



November 21, 2018

Affordable Housing Subcommittee
Chairperson Gibson
Supervisor Peschong
San Luis Obispo County

Subject: Coalition of Housing Partners Recommendation for Three Year Housing Pilot Program

Dear Chairperson Peschong and Supervisor Gibson,

Thank you for your persistence and good will in working to find solutions for affordable and middle-income housing throughout the County and for seeking out and considering our ideas and input.

Our coalition includes the diverse interests of Peoples' Self-Help Housing, the Housing Authority of San Luis Obispo (HASLO), the Paso Robles Housing Authority, the San Luis Obispo County Housing Trust Fund, Habitat for Humanity, the Economic Vitality Corporation, the Home Builders Association and the San Luis Obispo Chamber of Commerce. Our coalition of eight community stakeholder organizations would like to provide--based on collaboration between our organizations, county staff and your subcommittee--a framework of specific actions that represent a clear and actionable path forward to address an important subset of our housing affordability crisis.

We appreciate the openness and partnership of the county planning staff. They have been a valuable partner by developing the information needed to consider various alternatives. Based on months of collaboration and consideration by local experts from a wide variety of fields and interests within the housing sector, we have arrived at these recommendations based on the belief that more tools are needed for our housing toolbox. While the purpose of this discussion

was prompted by a need for funding for affordable housing, we recognize the significant need in the workforce housing category, as well.

Therefore, we recommend the following broad suite of actions that represent meaningful progress on addressing housing needs for low- and middle-income populations:

1. Achieve at least \$2 million for affordable housing (annually),
2. Make several administrative permitting and process updates to create greater efficiencies to get much needed housing to market, and
3. Support for the CAO's regional collaboration efforts to develop an integrated infrastructure and housing plan in partnership with incorporated and unincorporated communities across the region.

As we have previously communicated to the full board, we believe that a minimum of \$2 million is needed to begin to address our lowest income housing needs in the unincorporated area, which will be used to leverage outside funding. This leveraging is, on average, expected to achieve a 5:1 benefit, meaning that for every dollar provided locally, five additional dollars are secured from outside funding sources and applied locally. We consider this figure the "floor" estimate (under current RHNA, \$4 million can be efficiently utilized). In order to achieve this outcome, we recommend a time-phased, 3-year pilot program of actions/decisions as follows:

3-Year Affordable Housing Pilot Program

Our coalition recommends the Board adopt a 3 year pilot program (See chart in appendix). Successful completion of the 3-year affordable housing pilot program is the realization of selected broad revenue sources (e.g. TOT, Vacation Rental Impact Fee, other ballot measure), that fund the entirety of Affordable Housing need at \$2M-\$4M while making progress on the production of housing units in the County.

December 2018:

- a) Adopt revised Title 29 tiered in-lieu fees, effective 2019. Revised Title 29 tiered fees should apply to all homes, with a square footage exemption set as low as 1800 square feet or as much as 2,200 square feet.
- b) Commit county funds equal to a total of \$2 million, including in-lieu fees. The non-inclusionary amount is estimated to be approximately \$1.9 million. If affordable housing is to be funded at the levels necessary in 2019, the county contribution is the only current funding source available.
- c) Direct staff to conduct the preliminary work for adopting a vacation rental impact fee, including a nexus study.

d) Direct staff to study and bring back long term, broad based funding options including TOT tax, sales tax, bond measure, etc.

June 2020:

a) Adjust down county contribution proportionately to offset expected increase in fee revenues realized from Title 29 and vacation rentals. Fee revenue is estimated to be approximately \$1.8 million, therefore county funds would decrease to \$200,000.

b) TBD funding option on the ballot: TOT tax, sales tax, bond measure, etc.

December 2021:

Final evaluation of 3-year pilot program includes:

a) If long term, broad based funding options are adopted, revenues should be available at the end of 2021/early 2022. Depending on the election of revenue streams applied, it is estimated to raise between \$2 and \$5 million. At the successful implementation of broad based funding, the following funding would sunset:

1. County fund contribution and,
2. Title 29 fees (Retain other inclusionary housing ordinance provisions).

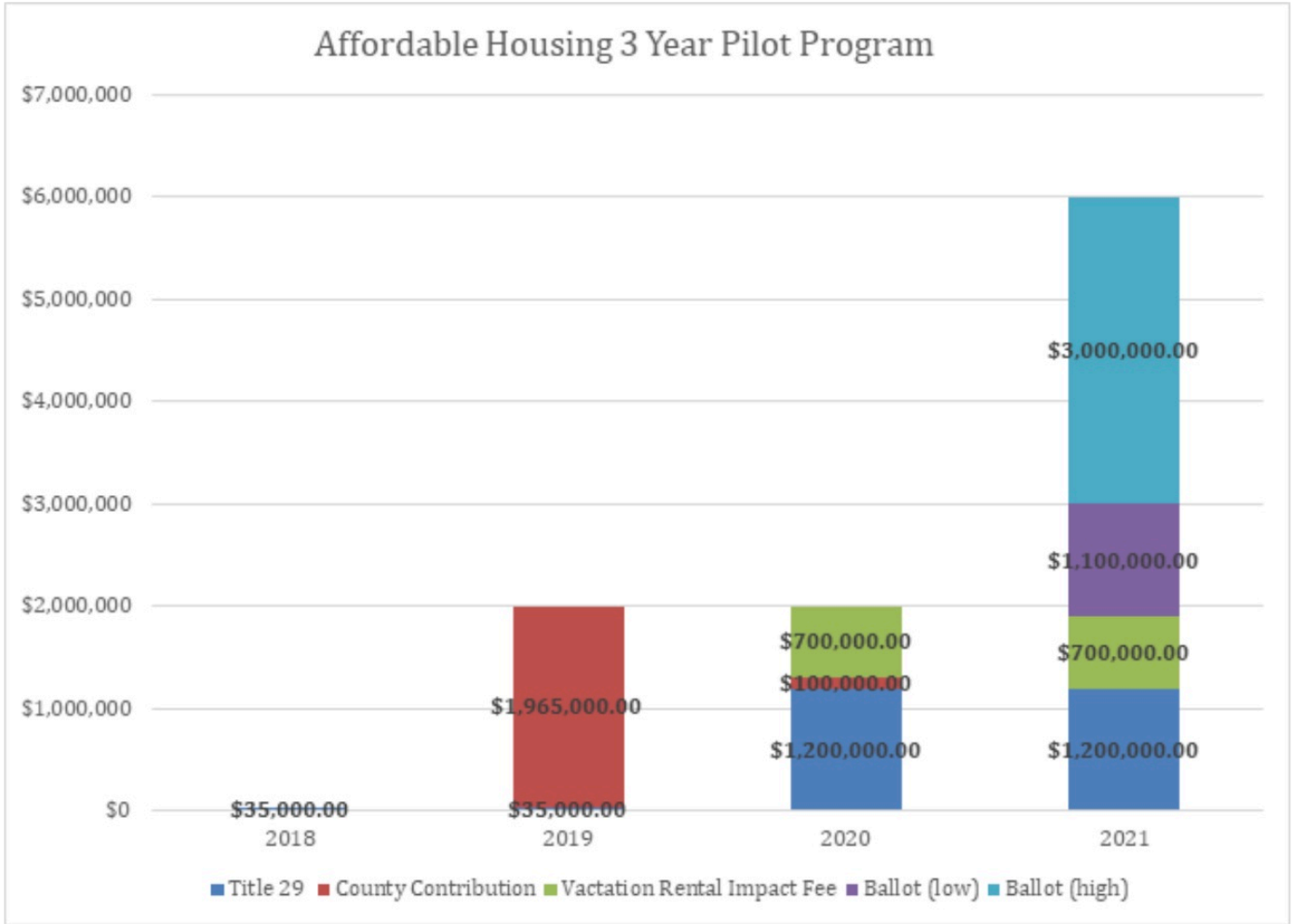
To ensure the integrity of the pilot program we recommend annual updates and progress check-ins to your board along with oversight and discretion by the board on how the funds will be distributed.

Finally, we request that you approve the staff recommended framework for CEQA administrative guidelines updates. We believe these changes will improve the timeliness and cost of the environment review process, while preserving the full integrity and intent of the CEQA law. In addition, you directed County Admin to propose a way forward on regional infrastructure and housing strategic planning in partnership with local cities. We ask that you support these efforts, which will ensure better prioritization of resources, as well as a more collaborative approach to inter-jurisdictional planning.

Thank you for your consideration. We look forward to hearing from you.

Sincerely,

The Coalition of Housing Partners



*Note, the funding detailed in this chart represents the range of options available with decisions and choices still to be made on the long-term funding options by the Board and/or the general public.