



## **CHAPTER 3**

# **HOUSING**

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THE GENERAL PLAN

CHAPTER 3 - HOUSING

TABLE OF CONTENTS

Foreword ..... 4

INTRODUCTION..... 5

    1.0 Purpose ..... 5

    1.1 Citizen Participation..... 5

    1.2 Consistency with State Planning Law ..... 6

    1.3 State Housing Element Requirements ..... 7

    1.4 General Plan Consistency ..... 8

    1.5 New in This Element ..... 8

    1.6 Housing Element Organization ..... 9

Community Factors..... 10

    Community Overview ..... 10

        2.0 Demographic Snapshots ..... 10

        2.1 Housing Snapshots ..... 12

        2.2 Neighborhood Snapshots..... 13

GOALS, POLICIES AND PROGRAMS ..... 15

    Overview ..... 15

        3.0 Summary of New Programs ..... 15

Goals, Policies and Programs..... 16

    Goal 1 Safety. .... 16

        3.1 Policies ..... 16

        3.2 Programs ..... 17

    Goal 2 Affordability. .... 17

        3.3 Policies ..... 17

        3.4 Programs ..... 18

        Table 2: Inclusionary Housing Requirement ..... 19

    Goal 3 Housing Conservation. .... 21

        3.5 Policies ..... 21

        3.6 Programs ..... 22

    Goal 4 Mixed-Income Housing..... 23

        3.7 Policies ..... 23

        3.8 Program..... 24

    Goal 5 Housing Variety and Tenure..... 24

        3.9 Policies ..... 24

        3.10 Program ..... 24

    Goal 6 Housing Production..... 25

        3.11 Policies..... 25

        3.12 Programs..... 25

    Goal 7 Neighborhood Quality..... 28

        3.13 Policies..... 28

        3.14 Programs..... 29

    Goal 8 Special Housing Needs..... 29

        3.15 Policies..... 29

        3.16 Programs..... 31

    Goal 9 Sustainable Housing, Site, and Neighborhood Design..... 31

        3.17 Policies..... 31

        3.18 Programs..... 33

    Goal 10 Local Preference. .... 33

        3.19 Policies..... 33

        3.20 Programs..... 33



**THE GENERAL PLAN**

Goal 11 Suitability .....34

    3.21 Policies.....34

    3.22 Program .....34

    3.23 Implementation Tools.....34

**QUANTIFIED OBJECTIVES .....40**

    Overview .....40

    4.0 New Housing Construction Completed .....40

    4.1 New Housing Construction Objectives.....40

    4.2 Preservation of At-Risk Units .....41

    4.3 Rehabilitation and Preservation Objectives .....42

    4.4 Quantified Objectives Summary.....42

Appendices .....44

(Note: Appendices A-L) .....44

    Appendix M: Glossary.....45

    Appendix N: Council Resolutions .....46

    Appendix O: State Certification.....54

**LIST OF FIGURES**

Figure 1: Downtown Planning Area .....23

Figure 2: Areas to be Considered for Possible Rezoning .....27

**LIST OF TABLES**

Table 1: State Housing Element Requirements .....7

Table 2: Inclusionary Housing Requirement .....19

Table 3: Resources/Incentives Available for Housing Activities.....35

Table 4: Housing Units Completed.....40

Table 5: New Housing Construction Objectives .....41

Table 6: Rehabilitation, Preservation, and Conservation Objectives .....42

Table 7: Quantified Objectives Summary, 2001 - 2009 .....43

## THE GENERAL PLAN

## Housing Element

### Foreword

This Housing Element has been prepared to help San Luis Obispo City residents secure safe housing that will meet their personal needs and their financial circumstances, and to comply with State law. This is an amended version of the Housing Element adopted in March 2004. Appendix C, Housing Constraints and Resources, was updated with new information to meet State Department of Housing and Community Development requirements. The amendments do not change adopted policy or programs, but clarify how the Housing Element complies with State law. In addition, Chapters One through Four – the core of the Housing Element – include new graphics to add interest.

This is the abbreviated version, without most of the appendices. It includes the main body of the Housing Element, Chapters One through Four, along with the City Council Resolutions adopting the Element, and State Certification. This version contains the policies and programs that explain how the City plans to help meet the community's housing needs.

The appendices provide extensive background information, but not adopted programs or policies. The expanded version of the Housing Element, including Chapters One through Four, plus appendices, was approved by the City Council after considering and revising the Element at public hearings during January, February and March of 2004. The appendices include detailed information on City demographics, housing needs, residential land resources, evaluation of previous Housing Element policies, the Housing Element Update Task Force Report, and other housing-related information and are available separately at the City's Community Development Department on CD, or on the City's housing webpage at [www.slocity.org](http://www.slocity.org).

To purchase copies of the Housing Element or other elements of the General Plan, please contact the Community Development Department, City of San Luis Obispo, 919 Palm Street, San Luis Obispo, California, 93401-3249. Phone: (805) 781-7170. Fax: (805) 781-7173. Web address: [www.slocity.org](http://www.slocity.org).

## THE GENERAL PLAN

### INTRODUCTION

#### 1.0 Purpose

The City has prepared this document to help its citizen's secure adequate and affordable housing, and to meet State law. In addition, this Housing Element update has the following basic objectives:

- To evaluate and quantify community housing needs, constraints and available resources to effectively satisfy those needs;
- To increase public awareness and understanding of the City's housing situation and its goals to encourage public participation in addressing those housing needs;
- To provide a comprehensive document that includes goals, policies and programs to help guide community efforts to meet housing needs through informed decision-making on land use and housing choices;
- To help develop more affordable housing, and a wider variety of housing, to meet the City's housing needs for the current planning period which runs from January 1, 2001 to July 1, 2009;
- To track and document the effectiveness of City programs in meeting housing needs, and to evaluate opportunities for improving those programs;
- To enable the City to secure financial assistance for the construction of affordable housing for very low-, low- and moderate income persons.

Under State law, cities are responsible for planning for the well being of their citizens. This Housing Element is the City's strategy for meeting the housing needs of its citizens, for preserving and enhancing neighborhoods, and for increasing affordable housing opportunities for very-low, low and moderate income persons and households. It is the primary policy guide for local decision-making on all housing matters. Housing consumers, property owners, developers, elected officials, planners and others will use this Element to help make important personal, financial and business decisions that will have community-wide impact. The Housing Element also describes the City's demographic, economic and housing stock as required by State law. Last, it sets forth the goals, strategies, policies and detailed programs necessary to address projected housing needs.

#### 1.1 Citizen Participation

The Housing Element expresses the community's housing priorities, goals, values and hopes for the future. Preparing the Element is a sizable task that involves extensive community input and the work of many individuals. Under State law, local governments must be diligent in soliciting participation by all segments of the community in this effort. During preparation of this Element Update, citizen participation was actively encouraged through the following forums:

- Eight public hearings before the Planning Commission and seven public hearings before the City Council;
- Eighteen Housing Element Update Task Force meetings held over a seven month period;
- Posting the Draft Housing Element on the City's website;
- Public notices in local newspapers.

Appendix K provides additional details regarding community outreach efforts.



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## THE GENERAL PLAN

### **1.2 Consistency with State Planning Law**

California cities and counties must prepare housing elements as required by State law set forth in Sections 65580 to 65589.8 of the California Government Code. The law mandates that housing elements include “an identification and analysis of existing and projected housing needs and a statement of goals, policies, quantified objectives and scheduled programs for the preservation, improvement and development of housing.” This Element fulfills that requirement and provides a detailed strategy for implementing the City’s housing goals through 2009.

State housing goals rely on the effective implementation of housing policies at the local level -- policies found primarily in local housing elements. To ensure local housing policies are consistent with State law, the State Department of Housing and Community Development (HCD) reviews local housing elements and reports its written findings to the local government. Housing elements must also be consistent with the jurisdiction’s other general plan elements and must address several specific requirements regarding the element’s scope and content. Table 1 summarizes State requirements and identifies the applicable sections of the City of San Luis Obispo Housing Element and Appendices where these requirements are addressed.

THE GENERAL PLAN

**TABLE 1: STATE HOUSING ELEMENT REQUIREMENTS**

<b>1.3 State Housing Element Requirements</b>		
	Required Housing Element Component	Reference
A.	Housing Needs Assessment	Appendix B
1.	Analysis of population trends in relation to countywide trends	Appendix A
2.	Analysis of employment trends in relation to regional trends	Appendix A
3.	Projection and quantification of existing and projected housing needs for all income groups	Appendix A
4.	Analysis and documentation of housing characteristics, including	Appendix A
	a. housing costs in relation to incomes;	Appendix A
	b. residential overcrowding;	Appendix B
	c. housing stock condition	Appendix A
5.	Inventory of land suitable for residential development, including vacant and underutilized sites having development potential, and analysis of residential sites and constraints to development of these sites.	Appendix D
6.	Analysis of existing and potential government constraints on the maintenance, improvement or development of housing for all income levels and for persons with disabilities.	Appendix C
7.	Analysis of existing and potential non-governmental and market constraints on maintenance, improvement or development of housing for all income levels and for persons with disabilities.	Appendix C
8.	Analysis of special housing needs: disabled persons, elderly, large families, female-headed households, students, farmworkers.	Appendix B
9.	Analysis of the needs of homeless individuals and families.	Appendix B
10.	Analysis of opportunities for energy conservation with respect to residential development	Appendix C
B.	Goals and Policies	
1.	Identification of San Luis Obispo's housing goals, quantified objectives and policies regarding housing maintenance, improvement and development.	Quantified Objectives
C.	Implementation Program	
1.	Identify adequate sites that will be made available through appropriate action with required public services and facilities for a variety of housing types and for all income levels.	Appendix D

**THE GENERAL PLAN**

<b>1.3 State Housing Element Requirements</b>		
2.	Program to assist in the development of adequate housing for low and moderate income households.	Goals, Policies and Programs
3.	Identify, and when appropriate and possible remove governmental constraints to housing maintenance, improvement and development.	Appendix C
4.	Identify programs to conserve and improve San Luis Obispo's existing and affordable housing stock.	Goals, Policies and Programs
5.	Promote housing opportunities for all persons	Goals, Policies and Programs
6.	Identify programs to address the potential conversion of assisted housing developments to market rate units.	Quantified Objectives

**1.4 General Plan Consistency**

The Housing Element is one part of the City of San Luis Obispo General Plan. State law requires that general plans contain an integrated and internally consistent set of goals or policies. Although the Housing Element is the primary source of information on housing policies, programs and resources, other General Plan documents also address or affect housing. By law, new development projects must be consistent with all elements of the General Plan.

For example, the Land Use Element and Circulation Element set the City's policies for land use and transportation, which in turn, affect how, when and where the City's housing needs can best be met. While housing is important, it is but one of many community goals the General Plan addresses. The other elements contain policies that seek to preserve and enhance the quality of life San Luis Obispo citizens enjoy. Clean air and water, open space, parks and recreation, preservation of natural, historic and cultural resources, public services and safety are also essential qualities of the community. These policies are of equal importance with those of the Housing Element.

This Element has been reviewed and determined to be consistent with the City's other General Plan elements, and the policies and programs in the Housing Element reflect policies and programs contained in other parts of the General Plan. Appendix I includes that evaluation. As other elements are updated or amended, the Housing Element will be reviewed to ensure general plan consistency is maintained.

**1.5 New in This Element**

In 2004, San Luis Obispo faces a more challenging housing environment than the one that shaped the previous Housing Element. Significant changes, both in California's economy and in State housing laws, have raised public awareness and concerns about the need for more affordable housing. Changes to State law also have expanded the scope and complexity of housing elements. And while efforts have been made to adhere to the previous Element's goals, policies and programs where possible, this update contains new policies and programs to address these statewide and regional changes. The updated element also has a new format designed to make it simpler and easier to use, and new new information in response to changes in State housing law:

- Analysis of constraints on housing for persons with disabilities (Ch. 671, Statutes of 2001)

**THE GENERAL PLAN**

- Programs to remove constraints or accommodate housing for persons with disabilities (Ch. 671, Statutes of 2001)
- Programs addressing secondary dwelling units (Ch. 1062, Statutes of 2002)
- Policies regarding changes to residential density (Ch. 706, Statutes of 2002)
- Provisions to provide flexibility in identifying adequate sites (Ch. 796, Statutes of 1998)

In addition, Appendices include several new sections on affordable housing and community outreach, a glossary, identification of residential land resources, and housing resources to assist those seeking to plan, build, buy or rent housing in San Luis Obispo.

The Housing Element will be updated by July 2009. Citizens, the Planning Commission or the City Council may propose up to four amendments to the Element each year, and those changes may be adopted by the City Council after public hearings are held. For more up-to-date or detailed information concerning population, housing, land use and development review in San Luis Obispo, please contact the Community Development Department at City Hall, 990 Palm Street (P.O. Box 8100), San Luis Obispo, CA 93401-3249, phone (805) 781-7170, or access the City website @ [www.slocity.org](http://www.slocity.org).

**1.6 Housing Element Organization**

The Housing Element is organized into four chapters: Introduction, Community Factors, Goals, Policies and Programs, and Quantified Objectives. These chapters summarize the demographic, physical, economic, environmental and cultural factors that shape San Luis Obispo's housing needs, and provide the policy and program "map" the City will follow to meet its housing needs.

Given the detailed and lengthy analysis involved in the preparation of the Housing Element, supporting background material was organized into appendices. The appendices are not adopted General Plan policy. They provide comprehensive background information used to develop the Housing Element and contain supplementary information on housing, land resources, development constraints and other relevant data. These appendices are:

- Community Profile Appendix A
- Housing Needs Appendix B
- Housing Constraints and Resources Appendix C
- Residential Land Resources Appendix D
- Review of the 1994 Housing Element Results Appendix E
- Five-Year Implementation Plan Appendix F
- Housing Task Force Recommendations Appendix G
- Public Comments Received on the Draft Housing Element Appendix H
- General Plan Consistency Analysis Appendix I
- Public Distribution List Appendix J
- Housing Resources and Outreach Information Appendix K
- References Appendix L
- Glossary Appendix M
- Council Resolutions Appendix N

**THE GENERAL PLAN**

- State Certification

Appendix O

Pursuant to the California Environmental Quality Act, an assessment of potential environmental impacts resulting from the Housing Element also has been prepared and is available separately from the Community Development Department.

## Community Factors

### Community Overview

San Luis Obispo is a compact urban community blessed with rich ethnic, cultural and historical traditions. Its namesake, Mission San Luis Obispo de Tolosa, founded in 1772, stands as the community's physical, cultural and spiritual center. With an estimated population in 2003 of 44,359 people, San Luis Obispo is the largest city in terms of population in San Luis Obispo County and serves as the County seat. Situated in a valley and framed by rolling hills, the City's setting and visual character are distinctive. The "morros", a series of extinct volcanoes that transect the city, produce a dramatic backdrop and create the City's unique skyline. San Luis Obispo is home to California State Polytechnic University, Cuesta College and Camp San Luis Obispo (California Army National Guard), and is the retail, business, governmental, and transportation hub of the County.

In assessing the City's housing issues and needs, many factors were considered. These factors became the foundation for the Element's preliminary goals, policies and programs. Preliminary housing goals and policies were then refined through the public review process. An overview of these factors is described below, including snapshots of the City's key demographic, economic and housing characteristics. An analysis of community factors is provided in Appendix A.

### 2.0 Demographic Snapshots

- San Luis Obispo has grown at a slow, steady pace since 1980. Looking back over the last 23 years, the City has grown at an average rate of one percent per year, with periods of faster or slower growth reflecting national and statewide economic cycles. For example, in the late 1980s and early 1990s, the City grew at an annual average rate of two percent. This was followed by a much slower rate of growth in the 1990s. Between 1990 and 1999, the City grew at annual average of only 0.3 percent, well below the General Plan's one percent growth target. In the new millennium, the City has grown at an annual average rate of 1.3 percent.
- When compared with California, the most ethnically diverse state in the nation, the City and County of San Luis Obispo are less ethnically diverse. The 2000 Census found that over 84 percent of the City is white, about five percent is Asian, with much smaller percentages of Native Americans, Pacific Islanders, other single races or persons self-identifying with two or more races. Persons of Hispanic or Latino origin are classified separately under the 2000 Census and can be of any race. About 12 percent of the City's population is Hispanic, compared with 16 and 33 percent in the County and State, respectively.
- Many segments of the City's population have difficulty finding affordable housing due to their economic, physical or sociological circumstances. These special needs groups may include elderly persons, families, single



## THE GENERAL PLAN

parent households, people with disabilities, very low and low-income residents, and the homeless.

- In 1999, City households earned less, on the average, than their County and State counterparts.
- The median household income (including both family and non-family households) was \$31,926, compared with \$42,428 for the County and \$47,493 Statewide. This reflects the high percentage of student households in San Luis Obispo. Many students attending California State Polytechnic University (Cal Poly) and Cuesta College are nominally classified as lower income, although they often have significant financial resources through parental support.



*San Luis Obispo's housing must address a broad range of community and individual needs*

- While median City household incomes were less than many other areas of coastal California, median City housing costs were higher than both the County and State. Housing costs in San Luis Obispo have risen sharply in recent years while average household incomes have risen slowly or remained steady. A growing disparity between household income and housing costs is forcing many to seek housing outside the City.
- San Luis Obispo contains the largest concentration of jobs in the County. During workdays, the City's population increases to an estimated 70,000 persons.

## THE GENERAL PLAN

### 2.1 Housing Snapshots

- City housing costs have risen dramatically since 1994. Housing cost increases have outpaced household income increases. As a result, in 2003 only about 23 percent of San Luis Obispo residents can afford to buy a median-priced home based on their income alone.
- Slightly more city residents rent than own housing. Rental housing costs also have increased, although not as dramatically as for sale housing.
- In the last decade, the rate of housing production in San Luis Obispo slightly exceeded the rate of population growth. Between 1990 and 2000, the City added about 2,200 residents – an increase of just over five percent. During the same period, the City’s housing stock grew by about 1,400 units – an increase of about eight percent.



*Much of San Luis Obispo’s older housing dates to the 1920s and 1930s, such as this Broad Street home*

house and share rental costs. Consequently, college students can often out-compete non-student households for rental housing in areas that were historically single-family residential neighborhoods.

- Just over three quarters of the City’s housing stock was built before 1980. Despite its age, the City’s housing stock is generally in fair to good condition, with little outward evidence of substandard or blighted conditions. In recent years, illegal garage conversions and “bootleg” second units in low- and medium-density residential neighborhoods, lack of property maintenance, noise and parking have been the focus of citizen complaints and City code enforcement actions.
- While San Luis Obispo City appears mostly “built out”, significant areas of developable land remain that could help meet existing and future housing needs. A land inventory conducted by the City in 2003 indicated that within city limits, there were about 180 acres of vacant land, plus about 250 acres of “underutilized” land with additional development potential. Outside the

- San Luis Obispo’s housing market is strongly influenced by Cal Poly University and Cuesta College enrollment. At Cal Poly, on-campus student housing is very limited, and is non-existent at Cuesta College. Most of the area’s students live off campus, in single family or multi-family rental units in the City of San Luis Obispo. Under City zoning regulations, up to five adult students can live together in a



## THE GENERAL PLAN

existing city limits but within the City's Urban Reserve, there were about 124 acres of vacant land, about 12 acres of underutilized land, plus 641 acres in two residential expansion areas: the Margarita and Orcutt Specific Plan Areas. In 2003, draft specific plans for these expansion areas indicate there is a total development potential of about 1,840 dwellings.

### 2.2 Neighborhood Snapshots



*Villa Rosa – one of the City's newer neighborhoods*

- Code enforcement, neighborhood compatibility and property maintenance complaints in low- and medium-density residential neighborhoods have increased dramatically in recent years. Since 1994, Complaints received by the Community Development Department regarding building and zoning code violations, garage conversions, substandard housing, high-occupancy residential uses, fence height, trailers, noise disturbances, parking and land use violations have grown by 51 percent. In 2000, the Office of Neighborhood Services was established as part of the Police Department to address primarily parking and property maintenance issues. Since 2000, the ONS has issued over 1,850 citations for property maintenance/neighborhood enhancement violations, and over 8,700 citations for noise ordinance violations.
- San Luis Obispo became a city in 1856. It has evolved from a small rural village of just over 2,200 people in 1880 to a vibrant “metropolitan” area of over 44,000 residents in 2003. Its diverse neighborhoods reflect that evolution in terms of land use, population density, street width and appearance, applicable development codes and architectural style. The oldest neighborhoods are close to the downtown area, which is bordered by State Highway 101, the railroad tracks and High Street. The newest neighborhoods are in the south and southwest areas of the City.
- San Luis Obispo has a strong “sense of place.” It began with the founding of Mission San Luis Obispo De Tolosa in 1772, and before that, was home to a large Chumash settlement, attracted to the area due to its mild climate and abundant resources. San Luis Obispo has been shaped by persons of many backgrounds, including: Native Americans, Spanish, Mexican,



## THE GENERAL PLAN

Chinese, English, French, German, Irish, Portuguese, Swiss-Italian, Japanese, Filipino, and many others. The community takes pride in its rich, multi-ethnic and multi-cultural heritage, and its many historic homes and commercial buildings. Architectural and historic preservation are important considerations in many neighborhoods.

San Luis Obispo's neighborhoods traditionally have been made up mostly of single-family housing. Low-density, detached single-family housing is still the City's predominant residential land use by land area.

Of the roughly nine square miles of zoned land, about 28 percent is zoned for low-density residential development. By contrast, about 14 percent is zoned for multi-family residential use (Medium, Medium-High, and High density residential uses).



THE GENERAL PLAN

## GOALS, POLICIES AND PROGRAMS

### Overview

This chapter of the Housing Element includes the City's Housing Implementation Plan for the period January 2001 to July 2009. The following goals, policies and programs are based on an assessment of the City's needs, opportunities and constraints; an evaluation of its existing policies and programs; and community input from the Housing Element Update Task Force, community groups, public hearings, workshops and correspondence.

### 3.0 Summary of New Programs

Higher housing costs, population growth, and the State's economic recession are making it far more difficult for many households to meet their housing needs today than in the mid-1990s. Consequently, San Luis Obispo's housing strategy has expanded to meet those needs by:

- Exempting housing affordable to moderate income households, and housing in the Downtown Core, from Residential Growth Management Regulations.
- Providing incentives to encourage developers to build more affordable compact rental and ownership housing.
- Initiating rezoning of several areas suitable for higher density, infill housing.
- Establishing a "First-time Homebuyers Program" to assist low- and moderate income households in purchasing a home.
- Using a combination of State and Federal grants, affordable housing funds, density bonuses and other incentives, accommodate development of 4,087 dwellings during the planning period from January 1, 2001 to July 1, 2009.
- Amending the City's Affordable Housing Standards to lower rent levels for dwellings intended to be affordable for moderate income households and individuals.
- Using Section 108 Federal guaranteed loan funds and other funding sources, initiate development of a major downtown mixed-use project with both affordable and market-rate housing.
- Requiring most new multi-story buildings in the Downtown Core to provide housing above the ground floor.
- Providing special incentives to encourage downtown residential development, and instituting more flexible parking requirements for specified housing developments where alternative parking/transportation strategies exist.
- Seeking new funding sources to help defray City development review and impact fees for developers of very low-, low- and moderate income housing.
- Reducing obstacles to the production of small residential projects by exempting the construction, remodeling or relocation of most developments of four small dwellings or less from Architectural Review Commission review.

## THE GENERAL PLAN

- Promoting mixed-use development, infill residential development, and more compact, higher density housing where appropriate.

This strategy combines requirements and incentives to increase production of both affordable and market-rate housing over the next five and a half years.

Like many small cities with only limited public funds for housing, the City has relied on the private sector to meet a portion of its affordable housing needs. Increasingly, local governments are finding it necessary to assist developers if adequate housing is to be built at prices that citizens can afford. Across the U.S., it has become apparent that the most effective programs involve cooperative public/private efforts to produce affordable housing. This requires that the City take a more active role in planning, funding and promoting affordable housing than has been its practice. This Housing Element builds upon programs introduced in 1994 to promote affordable housing and expands incentives for affordable housing construction. For example, the City will use Affordable Housing Funds generated by the Inclusionary Housing program to help fund affordable housing developments; and using Community Development Block Grant funds, the City has established a Housing Programs Specialist position to actively support affordable housing by soliciting grants, loans, and other forms of assistance.

### Goals, Policies and Programs

This chapter describes the City's housing goals, policies and programs, which together form the blueprint for housing actions during the eight and one-half year period covered by this Element. Goals, policies and programs are listed in top-to-bottom order, with goals at the top and being the most general Statements, working down to programs, the most specific Statements of intent. Here is how the three policy levels differ:

- Goals are the desired results that the City will attempt to reach over the long term. They are general expressions of community values or preferred end states, and therefore, are abstract in nature and are rarely fully attained. While it may not be possible to attain all goals during this Element's planning period, they will, nonetheless, be the basis for City policies and actions during this period.
- Policies are specific statements that guide decision-making. Policies serve as the directives to developers, builders, design professionals, decision makers and others who will initiate or review new development projects. Some policies stand alone as directives, but others require that additional actions be taken. These additional actions are listed under "programs" below. Most policies have a time frame that fits within this Element's planning period. In this context, "shall" means the policy is mandatory; "should" or "will" indicate the policy should be followed unless there are compelling or contradictory reasons to do otherwise.
- Programs are the core of the City's housing strategy. These include on-going programs, procedural changes, general plan changes, rezonings or other actions that help achieve housing goals. Programs translate goals and policies into actions.

### Goal 1 Safety. Providing safe, decent shelter for all residents.

#### 3.1 Policies

3.1.1 Assist those citizens unable to obtain safe shelter on their own.

3.1.2 Support and inform the public about fair housing laws and programs that allow equal

## THE GENERAL PLAN

housing access for all city residents.

3.1.3 Maintain a level of housing code enforcement sufficient to correct unsafe, unsanitary or illegal conditions and to preserve the inventory of safe housing.

### 3.2 Programs

3.2.1 Provide financial assistance to very-low, low- and moderate income homeowners and renters for the rehabilitation of approximately 45 rental housing units and 45 single-family or mobile home units using Federal, State and local housing funds, such as Community Development Block Grant Funds

3.2.2 Continue code enforcement to expedite the removal of illegal or unsafe dwellings to eliminate hazardous site or property conditions, and resolve chronic building safety problems.

3.2.3 Enact a Rental Inspection Program to improve the condition of the City's housing stock.

3.2.4 Continue to support local and regional solutions to homelessness by funding programs such as the SLO Homeless Shelter and Prado Day Center for Homeless Persons.

3.2.5 Create an educational campaign for owners of older residences informing them of ways to reduce the seismic hazards commonly found in such structures, and encouraging them to undertake seismic upgrades.

### **Goal 2 Affordability. Accommodate affordable housing production that helps meet the City's Quantified Objectives.**

### 3.3 Policies

3.3.1 Income Levels For Affordable Housing households. For purposes of this Housing Element, affordable housing is that which is obtainable by a household with a particular income level, as further described in the City's Affordable Housing Standards. Housing affordable to Very-low, Low, and Moderate income persons or households shall be considered "affordable housing." Income levels are defined as follows:

Very low:	50% or less of County median household income.
Low:	51% to 80% of County median household income.
Moderate: income.	81% to 120% of County median household income.
Above moderate: income.	121% or more of County median household income.

3.3.2 Index of Affordability. The Index of Affordability shall be whether the monthly cost of housing fits within the following limits:

- For very low- and low-income households, not more than 25% of monthly income.
- For moderate income households, not more than 30% of monthly income.



## THE GENERAL PLAN

- For above-moderate income households, no index.
- These indices may be modified or expanded if the State of California modifies or expands its definition of affordability for these income groups.

3.3.3 For housing to qualify as "affordable" under the provisions of this Element, guarantees must be presented that ownership or rental housing units will remain affordable for the longest period allowed by State law, or for a shorter period under an equity-sharing or housing rehabilitation agreement with the City.

3.3.4 Encourage housing production for all financial strata of the City's population, in the proportions shown in the Regional Housing Needs Allocation, for the 2001 – 2009 planning period. These proportions are: very low income, 34 %; low income, 19 %; moderate income, 20 %; above moderate income, 27 %.

### 3.4 Programs

3.4.1 Amend the Inclusionary Housing Regulations to require that new residential subdivisions and residential development projects meet the inclusionary requirement by: 1) building the required affordable housing on- or off-site, 2) dedicating real property, or 3) rehabilitating units with guarantees the units remain affordable, pursuant to the Affordable Housing Standards, as shown in Tables 2 and 2A, and as further described in the Inclusionary Housing Ordinance.

THE GENERAL PLAN

**Table 2: Inclusionary Housing Requirement**

		Type of Development Project <sup>1</sup>	
		Residential – Adjust base requirement per Table 2A	Commercial
Location	In City limits	Build 3% low or 5% moderate income Affordable Dwelling Units (ADUs <sup>2</sup> ) but not less than 1 ADU per project; or <sup>3</sup> pay in-lieu fee equal to 5% of building valuation. <sup>4</sup>	Build 2 ADUs per acre, but not less than 1 ADU per project; OR pay in-lieu fee equal to 5% of building valuation
	In Expansion Area	Build 5% low-and 10% moderate income ADUs, but not less than 1 ADU per project; or pay in-lieu fee equal to 15% of building valuation	Build 2 ADUs per acre, but not less than 1 ADU per project; or pay in-lieu fee equal to 5% of building valuation
<p><sup>1</sup>Residential developments of four or less dwellings, and commercial developments of 2,500 gross square feet of floor area or less are exempt from these requirements.</p> <p><sup>2</sup>Affordable Dwelling Units must meet City affordability criteria listed in Goal 2.1.</p> <p><sup>3</sup>Developer may build affordable housing in the required amounts, pay in-lieu fee based on the above formula, dedicate real property, or a combination of these, to City approval.</p> <p><sup>4</sup>“Building valuation” shall mean the total value of all construction work for which a permit would be issued, as determined by the Chief Building Official using the Uniform Building Code.</p>			

THE GENERAL PLAN

**TABLE 2A: INCLUSIONARY HOUSING ADJUSTMENT FACTOR**

Project Density (Density Units/Net Acre) <sup>1</sup>	Inclusionary Housing Requirement Adjustment Factor <sup>2</sup>					
	Average Unit Size (square feet)					
	Up to 1,100	1,101-1,500	1,501-2000	2,001-2,500	2,501-3,000	>3,000
36 or more	0	0	.75	1	1.25	1.5
24-35.99	0	0	.75	1	1.25	1.5
12-23.99	0	.25	1	1.25	1.5	1.75
7-11.99	0	.5	1	1.25	1.5	1.75
<7	0	.5	1.25	1.5	1.75	2

<sup>1</sup>Including allowed density bonus, where applicable.

<sup>2</sup>Multiply the total base Inclusionary Housing Requirement (either housing or in-lieu percentage) by the adjustment factor to determine requirement. At least one enforceably-restricted affordable unit (or equivalent in-lieu percentage) is required per development of five or more units.

3.4.2 Maintain a city housing fund to be used to develop affordable housing units and acquire land for affordable housing projects. To qualify for such public assistance, the development of affordable units must include guarantees the units will remain affordable for the longest period allowed by State law. Inclusionary housing in-lieu fees will be placed into this fund.

3.4.3 Review existing and proposed building and planning policies regulations to determine whether there are changes possible that could assist the production of affordable housing but that do not conflict with other General Plan policies. Such periodic reviews will seek to remove regulations that are no longer needed.

3.4.4 Adopt permit streamlining procedures to speed up the processing of applications and construction permits for affordable housing projects. City staff and commissions should give such projects priority in allocating work assignments, scheduling, conferences and hearings, and in preparing and issuing reports.

3.4.5 Review and revise existing and proposed building and planning policies and regulations to encourage "green building technology", and to allow construction of personalized, unconventional housing types that reduce cost and/or energy and materials consumption relative to conventional construction, provided that residential quality and safety can be maintained.

3.4.6 Pursue outside funding sources for the payment of City impact fees so that new dwellings that meet the City's affordable housing standards can mitigate their facility and service impacts without adversely affecting housing affordability.

3.4.7 To the extent outside funding sources can be identified to offset impacts on City funds, exempt dwellings that meet the moderate income, Affordable Housing Standards from planning, building and engineering development review and permit

## THE GENERAL PLAN

fees, including water meter installation fee. Retain current exemptions for very-low and low-income households.

3.4.8 Help coordinate public and private sector actions to encourage the development of housing that meets the City's housing needs.

3.4.9 Assist with the issuance of bonds, tax credit financing, loan underwriting or other financial tools to help develop or preserve affordable units through various programs, including, but not limited to: (1) below-market financing and (2) subsidized mortgages for very-low, low- and moderate income persons and first-time home buyers, and (3) self-help or "sweat equity" homeowner housing.

3.4.10 Amend Affordable Housing Standards to modify the method for calculating maximum moderate income rental costs, so that moderate income rents are proportionately consistent with rental costs for very low- and low-income renters, to the extent allowed by State and Federal law.

3.4.11 In conjunction with the Housing Authority and other local housing agencies, provide on-going technical assistance and education to tenants, property owners and the community at large on the need to preserve at-risk units as well as the available tools to help them do so.

3.4.12 In conjunction with local housing providers and the local residential design community, provide technical assistance to the public, builders, design professionals and developers regarding design strategies to achieve affordable housing.

### **Goal 3 Housing Conservation. Conserve existing housing and prevent the loss of safe housing and the displacement of current occupants.**

#### **3.5 Policies**

3.5.1 Encourage the rehabilitation, remodeling or relocation of sound or habitable housing rather than demolition. Demolition of non-historic housing may be permitted where conservation of existing housing would preclude the achievement of other housing objectives or adopted City goals.



*Anderson Hotel Senior Apartments*

3.5.2 Discourage the removal or replacement of housing affordable to very-low, low- and moderate income households by higher-cost housing, and avoid permit approvals, municipal actions or public projects that remove or adversely impact such housing unless such actions are necessary to achieve General Plan objectives and: (1) it can be demonstrated that rehabilitation of lower-cost units at risk of replacement is financially or physically infeasible, or (2) an equivalent

## THE GENERAL PLAN

number of new units comparable or better in affordability and amenities to those being replaced is provided, or (3) the project will correct substandard, blighted or unsafe housing; and (4) replacement will not adversely affect a designated historic resource.

3.5.3 Encourage seismic upgrades of older dwellings to reduce the risk of bodily harm and the loss of housing in an earthquake.

3.5.4 Encourage the construction, preservation, rehabilitation or expansion of residential hotels, group homes, integrated community apartments, and single-room occupancy dwellings.

3.5.5 Preserve historic homes and other types of historic residential buildings, historic districts and unique or landmark neighborhood features.

3.5.6 Preserve the fabric, amenities, yards (i.e. setbacks), and overall character and quality of life of established neighborhoods.

### 3.6 Programs

3.6.1 When the City finds affordable unit removal is necessary in connection with a municipal project, it shall help displaced residents find affordable replacement housing and assist with relocation costs.

3.6.2 When the City permits private development projects that displace affordable housing, it will require the developer to assist displaced residents find affordable local replacement housing. Such measures may include: first priority in purchasing or renting new affordable dwellings to be developed on-site, assistance with relocation costs, or other financial measures.

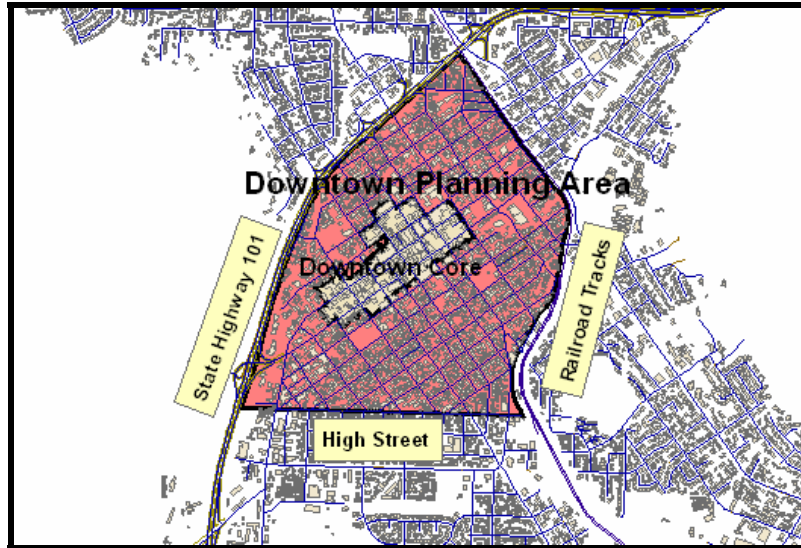
3.6.3 Evaluate, and where necessary, revise building, zoning and fire code requirements which discourage housing and encourage the conversion of housing to other uses.

3.6.4 Using State or Federal grant funds such as Community Development Block Grants, or other funding sources, the City will establish a housing rehabilitation program offering low-cost loans or other rehabilitation assistance to those who cannot afford or obtain conventional financing. The purposes of the program shall be to remove unsafe, unsanitary or illegal conditions, maintain safe housing, and preserve neighborhoods.

3.6.5 Preserve the number of dwellings in the Downtown Core (C-D Zone) and the Downtown Planning Area by adopting a "no net housing loss" program by amending the Downtown Housing Conversion Permit ordinance. The amendment shall ensure that within each area, the number of dwellings removed shall not exceed the number of dwellings added.

THE GENERAL PLAN

Figure 1: DOWNTOWN PLANNING AREA



3.6.6 Identify residential properties and districts eligible for local, State or Federal listing and prepare guidelines and standards to help property owners repair, rehabilitate and improve properties in a historically and architecturally sensitive manner.

3.6.7 To encourage housing rehabilitation, amend the Affordable Housing Standards to allow a reduced term of affordability for rehabilitated units, to the extent allowed by State or Federal law, with a minimum term of three years and in proportion to the level of City assistance.

3.6.8 Establish a monitoring and early warning system to track affordable housing units at-risk of being converted to market rate housing.

**Goal 4 Mixed-Income Housing. Preserve and accommodate existing and new mixed-income neighborhoods and seek to prevent neighborhoods or housing types that are segregated by economic status.**

**3.7 Policies**

3.7.1 Within newly developed neighborhoods, housing that is affordable to various economic strata should be intermixed rather than segregated into separate enclaves. The mix should be comparable to the relative percentages of very-low, low, moderate and above-moderate income households in the City's quantified objectives.

3.7.2 Include both market-rate and affordable units in apartment and residential condominium projects and intermix the types of units. Affordable units should be comparable in appearance and basic quality to market-rate units.

3.7.3 Very low-income housing, such as that developed by the Housing Authority of the City of San Luis Obispo or other housing providers, may be located in any zone that allows housing, and should be dispersed throughout the City rather than

## THE GENERAL PLAN

concentrated in one neighborhood or zone. In general, 23 dwellings should be the maximum number of very-low-income units developed on any one site.

3.7.4 In its discretionary actions, housing programs and activities, the City shall affirmatively further fair housing and promote equal housing opportunities for persons of all economic segments of the community.

### 3.8 Program

3.8.1 Review new development proposals for compliance with City regulations and revise projects or establish conditions of approval as needed to implement the mixed-income policies.

**Goal 5 Housing Variety and Tenure. Provide variety in the location, type, size, tenure, and style of dwellings.**

### 3.9 Policies

3.9.1 Encourage the integration of appropriately scaled, special-use housing into developments or neighborhoods of conventional housing.

3.9.2 Encourage mixed-use residential/commercial projects to include live-work and work-live units where housing, offices or other commercial uses are compatible.



*Historic Muzio Building with apartments  
above retail uses*

3.9.3 Encourage the development of housing above ground-level retail stores and offices to provide housing opportunities close to activity centers and to use land efficiently.

3.9.4 In general, housing developments of twenty (20) or more units should provide a variety of dwelling types, sizes or forms of tenure.

### 3.10 Program

3.10.1 Review new developments for compliance with City regulations and revise projects or establish conditions of approval as needed to implement the housing variety and tenure policies.

## THE GENERAL PLAN

**Goal 6 Housing Production. Plan for new housing to meet the full range of community housing needs.****3.11 Policies**

3.11.1 Consistent with the growth management portion of its Land Use Element and the availability of adequate resources, the City will plan to accommodate up to 2,909 exempt and non-exempt dwelling units between January 2001 and July 2009. Cal Poly University intends to provide up to 1,178 housing units on State land during the planning period.

3.11.2 New commercial developments in the Downtown Core (C-D Zone) shall include housing, unless the City makes one of the following findings:

- A. Housing is likely to jeopardize the health, safety or welfare of residents or employees;
- B. The property's shape, size, topography or other physical factor makes dwellings infeasible.

3.11.3 If City services must be rationed to new development, residential projects will be given priority over non-residential projects.

3.11.4 City costs of providing services to housing development will be minimized. Other than for existing housing programs encouraging housing affordable to very-low and low income persons, the City will not make new housing more affordable by shifting costs to existing residents.

**3.12 Programs**

3.12.1 Amend the General Plan and Residential Growth Management Regulations (SLOMC 17.88) to exempt all new housing in the Downtown Core (C-D zone), and new housing in other zones that is enforceably restricted for very low-, low- and moderate income households, pursuant to the Affordable Housing Standards. In expansion areas, the overall number of units built must conform to the city-approved phasing plan.

3.12.2 Amend the Zoning Regulations to allow flexible parking regulations for housing development, especially in the Downtown Core (C-D Zone), including the possibility of reduced or no parking requirements where appropriate guarantees limit occupancies to persons without motor vehicles or who provide proof of reserved, off-site parking.

3.12.3 Provide incentives to encourage additional housing in the Downtown Core (C-D Zone), particularly in mixed-use developments. Incentives may include flexible density, use, height, or parking provisions, fee reductions, and streamlined development review and permit processing.

3.12.4 Amend the Parking Management program to promote housing in the Downtown Core (C-D Zone) by allowing flexible use of city parking facilities by Downtown residents, where appropriate. Such use may include requirements for parking use fees, use limitations and enforcement provisions.

## THE GENERAL PLAN

3.12.5 Specific plans for designated Expansion Areas shall include appropriately zoned land to meet the City's regional housing need for dwellings affordable to very low- and low-income households, including R-3 and R-4 zoning. These plans shall include sites suitable for subsidized rental housing and affordable rental and owner-occupied units. Such sites shall be integrated within neighborhoods of market-rate housing and shall be architecturally compatible with the neighborhood.

3.12.6 Specific plans shall designate sufficient areas at appropriate densities to accommodate the types of dwellings that would be affordable in the percentages called for by this Element. Also, specific plans will include programs to assure that the affordable dwellings actually will be produced.

3.12.7 Consider amendments to the General Plan to rezone commercial, manufacturing or public facility zoned areas for residential use, to promote higher-density, infill or mixed-use housing where land development patterns are no longer valid and where impact to Low Density Residential areas is minimal. For example, areas to be considered for possible rezoning include, but are not limited to the following sites (shown in Figure 1):

- A. Little Italy district and portions of Broad Street corridor
- B. Mid-Higuera corridor, between Fontana Avenue and Prado Road
- C. 791/861 Orcutt Road
- D. West side of Ferrini Road, between Cerro Romauldo and Felton Way
- E. 3730 South Higuera Street
- F. 1642 Johnson Avenue and 1499 San Luis Drive (rezone vacant and underutilized school district property)
- G. 1030 Southwood Drive

3.12.8 Support regional efforts to establish a countywide affordable housing fund to be funded through a countywide, dedicated revenue source rather than diverting existing affordable housing trust funds. The City should manage its Affordable Housing funds generated through the Inclusionary Housing Program to assist affordable housing development in the City.

3.12.9 Balance City efforts to encourage residential development by focusing as much on infill development and densification within City Limits as on annexation of new residential land.

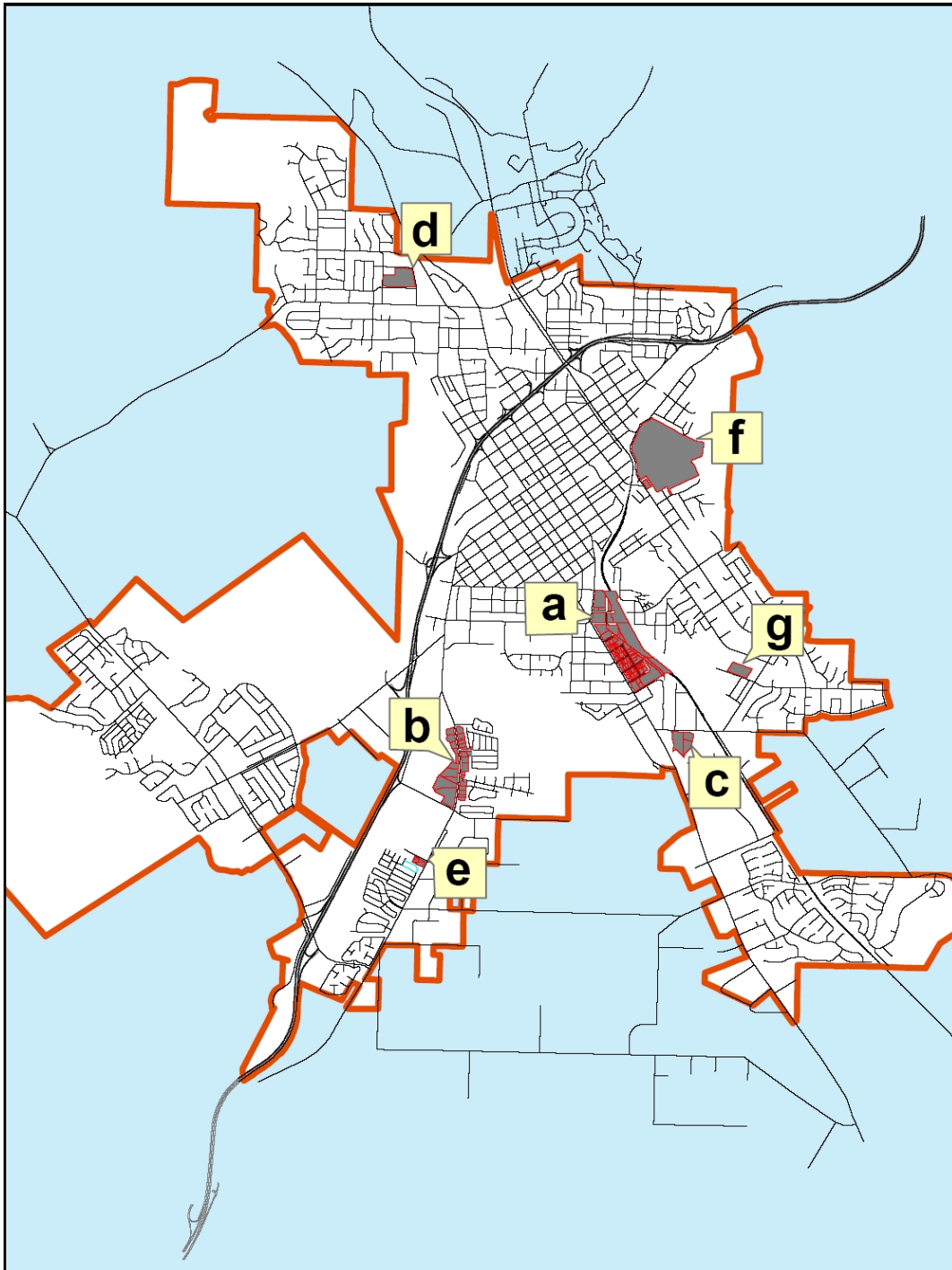


*Courtyard Apartments allow higher density with shared open space*



THE GENERAL PLAN

FIGURE 2: AREAS TO BE CONSIDERED FOR POSSIBLE REZONING



## THE GENERAL PLAN

3.12.10 Seek opportunities with other public agencies and public utilities to identify, assemble, develop, redevelop and recycle surplus land for housing, and to convert vacant or underutilized public, utility or institutional buildings to housing.

3.12.11 Develop multi-family housing design standards to promote innovative, attractive, and well-integrated higher-density housing. Developments that meet these standards shall be eligible for a streamlined level of planning and development review. Developments that include a significant commitment to affordable housing may also be eligible to receive density bonuses, parking reductions and other development incentives, including City financial assistance.

3.12.12 Financially assist in the development of 90 new ownership or rental units affordable to very-low, low- and moderate income households during the planning period using State, Federal and local funding sources.



3.12.13 Actively seek new revenue sources, including State, Federal and private/non-profit sources, and financing mechanisms to assist affordable housing development and first-time homebuyer assistance programs.

3.12.14 Exempt the construction, relocation, rehabilitation or remodeling of up to four dwellings of up to 1200 square feet each from Architectural Review Commission review. New multi-unit housing may be allowed with "Minor or Incidental" or staff level architectural review, unless the dwellings are located on a sensitive or historically significant site.

*Established neighborhoods can convey a strong "sense of place"*

3.12.15 Consider amendments to the Zoning Regulations to increase residential density limits in the Downtown Core (C-D Zone).

3.12.16 Assist in the production of long-term affordable housing by identifying vacant or underutilized City-owned property suitable for housing, and dedicate public property, where feasible and appropriate, for such purposes.

**Goal 7 Neighborhood Quality. Maintain, preserve and enhance the quality of neighborhoods, encourage neighborhood stability, and improve neighborhood appearance and function.**

### 3.13 Policies

3.13.1 Within established neighborhoods, new residential development shall be of a character, size, density and quality that preserves the neighborhood character and maintains the quality of life for existing and future residents.

3.13.2 Higher density housing should maintain high quality standards for unit design,

## THE GENERAL PLAN

privacy, security, on-site amenities, and public and private open space. Such standards should be flexible enough to allow innovative design solutions in special circumstances, e.g. in mixed-use developments or housing in the Downtown Core.

3.13.3 Within established neighborhoods, housing should not be located on sites designated in the General Plan for parks or open space.

3.13.4 Within expansion areas, new residential development should be an integral part of an existing neighborhood or should establish a new neighborhood, with pedestrian and bicycle linkages that provide direct, convenient and safe access to adjacent neighborhoods, schools and shopping areas.

3.13.5 The creation of walled-off residential enclaves or of separate, unconnected tracts is discouraged because physical separations prevent the formation of safe, walkable, and enjoyable neighborhoods.

3.13.6 Housing shall be sited to enhance safety along neighborhood streets and in other public and semi-public areas.

3.13.7 The physical designs of neighborhoods and dwellings should promote walking and bicycling, and should preserve open spaces and views.

### 3.14 Programs

3.14.1 Implement varied strategies to ensure residents are aware of and able to participate in planning decisions affecting their neighborhoods early in the planning process.

3.14.2 Identify specific neighborhood needs, problems, trends and opportunities for improvements. Work directly with neighborhood groups and individuals to address concerns.

3.14.3 Help fund neighborhood improvements, including sidewalks, traffic calming devices, crosswalks, parkways, street trees and street lighting to improve aesthetics, safety and accessibility.

3.14.4 Continue to develop and implement neighborhood parking strategies, including parking districts, to address the lack of on- and off-street parking in residential areas.

### **Goal 8 Special Housing Needs. Encourage the creation and maintenance of housing for those with special housing needs.**

### 3.15 Policies

3.15.1 Encourage housing development that meets a variety of special needs, including large families, single parents, disabled persons, elderly persons, students, the homeless, or those seeking congregative care, group housing, single-room occupancy or co-housing accommodations, utilizing universal design.

3.15.2 Preserve manufactured housing parks and support changes in this form of tenure only if such changes provide residents with greater long-term security or comparable housing in terms of quality, cost, and livability.



THE GENERAL PLAN

3.15.3 Encourage manufactured homes in Expansion Areas by:

A. Encouraging developers to create owner-occupied manufactured home parks with amenities such as greenbelts, recreation facilities, and shopping services within a master planned community setting. Such parks could be specifically designed to help address the needs of those with mobility and transportation limitations.



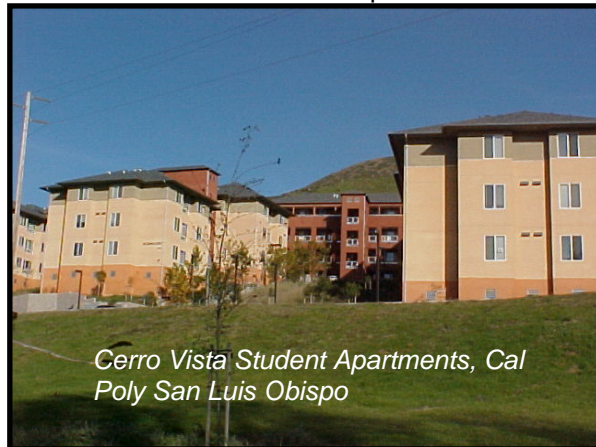
*Pismo Street Station Family Housing*

B. Establish lot sizes, setback, and parking guidelines that allow for relatively dense placement of manufactured homes within the master planned neighborhood.  
C. Locate manufactured home parks near public transit facilities or provide public transportation services to the manufactured home parks to minimize the need for residents to own automobiles.

3.15.4 Encourage Cal Poly University to continue to develop on-campus student housing to meet existing and future needs and to lessen pressure on City housing supply and transportation systems.

3.15.5 Strengthen the role of on-campus housing by encouraging Cal Poly University to require entering freshmen students to live on campus during their first year.

3.15.6 Locate fraternities and sororities on the Cal Poly University campus. Until that is possible, they should be located in Medium-High and High Density residential zones near the campus.



*Cerro Vista Student Apartments, Cal Poly San Luis Obispo*

3.15.7 Encourage Cal Poly University to develop faculty and staff housing, such as on sites designated H-8 and H-9 located on State-owned land along State Highway 1, and on other sites consistent with the General Plan.

## THE GENERAL PLAN

3.15.8 Encourage Cuesta College to explore opportunities and strategies for the development of student housing to meet both existing and future needs, to lessen pressure on City housing supply and transportation systems.

3.15.9 Disperse special-needs living facilities throughout the City rather than concentrate them in one district.

### 3.16 Programs

3.16.1 As funding allows, support local and regional solutions to meeting the needs of the homeless and continue to support, jointly with other agencies, shelters for the homeless and for displaced women and children.

3.16.2 Continue the mobile home rent stabilization program to minimize increases in the cost of mobile home park rents.

3.16.3 Identify sites in specified expansion areas suitable for tenant-owned mobile-home parks, cooperative housing, manufactured housing, self-help housing, or other types of housing that meet special needs.

3.16.4 Advocate developing non-dormitory housing on the Cal Poly University campus and refurbishing existing campus housing and its associated programs to make campus living more attractive and affordable.

3.16.5 Work with Cal Poly University Administration to secure designation of on-campus fraternity/sorority living groups.

3.16.6 Jointly develop and adopt a student housing plan and "good neighbor program" with Cal Poly University, Cuesta College and City residents. The program would seek to improve communication and cooperation between the City and the schools, set on-campus student housing objectives and establish clear, effective standards for student housing in residential neighborhoods.

3.16.7 Provide public educational information at the City's Community Development Department public counter on universal design concepts in new construction.

**Goal 9 Sustainable Housing, Site, and Neighborhood Design. As part of its overall commitment to quality of life for its citizens, and to maintaining environmental quality, the City encourages housing that is resource-conserving, healthful, economical to live in, environmentally benign, and recyclable when demolished.**

### 3.17 Policies

3.17.1 Residential developments should promote sustainability in their design, placement, and use. Sustainability can be promoted through a variety of housing strategies, including the following:

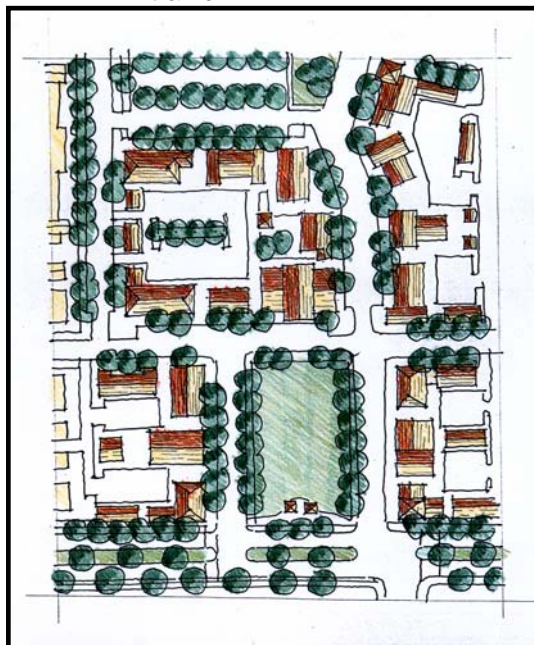
- A. Maximize use of renewable, recycled-content, and recycled materials, and minimize use of building materials that require high levels of energy to produce or that cause significant, adverse environmental impacts.
- B. Incorporate renewable energy features into new homes, including passive solar design, solar hot water, solar power, and natural ventilation and cooling.
- C. Minimize thermal island effects through reduction of heat-absorbing pavement and increased tree shading.

THE GENERAL PLAN

- D. Avoid building materials that may contribute to health problems through the release of gasses or glass fibers into indoor air.
- E. Design dwellings for quiet, indoors and out, for both the mental and physical health of residents.
- F. Design dwellings economical to live in because of reduced utility bills, low cost maintenance and operation, and improved occupant health.
- G. Use construction materials and methods that maximize the recyclability of a building's parts.
- H. Educate public, staff, and builders to the advantages and approaches to sustainable design, and thereby develop consumer demand for sustainable housing.
- I. Demand for sustainable housing
- J. City will consider adopting a sustainable development rating system, such as the LEED program.

3.17.2 Residential site, subdivision, and neighborhood designs should be coordinated to make residential sustainability work. Some ways to do this include:

- A. Design subdivisions to maximize solar access for each dwelling and site.
- B. Design sites so residents have usable outdoor space with access to both sun and shade.
- C. Streets and access ways should minimize pavement devoted to vehicular use.
- D. Use neighborhood retention basins to purify street runoff prior to its entering creeks. Retention basins should be designed to be visually attractive as well as functional. Fenced-off retention basins should be avoided.
- E. Encourage cluster development with dwellings grouped around significantly-sized, shared open space in return for City approval of smaller individual lots.
- F. Treat public streets as landscaped parkways, using continuous plantings at least six feet wide and where feasible, median planters to enhance, define, and to buffer residential neighborhoods of all densities from the effects of vehicle traffic.



*Neighborhood layout reflecting sustainability concepts*

3.17.3 Preserve the physical neighborhood qualities in the Downtown Planning Area that contribute to sustainability. Some ways to do this include:

**THE GENERAL PLAN**

- A. Maintain the overall scale, density and architectural character of older neighborhoods surrounding the Downtown Core.
- B. Encourage the maintenance and rehabilitation of historically designated housing stock.

3.17.4 To promote energy conservation and a cleaner environment, encourage the development of dwellings with energy-efficient designs, utilizing passive and active solar features, and the use of energy-saving techniques that exceed minimums prescribed by State law.

3.17.5 Actively promote water conservation through housing and site design to help moderate the cost of housing.

**3.18 Programs**

3.18.1 Educate planning and building staff and citizen review bodies on energy conservation issues, including the City's energy conservation policies and instruct that they work with applicants to achieve the housing goals that conserve energy.

3.18.2 Revise the Energy Conservation Element to address residential energy conservation for both new and existing dwellings. Disseminate this information to the public.

3.18.3 Evaluate present solar siting and access regulations to determine if they provide assurance of long-term solar access for new or remodeled housing and for adjacent properties, and revise regulations found to be inadequate.

3.18.4 Consider adopting street and access way standards that reduce the amount of paving devoted to vehicular use.

**Goal 10 Local Preference. Maximize affordable housing opportunities for those who live or work in San Luis Obispo while seeking to balance job growth and housing supply.**

**3.19 Policies**

3.19.1 Administer City housing programs and benefits, such as First Time Homebuyer assistance or affordable housing lotteries, to give preference to: 1) persons living or working in the City or within the City's Urban Reserve, and 2) persons living in San Luis Obispo County.

3.19.2 Cal Poly State University and Cuesta College should actively work with the City and community organizations to create positive environments around the Cal Poly Campus by:

- A. Establishing standards for appropriate student densities in neighborhoods near Campus;
- B. Promoting homeownership for academic faculty and staff in Low-Density Residential neighborhoods near Campus; and
- C. Encouraging and participating in the revitalization of degraded neighborhoods.

**3.20 Programs**

3.20.1 Work with the County of San Luis Obispo to mitigate housing impacts on the City due to significant expansion of employment in the unincorporated areas

## THE GENERAL PLAN

adjacent to the City. Such mitigation might include, for example, County participation and support for Inclusionary Housing Programs.

3.20.2 Encourage residential developers to promote their projects within the San Luis Obispo housing market area (San Luis Obispo County) first.

3.20.3 Advocate the establishment of a link between enrollment and the expansion of campus housing programs at Cal Poly University and Cuesta College to reduce pressure on the City's housing supply.

3.20.4 Work with other jurisdictions to advocate for State legislation that would: 1) provide funding to help Cal Poly University and Cuesta College provide adequate on-campus student housing, and 2) allow greater flexibility for State universities and community colleges to enter into public-private partnerships to construct student housing.

### **Goal 11 Suitability. Develop and retain housing on sites that are suitable for that purpose.**

#### **3.21 Policies**

3.21.1 Where property is equally suited for commercial or residential uses, give preference to residential use. Changes in land use designation from residential to non-residential should be discouraged.

3.21.2 Prevent new housing development on sites that should be preserved as dedicated open space or parks, on sites subject to natural hazards such as unmitigatable geological or flood risks, or wild fire dangers, and on sites subject to unacceptable levels of man-made hazards or nuisances, including severe soil contamination, airport noise or hazards, traffic noise or hazards, odors or incompatible neighboring uses.

#### **3.22 Program**

3.22.1 The City will adopt measures ensuring the ability of legal, conforming non-residential uses to continue where new housing is proposed on adjacent or nearby sites.

#### **3.23 Implementation Tools**

A variety of Federal, State and local programs and resources are available to help implement the City's housing goals and activities. These include both financial resources, as well as in-kind incentives that help address housing needs. Table 3 lists the available resources, incentives and other tools that can help address housing needs.

## THE GENERAL PLAN

**TABLE 3: RESOURCES/INCENTIVES AVAILABLE FOR HOUSING ACTIVITIES**

Resources/Incentives Available for Housing Activities		
Program	Description	Eligible Activities
<b>Local Resources</b>		
City of San Luis Obispo Affordable Housing Fund	In-lieu fees paid by developers to meet inclusionary housing requirements.	Any expense in support of affordable housing development, subject to City Council approval and adopted criteria (Res. No. 9263, 2001 Series).
Development Services Fee Waivers	Residential development projects that meet City affordable housing standards for very low- and low-income households are exempt from all planning, engineering and building review, processing and permit fees, water and sewer meter hook-up fees. Projects with a combination of market-rate and affordable units receive the waiver on a per-unit basis.	<ul style="list-style-type: none"> <li>•Affordable housing projects</li> <li>•Mixed-use developments with affordable units</li> <li>•Senior housing projects</li> </ul>
Impact Fee Waivers	Citywide development impact fees are waived for affordable residential units that: 1) exceed the minimum required under inclusionary housing standards, or 2) are built, owned and managed by the San Luis Obispo Housing Authority, other government agencies, or not-for-profit housing agencies	<ul style="list-style-type: none"> <li>•Affordable housing projects</li> <li>•Mixed-use developments with affordable units</li> <li>•Senior housing projects</li> </ul>
Density Bonus	The City allows an increase in residential density of at least 25% for development projects that reserve at least 20% of the units for low, or moderately affordable housing; or 10% of the units for very low income; or at least 50% of the units for qualifying seniors.	<ul style="list-style-type: none"> <li>•Affordable housing projects</li> <li>•Mixed-use developments with affordable units</li> <li>•Senior housing projects</li> </ul>
Alternative Incentives	When developers agree to construct very low-, low-, moderate income or senior housing, the City may negotiate an alternative incentive of comparable value to the density	<ul style="list-style-type: none"> <li>•Affordable housing projects</li> <li>•Mixed-use developments with affordable units</li> <li>•Senior housing projects</li> </ul>

## THE GENERAL PLAN

Resources/Incentives Available for Housing Activities		
Program	Description	Eligible Activities
	bonus, such as exceptions to development standards, direct financial assistance, or city installation of offsite improvements	
Flexible Development Standards	A variety of flexible development standards is available for affordable and senior housing, and for the preservation and rehabilitation of historic homes and apartments. These include easing of parking standards and building setbacks, height and lot coverage exceptions (with approval of Planned Development rezoning), and provisions for restoring non-conforming residential buildings following a fire or other disaster	<ul style="list-style-type: none"> <li>•Affordable housing projects</li> <li>•Mixed-use developments with affordable units</li> <li>•Senior housing projects•</li> <li>Historic homes and apartments</li> <li>•Planned residential developments</li> <li>•Non-conforming residential restoration</li> </ul>
Grants-In-Aid Funds	Grants-In-Aid funds are available annually to assist social service and housing providers with special, non-recurring costs to augment affordable housing programs.	<ul style="list-style-type: none"> <li>•Not-for-profit social service and housing providers</li> </ul>
Mills Act Program	Reduces property taxes on historic residential and commercial properties in return for owner's agreement to preserve, and in some cases, improve the property. Minimum 10 years' participation; up to 10 properties can be added to the program per year.	<ul style="list-style-type: none"> <li>•Historic preservation</li> <li>•Residential rehabilitation</li> <li>•Mixed-use historic rehabilitation</li> </ul>
Technical Assistance	Technical assistance is available to help renters, homeowners, housing developers, and not-for-profit housing developers find, design, fund or build affordable housing.	<ul style="list-style-type: none"> <li>•Affordable housing developments</li> <li>•Market-rate housing developments</li> <li>•Housing consumers</li> </ul>
<b>State Resources</b>		

## THE GENERAL PLAN

<b>Resources/Incentives Available for Housing Activities</b>		
<b>Program</b>	<b>Description</b>	<b>Eligible Activities</b>
Multi-Family Housing Revenue Bonds	Cooperate with non-profit housing providers to enable issuance of multi-family housing revenue bonds.	<ul style="list-style-type: none"> <li>•Affordable housing projects</li> <li>•Mixed-use developments with affordable units</li> <li>•Senior housing projects</li> </ul>
Mortgage Credit Certificate	Federal tax credit for low- and moderate income homebuyers who have not owned a home in the past three years.	<ul style="list-style-type: none"> <li>•First-time homebuyer's assistance</li> </ul>
Proposition 46 Funds	\$2.1 billion bond measure adopted by California voters in 2002 establishes various housing grants and loans for affordable housing.	<ul style="list-style-type: none"> <li>•Affordable housing projects</li> <li>•Mixed-use developments with affordable units</li> <li>•Senior housing projects</li> <li>•Special needs housing</li> </ul>
Mobile Home Park Conversion Program	Funds awarded to mobile-home park tenant organizations to convert mobile-home parks to resident ownership.	<ul style="list-style-type: none"> <li>•Mobile-home park acquisition and development</li> </ul>
CalHFA – California Housing Finance Agency	HELP Program and other below-market-rate financing and deferred loans for affordable housing development.	<ul style="list-style-type: none"> <li>•Low- and moderate income affordable single- and multi-family housing</li> </ul>
CaHLIF – California Housing Loan Insurance Fund	Provides primary mortgage insurance for hard-to-qualify borrowers, expanding home ownership opportunities.	<ul style="list-style-type: none"> <li>•First-time homebuyers</li> <li>•Low- and moderate- income homebuyers</li> <li>•Workforce housing loans</li> </ul>
CIEDB – California Infrastructure and Economic Development Bank	Provides low-cost financing for public infrastructure to support housing and economic development.	<ul style="list-style-type: none"> <li>•Cities</li> <li>•Private sector</li> <li>•Non-profits</li> </ul>
Low-Income Housing Tax Credit	Tax credits available to individuals and corporations investing in low-income rental housing. Tax credits are issued through the State and sold to corporations and others with high tax liability, with proceeds used for housing development.	<ul style="list-style-type: none"> <li>•Acquisition</li> <li>•Housing rehabilitation</li> <li>•New construction</li> </ul>
<b>Federal Resources – Entitlement</b>		

## THE GENERAL PLAN

<b>Resources/Incentives Available for Housing Activities</b>		
<b>Program</b>	<b>Description</b>	<b>Eligible Activities</b>
Community Development Block Grants (CDBG)	Grant awarded to the City annually on a formula basis to fund housing and economic development for low- and moderate income persons.	<ul style="list-style-type: none"> <li>•Section 108 Loan Payments</li> <li>•Historic preservation</li> <li>•Property acquisition for housing</li> <li>•Housing rehabilitation</li> <li>•Public services and facilities</li> <li>•Code enforcement</li> <li>•Fair housing activities</li> <li>•Economic development</li> </ul>
HOME Investment Partnership (HOME) Program	Grant program specifically for housing. Designed as partnership funding, requires local match funding and one of the best sources of new housing funding	<ul style="list-style-type: none"> <li>•Single- or multi-family housing acquisition/rehab/construction</li> <li>•CHDO Assistance</li> <li>•Administration</li> </ul>
Emergency Shelter Grants	Grant awarded on an annual formula basis for shelter and services to homeless persons.	<ul style="list-style-type: none"> <li>•Homelessness prevention</li> <li>•Continuum of care</li> <li>•Operating expenses</li> </ul>
Housing Opportunities for Persons With AIDS (HOPWA)	Funds available county-wide for supportive services and housing for persons with HIV/AIDS.	<ul style="list-style-type: none"> <li>•Rental assistance</li> <li>•Social services</li> <li>•Housing</li> </ul>
Historic Rehabilitation Tax Credit	Provides a 10-20% one-time, IRS tax credit on eligible rehabilitation costs for pre-1936 and National Register historic properties. Work must follow Secretary of the Interior rehabilitation standards.	<ul style="list-style-type: none"> <li>•Rental housing rehabilitation</li> <li>•Mixed-use projects</li> <li>•Seismic strengthening</li> <li>•Ownership housing ineligible</li> </ul>
Supportive Housing Grant	Grant to improve quality of existing shelters and transitional housing.	<ul style="list-style-type: none"> <li>•Housing rehabilitation</li> </ul>
<b>Federal Resources – Competitive</b>		
Section 8 Rental Assistance	Very-low income families, individuals, seniors and the disabled. pay 30% of their income toward rent. The SLO Housing Authority pays the balance of rent payment.	<ul style="list-style-type: none"> <li>•Rental assistance for very low income, elderly and disabled persons</li> </ul>

## THE GENERAL PLAN

<b>Resources/Incentives Available for Housing Activities</b>		
<b>Program</b>	<b>Description</b>	<b>Eligible Activities</b>
Section 202	Grants to non-profit housing developers for supportive housing for the elderly.	<ul style="list-style-type: none"> <li>•Acquisition and Rehabilitation</li> <li>•New construction</li> <li>•Rental assistance</li> <li>•Support services</li> </ul>
Section 811	Grants to non-profit developers for supportive housing for disabled persons, including group homes, intermediate-care facilities and independent-living facilities.	<ul style="list-style-type: none"> <li>•Acquisition</li> <li>•Rehabilitation</li> <li>•New construction</li> <li>•Rental assistance</li> </ul>
Section 108	Provides loan guarantee to CDBG entitlement jurisdictions, enabling them to borrow up to five times their annual entitlement for major housing or capital improvement projects.	<ul style="list-style-type: none"> <li>•Acquisition</li> <li>•Rehabilitation</li> <li>•New construction</li> <li>•Infrastructure</li> <li>•Historic preservation</li> <li>•Economic development</li> </ul>

Source: City of San Luis Obispo, Community Development Department

## THE GENERAL PLAN

## QUANTIFIED OBJECTIVES

### Overview

State housing law requires that each jurisdiction identify the number of housing units that will be built, rehabilitated and preserved during the Housing Element's planning period. These projections are termed "quantified objectives." Quantified housing objectives allow the community to evaluate its progress toward meeting key housing needs and help prioritize planning and funding efforts. They are based on the City's housing needs assessment and regional housing needs allocation, and are adopted policy. However, San Luis Obispo cannot guarantee these objectives will be met, given limited financial resources, costs to provide public facilities to serve new development, and the growing, statewide gap between housing costs and incomes. Meeting the City's quantified housing objectives will depend, in part, upon real estate market forces, developers' and lenders' financial decisions and the availability of local, State and Federal funding.

### 4.0 New Housing Construction Completed

Table 4 shows the number of new housing units completed between January 1, 2001 and December 31, 2003. Dwellings completed during this period are credited toward meeting the City's quantified objectives during the seven-and-one-half-year planning period from January 1, 2001 to July 1, 2009.

**TABLE 4: HOUSING UNITS COMPLETED**

Housing Units Completed – January 2001 through December 2003					
Unit Type	Very Low	Low	Moderate	Above Moderate	Total
Single-family	0	0	46	334	380
Multi-family	19	70	185	203	477
Totals <sup>1</sup>	19	70	231	537	857
Source: City of San Luis Obispo, Community Development Department					
<sup>1</sup> Includes 201 on-campus apartments at Cal Poly State University					

### 4.1 New Housing Construction Objectives

Table 5 shows the new housing construction objectives for January 1, 2004 through June 30, 2009. It includes all types of housing, both rental and for-sale units, and these are added to the completed housing units from Table 4 to meet the City's quantified housing needs for new construction.

THE GENERAL PLAN

**TABLE 5: NEW HOUSING CONSTRUCTION OBJECTIVES**

**New Housing Construction Objectives – January 2004 to July 2009**

Unit Type	Very Low	Low	Moderate	Above Moderate	Total
Single-family	20 <sup>1</sup>	283	234	226	763
Multi-family	1,351	424	352	340	2,467
<b>Subtotal</b>	<b>1,371</b>	<b>707</b>	<b>586</b>	<b>566</b>	<b>3,230</b>
Units Completed 1/1/01 thru 12/31/03	19	70	231	537	857
<b>Total</b>	<b>1,390</b>	<b>777</b>	<b>817</b>	<b>1,103</b>	<b>4,087</b>
Assigned RHNA	1,484	844	870	1,185	4,383

Source: City of San Luis Obispo, Community Development Department

<sup>1</sup>Given the deep subsidies needed to construct very-low income single-family units, most housing for very-low income expected to be multi-family units.

New housing construction objectives include 977 units of student and faculty housing to be developed by the Cal Poly University Foundation, in addition to 201 apartments developed on campus in 2003. The objectives are based on an assumed construction ratio of single family to multi-family housing of about 1:4, and a percent distribution of housing for income groups which is similar to that of the City's RHNA number: Very-low – 34%, Low – 19%, Moderate – 20%, and Above Moderate – 27%. A reduced objective was set for Very-Low, Single-Family construction given the high cost and deep subsidies needed for this type of housing. To meet this income need, it is likely that virtually all of the units will be higher density, multi-family rental housing.

#### 4.2 Preservation of At-Risk Units

Dwellings built with some form of government assistance or subsidy typically must remain affordable to very low-, low- or moderate income households for a specific period. As the end of the affordability term nears, an affordable unit is said to be at-risk of conversion to market-rate housing. There are several reasons why government-assisted housing might convert to market-rate housing, including expiring subsidies, mortgage prepayments, or most commonly, expiration of affordability and resale restrictions. A 30-year affordability requirement is common; however, the term varies depending upon the source and terms of funding.

State law requires jurisdictions to identify government-assisted, multi-family housing that is at risk of converting to market rate during the next 10 years. These include units receiving funding under a variety of government programs, such as HUD Section 8, HUD Section 202, IRS Section 42 (Tax Credit projects), Federal Community Development Block Grants and local programs using inclusionary housing requirements, in-lieu fees and density bonuses. In addition, jurisdictions also must describe measures to prevent at-risk from converting to market rate.

Based on information provided by the City's Housing Authority, local non-profit housing providers, and the State Housing and Community Development Department, there are no very-low or low-income units at risk of losing their affordability restrictions and converting to

**THE GENERAL PLAN**

market rate between January 2001 and January 2011. Appendix K includes an inventory of subsidized or assisted housing developments in San Luis Obispo. Nevertheless, Housing Element programs 2.3.11 and 3.3.8, and quantified objectives have been incorporated into the Housing Element to help preserve these affordable units. These programs will establish a monitoring and early warning system to track affordable housing units at-risk of being converted to market rate housing within subsequent planning periods (after July 2009); and with the Housing Authority of the City of San Luis Obispo and other local housing agencies, provide ongoing technical assistance and education to tenants, property owners and the community at large on the need to preserve at-risk units as well as the tools available to help do so.

**4.3 Rehabilitation and Preservation Objectives**

The City's existing affordable housing stock is a valuable resource that should be preserved and, where necessary and feasible, rehabilitated rather than demolished. By enforcing City building and zoning codes, the safety, quality and durability of existing homes and neighborhoods is enhanced, thus maintaining the housing stock's diversity in type, tenure and cost. Often, the primary beneficiaries of preservation and rehabilitation programs are renters and low-income homeowners. Table 6 lists the number of units to be rehabilitated, preserved or financially assisted, and the number of conservation/code enforcement cases during the planning period.

**TABLE 6: REHABILITATION, PRESERVATION, AND CONSERVATION OBJECTIVES**  
 January 2001 to July 2009

Unit Type	Very Low	Low	Moderate	Total
<b>Rehabilitation</b>				
Single-family	10	7	3	20
Multi-family	30	20	--	50
Historic preservation rehab	10	5	5	20
<b>Preservation</b>				
At risk units preserved	n/a	n/a	n/a	n/a
<b>Conservation / Code Enforcement</b>				
Code Enforcement cases	150	50	25	225
<b>Financial Assistance</b>				
1 <sup>st</sup> -time homebuyer program	0	25	25	50
Affordable housing fund	50	25	25	100

Source: City of San Luis Obispo, Community Development Department

**4.4 Quantified Objectives Summary**

During the Housing Element's eight and one-half year planning period from January 2001 to July 2009, policies and programs will accommodate a net increase of up to 4,087 dwellings. This goal is based on anticipated water supplies and land available and suitable for residential use. The objectives seek to develop housing that meets affordability standards for the income groups in the same proportion as the RHNA allocation, and to emphasize the production of multi-family, higher density housing, where appropriate. A key

## THE GENERAL PLAN

component is new housing to be developed by Cal Poly University on and adjacent to the campus on State land, using University Foundation funding.

**TABLE 7: QUANTIFIED OBJECTIVES SUMMARY, 2001 - 2009**

Income Level	New Construction <sup>1</sup>	Rehabilitation	Financial Assistance	Conservation <sup>2</sup>
Very Low	1,390	50	50	150
Low	777	32	50	50
Moderate	817	8	50	25
Above Moderate	1,103	--	--	--
<b>Totals</b>	4,087	90	150	225

Source: City of San Luis Obispo, Community Development Department

<sup>1</sup>Includes 1,178 dwellings developed on State land for Cal Poly University students, faculty and staff.

<sup>2</sup>Not included in summary totals.

Although the quantified objectives are theoretically achievable, they are not specific development quotas. The City of San Luis Obispo intends to use the financial, planning and administrative resources at its disposal to accomplish the objectives, but cannot guarantee that these construction goals will be achieved given limited financial resources, economic uncertainty, independent marketing decisions regarding housing development, and the present gap between housing cost and incomes. Satisfaction of the quantified objectives will hinge largely upon private development decisions and the City's ability to leverage additional Federal, State or local funding to meet very-low, low- and moderate income housing needs.



THE GENERAL PLAN

## Appendices (Note: Appendices A-L)

**Appendix M: Glossary**

**Appendix N: Council Resolutions**

**Appendix O: State Certification**

**Note:** These Appendices are available separately as the Housing Element Supplement, available for purchase at the Community Development Department, City of San Luis Obispo offices, 919 Palm Street, in San Luis Obispo. The Appendices are also available free of charge on the City's website at [www.slicity.org](http://www.slicity.org), as part of the Adopted 2004 Housing Element, under the Department's Housing site.

**Appendix A: Community Profile**  
**Appendix B: Housing**  
**Appendix C: Housing Constraints and Resources**  
**Appendix D: Residential Land Resources**  
**Appendix E: Review Of The 1994 Housing Element Results**  
**Appendix F: Five-Year Implementation Plan**  
**Appendix G: Housing Task Force Recommendations**  
**Appendix H: Public Comments Received On The Draft Housing Element**  
**Appendix I: General Plan Consistency Analysis**  
**Appendix J: Public Distribution List**  
**Appendix K: Housing Resources/Outreach Information**  
**Appendix L: References**



THE GENERAL PLAN

**Appendix M: Glossary**

Definitions for this chapter are included in the combined glossary at the end of the General Plan.



THE GENERAL PLAN

Appendix N: Council Resolutions

RESOLUTION NO. 9543 (2004 Series)

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN LUIS OBISPO  
APPROVING AND CERTIFYING A NEGATIVE DECLARATION OF  
ENVIRONMENTAL IMPACT FOR THE UPDATED HOUSING ELEMENT  
OF THE GENERAL PLAN**

**WHEREAS**, State law requires cities and counties to adopt a general plan. The general plan includes seven required elements, one of which is the housing element. The housing element must be updated every five (5) years or as otherwise provided by State law; and

**WHEREAS**, the City of San Luis Obispo has prepared an updated Draft General Plan Housing Element to address community wide housing needs, challenges and opportunities, and to meet State law; and

**WHEREAS**, the Planning Commission and the City Council have held public hearings on the updated Housing Element in accordance with the California Government Code; and

**WHEREAS**, the potential environmental impacts of the updated Housing Element have been evaluated in accordance with the California Environmental Quality Act pursuant to an initial environmental study (City File Number ER 33-02), and the Community Development Director has granted a negative declaration of environmental impact; and

**WHEREAS**, the Planning Commission recommends the City Council approve the negative declaration of environmental impact and the updated Housing Element; and

**WHEREAS**, The City Council has reviewed and considered the information contained in the initial study and the negative declaration for ER No. 33-02 prepared for this Housing Element Update.

**NOW, THEREFORE, BE IT RESOLVED** by the Council of the City of San Luis Obispo as follows:

**SECTION 1. Environmental Determination.** This Council, as a result of its deliberations, Planning Commission recommendation, the initial environmental study, and the evidence presented at hearings on this matter, determines that as required by the California Environmental Quality Act ("CEQA") and the State CEQA Guidelines, a negative declaration adequately addresses the potential environmental impacts of the Housing Element Update. On the basis of this review, the City Council finds that there is no evidence from which it can be fairly argued that the project will have a significant, adverse effect on the environment, and hereby certifies and approves the negative declaration of environmental impact for the Updated Housing Element; and finds that the further amendments thereto, as contained in the 2004 Final Draft Housing Element are substantially consistent with the August 2003 Draft Housing Element on which the initial study was prepared, and do not pose any significant adverse impacts which were not previously considered as part of ER 33-02.

R 9543



THE GENERAL PLAN

Resolution No. 9543 (2004 Series)  
Page 2

**SECTION 2. Effective Date.** The approval and certification of the negative declaration of impact shall take effect immediately.

Upon motion of Council Member Ewan, seconded by Council Member Settle, and on the following roll call vote:

- AYES: Council Members Ewan and Settle, Vice Mayor Schwartz and Mayor Romero
- NOES: Council Member Mulholland
- ABSENT: None

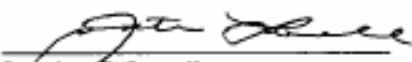
The foregoing resolution was adopted this 30<sup>th</sup> day of March, 2004.

  
Mayor David F. Romero

ATTEST

  
\_\_\_\_\_  
Lee Price, C.M.C.  
City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Jonathan P. Lowell  
City Attorney



THE GENERAL PLAN

**RESOLUTION NO. 9544 (2004 Series)**

**A RESOLUTION OF THE COUNCIL OF THE  
CITY OF SAN LUIS OBISPO AMENDING THE GENERAL PLAN  
LAND USE ELEMENT TO MAINTAIN CONSISTENCY WITH THE  
UPDATED HOUSING ELEMENT OF THE GENERAL PLAN**

**WHEREAS**, State law requires cities and counties to adopt a general plan. The general plan includes seven required elements, one of which is the housing element. The housing element must be updated every five (5) years or as otherwise provided by State law; and

**WHEREAS**, the City of San Luis Obispo has prepared an updated Draft General Plan Housing Element to address community wide housing needs, challenges and opportunities, and to meet State law; and

**WHEREAS**, the Planning Commission and the City Council have held public hearings on the updated Housing Element in accordance with the California Government Code; and

**WHEREAS**, review of the proposed updated Housing Element has necessitated the need for minor revisions to the General Plan Land Use Element in order to maintain consistency between it and the updated Housing Element

**NOW, THEREFORE, BE IT RESOLVED** by the Council of the City of San Luis Obispo as follows:

**SECTION 1. Environmental Determination.** The City Council has reviewed and considered the effects of the proposed minor revisions as part of the Housing Element update, as described in the initial study and the negative declaration for ER No. 33-02, and hereby approves a negative declaration of environmental impact for the project.

**SECTION 2. Land Use Element Amendments.** The General Plan Land Use Element is hereby amended to maintain consistency with the updated Housing Element, as shown in Exhibit A.

**SECTION 3. Effective Date.** The Land Use Element Amendments shall take effect immediately.

Upon motion of Council Member Settle, seconded by Council Member Ewan, and on the following roll call vote:

<b>AYES:</b>	Council Members Ewan, Mulholland and Settle, Vice Mayor Schwartz and Mayor Romero
<b>NOES:</b>	None
<b>ABSENT:</b>	None

R 9544



THE GENERAL PLAN

Resolution No. 9544 (2004 Series)  
Page 2

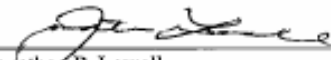
The foregoing resolution was adopted this 30<sup>th</sup> day of March, 2004.

  
Mayor David F. Romero

ATTEST:

  
Lee Price, C.M.C.  
City Clerk

APPROVED AS TO FORM:

  
Jonathan P. Lowell  
City Attorney



THE GENERAL PLAN

**RESOLUTION NO. 9545 (2004 Series)**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN LUIS OBISPO  
ADOPTING AN UPDATED HOUSING ELEMENT OF THE GENERAL PLAN**

**WHEREAS**, State law requires cities and counties to adopt a general plan. The general plan includes seven required elements, one of which is the housing element. The housing element must be updated every five (5) years or as otherwise provided by State law; and

**WHEREAS**, the City of San Luis Obispo has prepared an updated Draft General Plan Housing Element to address community wide housing needs, challenges and opportunities, and to meet State law; and

**WHEREAS**, the Planning Commission and the City Council have held public hearings on the updated Housing Element in accordance with the California Government Code; and

**WHEREAS**, the City Council has considered the input of diverse community interests and housing stakeholders in the preparation of the updated Housing Element, including that of the Housing Element Update Task Force, an ad hoc committee of community members appointed by the City Council to identify community needs and to recommend housing policies and programs; and

**WHEREAS**, the potential environmental impacts of the updated Housing Element have been evaluated in accordance with the California Environmental Quality Act pursuant to an initial environmental study (City File Number ER 33-02), and the Community Development Director has granted a negative declaration of environmental impact; and

**WHEREAS**, the Planning Commission recommends the City Council approve the negative declaration of environmental impact and the updated Housing Element.

**WHEREAS**, by a separate resolution the City Council found that there is no evidence from which it can be fairly argued that the project will have a significant, adverse effect on the environment, and consequently certified and approved the negative declaration of environmental impact for the Updated Housing Element

**NOW, THEREFORE, BE IT RESOLVED** by the Council of the City of San Luis Obispo as follows:

**SECTION 1. Record of Proceedings.** The City Council has received and considered the Planning Commission recommendations, the Housing Element Update Task Force recommendations, public testimony and correspondence, and the staff reports on the Housing Element Update. Copies of these items or testimony are on file in the office of the City Clerk and in the Community Development Department. The Planning Commission held eight public hearings to consider the Housing Element Update and related matters. In addition, the City Council conducted seven public hearings to consider the Update and related matters. The minutes of those hearings indicate Commission and Council member comments on the Housing Element Update and are on file in the office of the City Clerk.

R 9545



THE GENERAL PLAN

Resolution No. 9545 (2004 Series)

Page 2

**SECTION 2. Public and Agency Review.** Drafts of the proposed Housing Element Update have been made widely available for review and comment by interested agencies and individuals. Copies were posted on the City's website and were distributed to the San Luis Obispo City-County Library and the Cal Poly University Library, to the California State Department of Housing and Community Development ("HCD") as required by law, and to governmental and non-profit housing agencies whose jurisdiction includes housing issues within the San Luis Obispo Area.

**SECTION 3. Findings.** This Council, after considering the 2004 Final Draft Housing Element, the Planning Commission's recommendations, staff recommendations, public testimony and correspondence, and reports thereon, makes the following findings:

1. The Housing Element Update, as contained in the document titled "Final Draft General Plan Housing Element", dated March 30, 2004, as further amended by the City Council that same day and incorporated herein as Exhibit "A", and on file in the Community Development Department and the City Clerk's office, (hereinafter "the Update"), is consistent with all elements of the General Plan, as amended by Council Resolution No. 9544 (2004 Series), adopted concurrently with this one.
2. The Update will promote public health, safety, and welfare by: preserving housing that is affordable to very-low, low- and moderate income households; encouraging variety in housing types, sizes, cost, and tenure; establishing programs to ensure that most new development incorporates affordable housing, pays an "in-lieu" fee toward the development of affordable housing, or otherwise contributes to the production of affordable housing; establishing incentives to encourage and help defray the costs of affordable housing development; affirmatively furthering fair housing opportunities; and by setting quantified objectives for housing production, rehabilitation, preservation and conservation.
3. Consistent with provisions of California Government Code Section 65583 (b)(2), San Luis Obispo has evaluated its ability to accommodate its Regional Housing Need Allocation (RHNA) number of 4,383 dwellings by July 2009 and has adopted quantified objectives that are less than the RHNA number. Limited water supplies prevent the City from achieving the RHNA number within the planning period. The problem is chiefly one of timing, since, as documented in the Housing Element, there is sufficient land suitable for residential development to accommodate the RHNA number within the planning period. The reasons for the difference between the City's RHNA and its adopted Quantified Objectives are further described in Appendix C, Section 3 of the Update, and said section hereby incorporated by reference.
4. The August 17, 2003 Draft Housing Element was submitted to HCD for its review, as required by State law. The Update includes additional information and analysis in response to HCD comments. The Council has determined that the Update conforms to the statutory requirements of State housing element law (Article 10.6 of Government Code).



THE GENERAL PLAN

Resolution No. 9545 (2004 Series)  
Page 3

- 5. Council hereby finds that the Update will not operate to directly limit the total number of dwellings which may be constructed on an annual basis, since dwellings affordable very-low, low-, and moderate income households, and dwellings constructed in the Downtown Core (C-D Zone), are exempt from Residential Growth Management Regulations.

**SECTION 4. Approval of the 2004 Housing Element.** Council hereby approves the 2004 Housing Element, as set forth in Exhibit A.

**SECTION 5. Publication and Availability.** The Community Development Director shall cause the updated Housing Element to be published and provided to City officials, concerned agencies, public libraries, and to the public. The Director shall also transmit a copy of the Update to HCD for its review, as required by State law.

**SECTION 6. Effective Date.** The 2004 Housing Element shall become effective immediately upon adoption of this resolution, with the exception of the provisions of Program 2.3.1 (Inclusionary Housing Requirement), which shall be effective for all valid building permit applications submitted to the Community Development Department on or after July 1, 2004. Valid applications submitted prior to July 1, 2004 shall be subject to the Inclusionary Housing Requirement in the 1994 Housing Element. "Valid building permit application" shall mean an application for a development project which has received all required planning approvals prior to the date of application for a building permit.


**SECTION 7. Repeal of Previous Element.** The Housing Element adopted September 20, 1994 and as subsequently amended, is repealed upon the effective date of the 2004 Housing Element, with the exception of program 1.22.10, which shall be repealed effective July 1, 2004.

Upon motion of Council Member Ewan, seconded by Council Member Settle, and on the following roll call vote:

AYES:	Council Members Ewan and Settle and Mayor Romero
NOES:	Council Member Mulholland and Vice Mayor Schwartz
ABSENT:	None

The foregoing resolution was adopted this 30<sup>th</sup> day of March, 2004.

  
Mayor David F. Romero

ATTEST:   
\_\_\_\_\_  
Lee Price, C.M.C.  
City Clerk




THE GENERAL PLAN

Resolution No. 9545 (2004 Series)

Page 4

APPROVED AS TO FORM:



Jonathan P. Lowell  
City Attorney


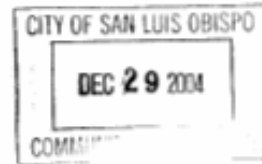


THE GENERAL PLAN

Appendix O: State Certification

STATE OF CALIFORNIA, BUSINESS, TRANSPORTATION AND HOUSING AGENCY  
 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
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ARNOLD SCHWARZENEGGER, Governor

December 22, 2004

Mr. Ken Hampian  
City Administrative Officer  
City of San Luis Obispo  
990 Palm Street  
San Luis Obispo, CA 93401

Dear Mr. Hampian:

**RE: Review of the City of San Luis Obispo's Adopted Housing Element**

Thank you for submitting San Luis Obispo's housing element, adopted by the City Council on December 14, 2004 and received for review on December 16, 2004. The Department is required to review adopted housing elements and report the findings to the locality pursuant to Government Code Section 65585(h). A series of telephone calls over the past few months with Messrs. Michael Drazz, Deputy Community Development Director and Jeff Hook, Project Planner, facilitated the review.

The Department's November 12, 2004 review found the draft revisions addressed the statutory requirements. Given all revisions were formally incorporated into the element and adopted by the City Council, we are pleased to find the housing element in compliance with State housing element law (Article 10.6 of the Government Code).

The Department recognizes San Luis Obispo for its leadership in adopting a housing element to guide development to areas where infrastructure is adequate and available, provide greater opportunities to address local housing needs, and preserve open space and the communities natural resources while accommodating needed housing growth for all income levels. Those program actions listed under Goal 6.1 (Housing Production) are especially laudable. They include increasing affordable residential development opportunities by allowing increased densities, as well as developing and offering incentives to encourage and facilitate mixed-use and affordable housing in the downtown core and newly adopted specific plan area (i.e., Margarita).

For your information, the Department's determination that San Luis Obispo can accommodate its share of the regional housing need for lower-income households is based on the availability of sufficient sites allowing 28 dwelling units per acre (or 18 density units, as described in Table 1). Pursuant to Government Code Section 65863, the City of San Luis Obispo must ensure its supply of adequate sites is maintained throughout the planning period. Further, Section 65863(b) prohibits local governments from lowering a residential density used in determining adequate sites under its housing element unless the locality makes certain findings.



THE GENERAL PLAN

Mr. Ken Hampian

Page 2

Pursuant to Government Code Section 65400, the City should report on the effectiveness of its housing element, with an emphasis on strategies to facilitate multifamily development in the Margarita Specific Plan and downtown core areas, along with other actions that will assist the City in accommodating its regional share need. The annual implementation reports are required to be submitted to the local legislative body and this Department by October 1 of each year.

Also, for your information, upon completion of an amended or adopted housing element, a local government is responsible for distributing a copy of the element to area water and sewer providers (Government Code Section 65589.7). This section of the law requires public and/or private water and wastewater providers give a priority to proposed housing development projects for lower-income households in their current and future resource or service allocations. Local public and/or private water and sewer providers must grant a priority for service hook-ups to developments that help meet the community's share of the regional need for lower-income housing.

Lastly, because the City's adopted housing element is in compliance, it has met one of the threshold requirements for an innovative new program that rewards local governments for approving affordable workforce housing. The Workforce Housing Program, funded by Proposition 46, provides grant funds to eligible local governments for every qualifying unit permitted, beginning calendar year 2004. Grant awards can be used to fund any capital asset project, such as transportation or park improvements. More specific information about the program is available on the Department's website at <http://www.hcd.ca.gov/ca/whrp/>.

The Department wishes the City of San Luis Obispo much success in implementing its housing, land-use, and development assistance programs, and looks forward to following the City's annual progress and achievements through its forthcoming general plan implementation progress reports required pursuant to Government Code Section 65400. The Department is also excited about the forthcoming visit to San Luis Obispo, on January 18, 2005, to present an Award of Merit to the City Council. If we can provide any additional assistance in implementing the City's housing element, please contact Don Thomas, of our staff, at (916) 445-5854.

In accordance with requests pursuant to the Public Records Act, we are forwarding copies of this letter to the persons and organizations listed below.

Sincerely,

Cathy E. Creswell  
Deputy Director



THE GENERAL PLAN

cc: John Mandeville, Community Development Director, City of San Luis Obispo  
Michael Draze, Deputy Development Director, City of San Luis Obispo  
Jeff Hook, Project Planner, City of San Luis Obispo  
Mark Stivers, Senate Committee on Housing & Community Development  
Suzanne Ambrose, Supervising Deputy Attorney General, AG's Office  
Terry Roberts, Governor's Office of Planning and Research  
Nick Cammarota, California Building Industry Association  
Marcia Salkin, California Association of Realtors  
Marc Brown, California Rural Legal Assistance Foundation  
Rob Weiner, California Coalition for Rural Housing  
John Douglas, AICP, Civic Solutions  
Deanna Kitamura, Western Center on Law and Poverty  
S. Lynn Martinez, Western Center on Law and Poverty  
Alexander Abbe, Law Firm of Richards, Watson & Gershon  
Michael G. Colantuono, Colantuono, Levin & Rozell, APC  
Ilene J. Jacobs, California Rural Legal Assistance, Inc.  
Richard Marcantonio, Public Advocates



THE GENERAL PLAN