or open space areas.

Wildlife/Environmental Sensitivity - Preserve and restore natural areas and open spaces in conjunction with efforts to provide appropriate housing and economic development in a manner that respects significant wildlife habitat, conserves land and preserves natural resources.

Social Equity: Housing for All Incomes and Age Levels - The long-term health of our economy and quality of life depends on maintaining a diverse population composed of a balance of income and age groups. A mixed housing stock addressing the range of housing options within communities provides the opportunity for diversity of age, lifestyle and incomes for residents.

Higher Density/Multi-Family Design - Good design is critical to community acceptance of higher density projects. Provide support for the development of design guidelines that presents attractive higher density affordable housing, which promotes responsible, efficient, and compact development to facilitate the preservation of open space.

Financing Mechanisms - Support the Affordable Housing Trust Fund as a vehicle to secure needed funds to assist in developing housing and to qualify for state matching funds. Affordable or workforce housing receiving public subsidies should be subject to restrictions that keep the housing affordable for an extended period of time or return some portion of the incremental gain in value for reinvestment in additional housing opportunities.

Regional Cooperation - Agencies (federal, state, regional and local) should work cooperatively to address the housing and development needs of the community as a whole in a manner that recognizes the common needs of the populace and the impacts to the environment.

4.2 POLICY SUMMARY LIST

San Luis Obispo County Housing Solutions

This list reflects the policy discussion on Monday, April 25th hosted by the Economic Vitality Corporation, the Home Builders Association, and the San Luis Obispo Chamber of Commerce. Attendees included issue experts and private sector stakeholders in planning, development, building, affordable housing and engineering. The objective of this meeting was to identify and prioritize policy solutions to address housing challenges within the County of San Luis Obispo.

Similar to how the discussion unfolded, this list has summarized all the policies that were considered and discussed into one of seven broad policy categories (Land/Zoning, Process Time, Regional Collaboration, Fees, Infrastructure, CEQA Reform, and Affordable Housing). Of the 20 policy ideas that were considered there were five major policies that were prioritized by the group from five different policy categories. The full 20 are listed below with the five priority policies highlighted.

While the policy areas were identified and prioritized, it should be understood that there is no one silver bullet. There is a need to address all policy areas in a meaningful way for significant progress to be realized.

Policy Categories

1. LAND/ZONING
2. PROCESS TIME
3. REGIONAL COLLABORATION
4. FEES
5. INFRASTRUCTURE
6. CEQA REFORM
7. AFFORDABLE HOUSING (INCLUSIONARY)

Land/Zoning

Zoning and entitlement procedures have limited the land available for residential projects, including medium density, high density, and multi-family units. It is rare that there are projects of any scale that are available for production-level building. This scarcity of buildable land drives land prices up, resulting in housing prices above what the workforce can afford to buy or rent. Most analysts and commentators on state and local housing prices believe that the principal cause of high housing prices is the "under-supply" of land.

ZONE FOR LARGER SCALE PROJECTS

Zoning for larger scale housing projects (30 acre parcels as opposed to 5 acres) will allow developers to reach cost efficiencies relative to infrastructure, permitting, sourcing, etc.

This policy was prioritized as one of the top five most important policies to implement. Further research and development will take place around this concept.

- **ELIMINATE DISINCENTIVES AND REMOVE OR REDUCE RESTRICTIVE BARRIERS**
  Revisit design guidelines (e.g. setbacks, open space and trail requirements). Currently, trails, open space and park requirements create a barrier to project feasibility. Even where guidelines and standards may exist, multiple subjective advisory reviews extend the time for permitting, and the risk. Also, ensure that once zoned, residential land does not require multiple subsequent discretionary entitlements.

- **REVISE GROWTH MANAGEMENT TARGETS**

  Over the last 10 years, the 1% growth management target has not been met. In the city of San Luis Obispo, growth over the last 10 years has been 0.33% per year. In order to adequately keep up with increases in employment and enrollment the County and its city's will need to add housing closer to the planned 1% growth rate, and possibly exceed them in the short term to make up for under production over the last 10-15 years. Unmet density allocation from past targets should be combined or banked to meet our current growth targets.

- **REZONE TO ALLOW GREATER FLEXIBILITY**

  Designate land with multipurpose zoning (commercial, mixed use, residential). Jurisdictions throughout the country (and the world) are transitioning from single-use zoning (commercial district here, office there) to form-based code, which allows multiple uses sharing a regulated form that determines how buildings and streets are oriented toward public spaces. Form-based codes determine things like massing, scale, fenestration, sidewalks and street widths – all of the physical components that give a place its character. Then market forces determine what goes into the built spaces. The result is a much more organic urban design and more flexibility for owners and architects.

- **GRADING ORDINANCES**

  Increase the 50 cubic yard threshold that triggers costly and time intensive environmental review processes. Also, increase the 3 ft., 6 inch cut and fill threshold that imposes significant barriers to development and imposes excessive burden on agricultural land owners.

Process Time

Existing codes and ordinances favor traditional residential development. Major projects may take many years to entitle which adds direct cost and risk to projects that are slated in the General Plan. Long processing time, as well as CEQA abuse not only make projects more expensive but can also reduce the number of homes in a project or kill a project. Even CEQA recognizes that the preferred total length of the entire CEQA process should not exceed one year. Most EIRs in the county take many times that. Larger projects that optimize the allowable density may trigger more intense environmental impacts and mitigations as an unintended result.

PROCESS CALENDAR ACCOUNTABILITY

Establish a process that holds both developers and staff accountable to milestones. For example, assign one lead staff member to each project that serves as a direct contact for better communication. Also ensure that staff members are empowered to move projects through the process that has predetermined project milestones and timelines. In order to ensure staff performance is adequate, establish a process to evaluate staff with a goal of excellent customer service. If the County fails to meet deadlines then project proponents receive a fee reduction. Additionally, the County Housing Manager should attend public hearings for qualified projects to testify in person that the qualified project meets the goal of the County's Housing Policy.

This policy was prioritized as one of the top five most important policies to implement. Further research and development will take place around this concept.

- **PROJECT STREAMLINING**

  To fast-track projects, work with Business Assistance Teams and establish criteria that allow a "project in a box", or one that is preapproved and can move to the fast lane if it meets the predetermined criteria for the parcel.

Regional Collaboration

The housing challenge in our County is a regional problem that requires regional solutions and collaboration.

- **PROPERTY TAX AGREEMENT**
  Create a project specific property tax allocation that allows residential projects being annexed into the city to qualify for additional tax revenue to the city to meet infrastructure and service needs.

- **COLLABORATION WITH CITIES (EIFD)**
  Consider implementing Enhanced Infrastructure Financing Districts to fund key infrastructure projects in areas were residential growth is ready to go.

- **REASSES THE SMART GROWTH MANDATES**
  Reconsider the Smart Growth Mandate that applies to Oceano, Nipomo, Templeton and San Miguel. The Smart Growth mandate has not facilitated targeted growth in these areas since it was adopted. Consider eliminating or changing the policy to implement strategic growth principles.

Fees

Developer fees typically range from $50,000 to $90,000 per unit for impacts, inspections, connections, plan check, etc. The County fee structure is regressive so it makes fiscal sense to build bigger in order to mitigate risk and sell to wealthier buyers.

SCALE FEES TO SIZE

Impact fees should be calculated based on size of unit instead of number of bedrooms. Developer fees should be scaled to the size of units being proposed. Currently, many fees are the same for small SFR compared to large SFR. This incents the builder to construct larger units at higher price points. Fees should scale up or down based upon the square footage of the unit. (An example of this fee structure is found in Morro Bay)

This policy was prioritized as one of the top five most important policies to implement. Further research and development will take place around this concept.

- **TIMING OF PAYMENT**
  Many fees are required to be paid at submittal or inception of process placing an extraordinary cost burden upon the applicant. Timing of fees should be considered with regard to alternatives such as scheduled over the duration of the project upon completion.

- **TRANSPARENCY AND SPECIFICITY OF IMPACT FEES**
  Capital Improvement Projects should be delineated and include scope with regard to Impact Fees paid for a particular development.

- DISCRETION IN AB 1600 FEE STUDY DETERMINATION

  Reconsider AB1600 Fee Study Assumptions in light of current housing crisis and overarching objectives of the General Plan, such as water conservation and trip reduction. Recognize that the assumptions in the study are not concrete and may be readily modified by a jurisdiction if done so on an equitable basis for all applicants.

Infrastructure

The reduction of State and Federal funding, loss of redevelopment agencies, and Prop 13 all but killed government's ability to build major infrastructure, shifting the burden of infrastructure cost to housing prices and adding $50,000 to $100,000 per home. This funding vacuum is the most recent setback that moved workforce housing outside the reach of the middle class.

COUNTYWIDE FUNDING MECHANISMS

Infrastructure costs present a significant barrier to residential development. In order to adequately supply housing, a regional, broad based approach to infrastructure funding is necessary. In order to finance key infrastructure projects that ultimately facilitate residential growth, a shared, multi-prong approach needs to be implemented between counties, cities, Caltrans and new revenue streams (e.g., EIFD's, CFD's, grants or broad base tax). Additionally, zoning larger scale projects (see 'Zone for larger scale projects' above) will allow more private sector 'developer fair share' dollars to fund infrastructure.

This policy was prioritized as one of the top five most important policies to implement. Further research and development will take place around this concept.

- **REVISIT STANDARDS**

  There is an overlap in developer transportation studies where multiple developers are paying to commission the same studies. Where possible, remove redundancy to allow cost efficiencies.

CEQA Reform

Requirements placed upon developers by the CEQA process add time and substantial risk to projects, further driving up costs and limiting viability of potential developments. Many of the requirements are driven by the Act itself, but the County has some discrepancy in the way it creates, interprets, and administers the Act via its CEQA Policy Guidelines.

ENVIRONMENTAL REVIEW PROCESS

Allow the applicant and consultants to communicate during EIR process, and allow the applicant to collaborate on certain aspects of the administrative draft EIRs.

This policy was prioritized as one of the top five most important policies to implement. Further research and development will take place around this concept.

Affordable Housing (Inclusionary)

The County requires an affordable housing component be included in developments as a condition of approval. This requirement results in higher costs for the market rate component of a project.

- AFFORDABLE HOUSING CREDIT FOR SELLER
  Allow developers to bank credit.

- BROAD BASED AND PERMENANT FUNDING MECHANISM
  Rethink affordable housing fees in search of a broader base and more permanent funding mechanisms.

- EQUITY SHARE
  Adopt an Equity Share mechanism similar to the City of SLO has. (E.g. HALSO used at Moylan Terrace).

4.3 PRIORITY RANKING TABLE

Housing Policy Priority Ranking

Policy Category	Policy Solution	Votes Received	Points received
Process Time	Process Calendar Accountability	9	19
Land	Zone for larger scale projects	5	13
Infrastructure	County-wide funding mechanisms	8	13
Fees	Scale fees to size	7	9
CEQA Reform	EIR Process	4	8
Land	Grading Ordinances	1	2
Land	*No ability to scale*	0	0
Land	*Dual zoning; mixed use*	0	0
Land	*Revise growth management targets; bank prior years*	0	0
Land	*Convert public lands*	0	0
Land	*Revisit smart growth*	0	0
Land	*ELIMINATE DISINCENTIVES AND REMOVE OR REDUCE RESTRICTIVE BARRIERS*	0	0
Process Time	*Project streamlining*	0	0
Regional Collaboration	*Property tax agreement to incentivize Strategic Growth*	0	0
Regional Collaboration	*Collaboration w/cities (EIFDs, etc.)*	0	0
Regional Collaboration	*Reassess the smart growth mandates*	0	0
Fees	*Timing of payments*	0	0
Fees	*Transparency in and specificity of impact fees*	0	0
Fees	*Discretion in AB 1600 fees*	0	0
Fees	*Requirements for park space*	0	0
Infrastructure	*Reporting mechanisms/transparency*	0	0
Infrastructure	*Earmarking fees to project specific expenses*	0	0
Infrastructure	*Revisit standards*	0	0
CEQA Reform	*Allow applicant/consultant communication during Environmental Review*	0	0
Affordable Housing	*Tax credit for seller*	0	0
Affordable Housing	*Broad based & permanent funding mechanism*	0	0

Points received are calculated as follows: 1=3 points, 2=2 points, 3=1 point

Each of these five policies have been prioritized for further research and development