

# **The City of San Luis Obispo Housing Element Update Task Force Report to the City Planning Commission**

**October 15, 2003**

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## The Housing Element Update Task Force

On January 7, 2003, the City Council established the Housing Element Update Task Force and directed staff to work with the Task Force and the Planning Commission to prepare a housing element that could hopefully achieve state certification consistent with City General Plan goals.

City Council Resolution No. 9387 establishing the Housing Element Update Task Force set out the following:

### Goals of the Council:

1. To update the General Plan Housing Element with the goals of expanding housing opportunities for very-low, low, and moderate-income households, preserving and enhancing residential neighborhoods, and complying with state laws, including the California Environmental Quality Act (CEQA).

### Duties of the Task Force:

1. Review and comment on existing housing policies and programs in an effort to expand housing opportunities for very-low, low and moderate-income households.
2. Recommend new housing goals, policies or programs to address community housing needs.
3. Review the Draft Housing Element Update.
4. Other duties as assigned by the City Council.

The Housing Element Update Task Force held eighteen meetings over a period of seven months, reviewing information presented by staff, the public, individual members of the task force, and issue reports by five subcommittees comprised of task force members. The information reviewed ranged from the goals, policies, and programs in the 1994 Housing Element to concerns over impacts to existing residential neighborhoods and new ways to encourage production of more affordable housing by the public and private housing providers. Although there were clearly differences of opinion about the relative priority of issues and the most effective approaches to solving identified problems, the task force members found ways to reach consensus on most of the issues.

This report focuses on a list of specific issues the task force members developed early in their meetings. The report is organized into six sections based on major topics the Task Force dealt with and an appendix that includes comments on issues where at least two of the task force members disagreed with the prevailing opinion of the group. In the main body of the report, all issues that reflect consensus of the group are simply stated. Those where the group did not agree are indicated by the vote in brackets following the statement; {for, against, abstain}. Some issues remain unresolved and are so noted.

In addition, the Task Force provided specific suggestions for refining some of the broad goals that frame the housing element. These include the following:

Affordability – There was a consensus on need to update the definition.

Housing Conservation – Members raised concerns regarding the extent to which this goal involves conserving the number of units or the units themselves.

Energy and Water Conservation – There was a consensus to incorporate “sustainable design” into the goal.

Demand Management – Members suggested more positive wording, such as “maximize opportunity for those who live and work in the City” or “Balance supply and demand”

Suitability – There was a consensus to add a new goal to encourage innovative subdivision and housing design.

## **I. URBAN FORM AND CONTEXT**

### **Statement of Principles**

The Task Force believes that new housing development should occur within the existing urban reserve line of San Luis Obispo. The City should continue policies and programs that discourage urban sprawl and its concomitant woes, particularly traffic. The City should continue policies and programs that promote a compact urban form. {10-3}

In order to accommodate residential growth, the Task Force believes the City should focus as much on infill and densification within current City limits as it does on annexation within the urban reserve line. {10-3}

Infill represents the building of housing on existing vacant lots within the City. Residential densification can be accomplished in various ways, but it should be targeted to specific areas downtown, near Cal Poly, near major commercial areas, and along major transportation routes. {10-3}

### **General Recommendations**

The Task Force recommends adopting multiple policies to encourage residential growth in ways consistent with the above principles. These measures include the following:

- 1) Intensify downtown residential development.
- 2) Encourage the development of additional housing on-campus and near campus.
- 3) Encourage the development of additional housing near major commercial areas.
- 4) Encourage the development of additional housing along major transportation routes.
- 5) Discourage development of higher-density housing in other locations than mentioned above. {7-6}
- 6) Encourage mixed residential and commercial development.
  - a) Consider rezoning specific undeveloped commercial property to residential.
  - b) Encourage “live/work” and “live-near-work” housing.

- c) Examine all regulations that prevent building to currently allowed residential densities.
- d) Consider upzoning specific lower-density residential property to higher-density in appropriate areas downtown, near Cal Poly, near major commercial areas, and along major transportation routes. {10-3}

**Specific Recommendations:** The Task Force recommends implementing the following measures in conjunction with the above principles and recommendations:

- 1) Adopt flexible zoning standards in targeted areas *in return for the provision of additional affordable housing units*. These standards might utilize Floor Area Ratios for a given site, reduced lot sizes, reduced setback requirements, increased building heights, increased allowable land area coverage, the use of least restrictive standards for mixed use developments, etc. {10-3}
- 2) Relax open space requirements in the expansion areas *in return for the provision of additional affordable housing units* if the open space protected is not specifically tied to geographic features like hillsides, wetlands, and watercourses. {10-3}

## **II. HOUSING DESIGN, NEIGHBORHOOD CHARACTER AND LIVABILITY**

### **Statement of Principles**

The Task Force believes that any new housing should maintain a “good fit” with its surroundings and provide a pleasant and attractive living environment for residents. Increased housing development and density should not undermine the appealing characteristics of the existing urban fabric nor require reduced standards of housing design for individual developments.

The City’s existing Community Design Guidelines provide a good start for describing the standards that can ensure quality housing and neighborhoods. However, these guidelines need to be clarified and expanded in order to adapt to new, denser forms of housing.

**General Recommendations:** The Task Force recommends *the following*:

- 1) Ensure that higher-density housing maintain high standards for unit design, privacy, security, types of on-site amenities, and the nature of public and private open space.
- 2) Ensure that higher-density housing is compatible with adjacent development, particularly established residential neighborhoods.

**Specific Recommendations:** The Task Force recommends studying the implementation of the following specific initiatives or programs:

- 1) New and/or revised Community Design Guidelines should address the amount, usability, nature, and location of both public and private open spaces within housing developments.
- 2) New and/or revised Community Design Guidelines should address the nature of driveways and parking lots within housing projects, specifically the “tunnel effect”

created by long, parallel lines of units which face each other across narrow driveways, and the amount of separation of driveways and parking lots from pedestrian walkways, unit entrances, and private living spaces.

- 3) New and/or revised Community Design Guidelines should ensure adequate standards for setbacks and height limits for developments located in existing neighborhoods.
- 4) Downtown Residential Development Standards should ensure that the massing, scale and architectural character of new developments create an attractive living environment. {10-3}
- 5) The above standards of livability should be flexible enough to allow creative design approaches in special circumstances, e.g., in developing mixed-use developments or in residential housing in the downtown. {12-1}

**Issue 1: Adjust Parking Requirements to Meet Needs of the Development Rather than the Current Residential Parking Standards for each Residential Zone**

- 1) Adopt flexible parking standards in targeted areas for specific developments. These standards might include lowering the number of required parking spaces in return for live/work or live-near-work housing, the payment of parking in-lieu fees, the payment of mass transit in-lieu fees, the provision of alternative transportation for residents, restrictions on the number of cars residents may own, off-site parking facilities (public or private), shared parking facilities (on-site or adjacent, commercial or residential), the provision of additional affordable housing units, etc.
  - a) Allow lower parking requirements, including the possibility of zero parking, for development in the downtown core and its adjacent neighborhoods; along major transportation routes; near existing shopping districts; and within higher-density residential areas near Cal Poly. {12-1}
  - b) Allow lower parking requirements, including the possibility of zero parking, for developments that provide a range of alternative parking or transportation options for residents. Such options would include, but are not limited to, agreements to use parking lots on adjacent or nearby properties (including “live-near-work” housing), agreements to use City-owned parking lots at night, and providing residents with alternative-energy vehicles. {12-1}
  - c) Mitigate the impact of developments through reduced parking requirements, especially in established R1 and R2 neighborhoods, by expanding the neighborhood parking permit program, by enforcing existing regulations regarding street parking, and by decreasing the amount of allowable paving [now 50% of the front yard] for parking areas in residential neighborhoods. {12-1}
  - d) The program of parking reduction should be implemented on a limited, experimental basis in order to test the impact and efficacy of the proposed parking changes.
- 2) New and revised Community Design Guidelines and Parking Standards should address the amount of parking required for the types and locations of developments that are consistent with the City’s plan for compact urban form. {12-1}

**Issue 2: Explore Allowable Densities in Existing Residential Zones and Underlying Criteria**

**General Recommendation:** Allow greater housing densities and the potential mix of housing types to encourage a broader range of affordable housing options.

**Specific Recommendations:**

- 1) Establish reasonable, equitable, and predictable density bonuses based on predesignated areas in the City, dwelling form, occupancy type, use of mixed-use development, and the percentage of affordable units in a development. {12-1}
- 2) Establish smaller minimum conforming lot area requirements in residential zones where appropriate. {10-2-1}
- 3) Create meaningful density incentives based on the percentage of affordable housing created in any given development. {12-1}
- 4) Create higher allowable residential density for Mixed Use Developments.

**Issue 3: Require that Livability Standards Be Retained Through Good Design When Using Higher Density**

**Issue 4: Encourage Live-Near Work with Allowed Reduction in Parking**

**Issue 5: Encourage More “Mixed Use” Types of Development Related Issues**

**Issue 6: Retain Integrity of Open Space on Each Lot**

**Issue 7: Discuss When We Preserve Existing Structures and When We Don’t**

**III. PRESERVATION AND ENHANCEMENT OF EXISTING RESIDENTIAL NEIGHBORHOODS AND CONSERVATION OF EXISTING HOUSING STOCK**

**Statement of Principles:**

The Task Force believes that our neighborhoods are the basic building blocks that make up the larger community of San Luis Obispo. They are the places where we live, recreate and sometimes work. They constitute the largest use of land in the City and the homes within oftentimes represent the largest single investment residents will ever make.

San Luis Obispo’s neighborhoods are diverse. Neighborhoods downtown and in the northern part of the City are older; these areas face distinctly different challenges than their counterparts in the newer, southern part of the City. The task force believes that City policies should reflect this diversity of needs by (1) defining types of existing neighborhoods and, on the basis of that definition, provide direction to protect, enhance, and/or revitalize them; and (2) supporting the development of new residential areas as well-functioning neighborhoods.

**General Recommendations:** The Task Force recommends the following objectives in regard to preservation and enhancement of existing residential neighborhoods.

- 1) Protect the peace and quiet of single-family neighborhoods.
- 2) Clarify that neighborhood integrity applies to more than the R1 areas.

**Specific Recommendations:** The Task Force recommends implementing the following specific initiatives or programs to preserve and enhance the City's existing residential neighborhoods and to conserve the City's existing housing stock.

- 1) Preserve and enhance the quality, character and integrity of established residential neighborhoods. Density; scale; lot size, configuration, and coverage; building size and placement; set backs and usable open space help to define the character of established neighborhoods.
- 2) New development or redevelopment within an established residential neighborhood shall be consistent with the predominant quality, character and scale of that neighborhood.
- 3) Ensure that edges of new neighborhoods transition with older residential neighborhoods.
- 4) Implement a wide variety of strategies to ensure that the residents are educated as to and involved in planning decisions involving their neighborhoods, early in the process. {9-1}
- 5) Protect the low-density character and private open space associated with established R-1 neighborhoods.
- 6) Improve the condition of the City's existing housing by: ensuring strict compliance with the Uniform Building Code; enforcing existing Housing and Property Maintenance standards; enacting a Rental Inspection Program; and promoting conservation and rehabilitation. {6-4}
- 7) Urge Cal Poly and Cuesta College to take an active role in working with city government and community organizations to create a positive environment around the campus by:
  - a) Addressing what density of students is appropriate in surrounding neighborhoods;
  - b) Promoting homeownership in its surrounding low density neighborhoods for university employees and others;
  - c) Encouraging and participating in revitalization of degraded neighborhoods.

**Additional thoughts by subcommittee:**

- 1) The Housing Element should acknowledge the importance of Universal or Accessible Design. Although Universal Design standards address the needs of people with disabilities, it is a comprehensive concept that can benefit all users. Universal design features increase the usability of the home by people of all ages, sizes, and abilities and enhance the ability of all residents to live independently in their own homes for as long as possible. Many times, it's the home itself that causes people to leave - it just isn't "user friendly".

- 2) Production of a variety of appropriate housing types for special needs populations should be encouraged, including single room occupancy (SRO), group homes and integrated community apartment living.
- 3) Housing constructed with public subsidies (or incentives) should include units that are fully handicapped accessible.

**Unresolved Issues:**

**Issue 1: Allow More Imaginative Physical Forms of Housing to Encourage Affordability Related Issues**

**Issue 2: Explore Housing on Top of Large Buildings**

**IV. SUSTAINABLE HOUSING, SITE, AND NEIGHBORHOOD DESIGN**

**Statement of Principles:**

The city should promote residential design sustainable at the lifecycle (“cradle-to-grave”) level, and as benign as possible in its environmental impacts. Sustainable residential design principles should be applied with consistency to the individual dwelling, the site, and at the neighborhood level. Individual buildings and new neighborhoods should be viewed in a long-term perspective rather than as commodities to build as quickly and cheaply as possible, with little thought to long-term impacts.

**General Recommendations:**

- 1) As part of its overall commitment to quality of life for its residents and to maintaining environmental quality, the city should encourage housing design that’s resource-conserving, healthful, economical to live in, environmentally benign, and recyclable when demolished. This can be accomplished through practices like the following:  
{ 8-1 for this entire section }
  - a) Maximize use of renewable, recycled-content, and recycled materials, and minimize high-embodied energy materials and high environmental impact materials.
  - b) Incorporate renewable energy features 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.
  - d) Avoid building materials that may contribute to health problems, such as outgassing and glass fiber contamination of indoor air.
  - e) Design 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) Consider adopting a sustainable development rating system, such as the LEED program.
- 2) Promote community level residential design. Site design, subdivision design, and neighborhood design need to be coordinated to make residential sustainability work. Some ways to do this include: {8-1 for this entire section}
- a) Design subdivisions to maximize solar access for each dwelling.
  - b) Design sites so residents have usable outdoor space with access to both sun and shade.
  - c) Adopt lot coverage standards that reduce the amount of land surface that may be covered with impermeable materials. (Impermeable surfaces include both the area covered by a building and the area covered by hard-surfaced paving.)
  - d) Adopt street and access way standards that reduce the amount of impermeable surface devoted to vehicular use.
  - e) Use neighborhood retention basins to purify street runoff prior to its entering creeks. (Such basins should be visual and functional amenities in the dry season, not fenced-off barren pits.)
  - f) Encourage cluster development with dwellings grouped around considerable amounts of shared open space in return for smaller individual lots.
  - g) Separate neighborhoods of all densities from heavily trafficked streets and highways with landscaped buffers.
- 3) In the existing core city, sustainability means maintaining physical neighborhood qualities we already have. Some ways to do this include:
- a) Resisting the urge to overbuild areas like Old Town, thereby maintaining a close-in living environment appealing to people who can afford to live outside the city and commute back.
  - b) Encourage maintenance and rehabilitation of existing historic housing stock.

**Issue 1: Create a sizeable body of affordable housing that is as close to permanent as feasible**

**Statement of Principles:**

The private sector developers are not able to reach the lowest income households and this group will continue to rely mostly on public and private non-profit housing organizations. In addition, it's difficult to maintain a sizeable body of privately developed affordable housing because significant portions of that housing stock ultimately becomes available to the general public at market rates. Therefore it is desirable to create affordable housing units that remain affordable for as long as the law allows.

Encourage community support of affordable housing and special needs housing by combating misconceptions regarding both publicly and privately developed affordable and special needs housing through active community outreach and education.

**General Recommendations:**

- 1) Create affordable rental housing that stays affordable for at least 55 years, whenever that is possible (see federal tax credit provisions).
- 2) The city should seek to replicate the success of existing 55-year affordable housing developments such as those that were established at Marvin Gardens, Brizzolara, and Carmel.
- 3) Assist in the establishment of long-term affordable housing units by identifying city-owned properties that could be used for that purpose and owned by the city in perpetuity.
- 4) The city should review its existing inventory of city-owned under-developed properties and dedicate some portion of those properties to address affordable housing issues. For example, one might envision a mixed-use downtown parking structure that would incorporate an element of onsite housing. The mixed-use parking structure could leverage off the city-owned land and the availability of parking enterprise funds to finance the underlying parking structure.
- 5) Encourage local government to acquire land for current or future affordable housing development, either through direct market acquisition or donation by developers as an “in-lieu” option.
- 6) Ensure long-term affordability of ownership housing through shared equity. {8-1}

**Issue 2: Student Housing**

**Statement of Principles:**

Thousands of students attending Cal Poly and Cuesta College live in or near San Luis Obispo. Their presence has had a number of positive and negative impacts to the community. Many students occupy single-family homes, particularly in neighborhoods near Cal Poly, and this has produced some negative impacts to these neighborhoods. The city’s housing element needs to provide for the protection of existing neighborhoods and the availability of decent and affordable housing for students.

**General Recommendations:**

- 1) Increase the supply of dedicated “on campus” and “off campus” student housing at a rate that is at least commensurate with the increase in out-of-area enrollment. Such housing, whether it is on-campus or off-campus, should include management and transportation services appropriate for student living.
- 2) Reduce the incidence of unsafe and non-conforming conversions that create student rentals out of garages, closets, and attics.
- 3) Urge Cal Poly and Cuesta to maximize their supply of student housing on campus to avoid displacement of existing residents or a loss of existing rental housing resources available to other City residents.

**Specific Recommendations:**

- 1) Urge Cal Poly and Cuesta College to construct additional on-campus housing facilities. This encouragement may include assistance with issues related to state and federal funding (grants), water and sewer, circulation, and land use issues.

- 2) Act as a facilitator to encourage cooperative housing arrangements and partnerships that include the City, Cal Poly, and Cuesta College.
- 3) Assist Cal Poly and Cuesta College in their efforts to provide supervised off-campus housing facilities. This may entail a willingness to rezone parcels, reroute public transportation services, or expand circulation capacity in particular areas. {7-2}
- 4) Encourage off-campus students to live throughout the community rather than in large, concentrated, student-only enclaves. {8-1}
- 5) Although it is important to manage the impact of student housing on residential neighborhoods it is essential to avoid concentrating large numbers of students in unsupervised settings – thereby creating the potential for Isla Vista-like setting somewhere in or near San Luis Obispo.
- 6) Locate off-campus student housing near major transportation corridors or in close proximity to the campuses to reduce circulation impacts.
- 7) Increase enforcement of existing city ordinances that prevent unsafe and illegal conversions. Such conversions can make competing on-campus and off-campus housing developments appear less affordable than their illegal counterparts. These units increase the risk of higher vacancy rates at student housing developments, which in turn reduces the likelihood of new units being built in the future.
- 8) Work with other jurisdictions to advocate for changes in State legislation that would:  
(1) provide funds for public higher education institutions to provide adequate on campus housing for students; and (2) allow more flexibility to individual institutions to engage in public-private partnerships to construct new student housing.

### **Issue 3: Owner Occupied Mobile/Manufactured Home Lots**

#### **Statement of Principles:**

Owner occupied mobile/manufactured home lots provide an important supply of entry-level affordable homes. Many families now own their own single-family home because they first purchased a smaller entry-level dwelling such as a condominium, a duplex, or a townhouse. Some of the most affordable entry-level dwellings are mobile/manufactured homes. Unfortunately, they are in exceedingly short supply.

#### **General Recommendations:**

Dedicate a certain portion of new housing in expansion areas for owner-occupied manufactured home lots.

#### **Specific Recommendations**

- 1) Encourage 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.
- 2) Establish lot sizes, setback, and parking guidelines that allow for relatively dense placement of manufactured homes within the master planned community.
- 3) 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.

#### **Issue 4: Special Needs Populations**

##### **Statement of Principles:**

Certain special-needs populations may face both economic and non-economic challenges that make housing particularly difficult to acquire. Such populations could be assisted in obtaining housing if funds were dedicated for that purpose. Special Needs Populations include disabled persons, elderly persons, large household, farm workers, single-parent families, homeless persons, students, and shared households.

##### **General Recommendations:**

- 1) Encourage close cooperation between the city and the county to address affordable housing needs.
- 2) Encourage the County-Wide Housing Trust Fund to allocate a fixed percentage of the funds raised to be expended for Special Need Populations.
- 3) Better define which populations qualify for special need assistance.

##### **Specific Recommendations:**

- 1) Minimize use of affordable housing dollars for bureaucracies and staff positions, particularly when staffing and administrative needs could be met by coordinating with the County or with existing non-profits.
- 2) Certain Special Need Populations should be served through coordinated assistance from both the city and county.
- 3) Utilize existing unoccupied hotel buildings in downtown San Luis Obispo for appropriate single room occupancy (SRO) and transitional housing.
- 4) Encourage co-housing as a housing alternative as has been done in Oceano and Paso Robles.
- 5) Increase multi-family rental housing availability.

#### **Issue 5: Improve education on the use of Universal Design**

Establish workshops for designers, architects, and the public to provide education on understanding the advantages of universal design and how this benefits people of all abilities through the lifespan of the occupants and of the building.

#### **Issue 6: Protect housing affordability for low income occupants by limiting city utility increases consistent with City policy**

The existing utilities have programs for this purpose and they should be continued and expanded where practical. {7-5}

## **V. GOVERNMENT REGULATIONS, PROGRAMS, & PROCEDURES**

### **Statement of Principles**

The City shall encourage the provision of a wide range of housing types to meet community needs by adopting policies, procedures and incentives that facilitate rather than inhibit the construction and preservation of affordable housing. The Task Force believes that while most city policies serve useful purposes in regulating the type and nature of growth, some regulations, programs and procedures may inhibit housing development in general and affordable housing development in particular. The City should work to remove unnecessary or onerous governmental roadblocks to housing development.

### **Recommendations:**

- 1) Review and amend or replace planning policies so as to ensure that they support the construction of affordable housing
  - a) Review existing and proposed policies, regulations and programs with respect to how they may affect housing production and affordability.
    - i) For example, amend existing policies, regulations, and programs where appropriate to remove provisions that tend to reduce housing affordability.
    - ii) For example, require findings regarding the impact of any new policy, regulation, or program on the financial feasibility of building affordable housing.
- 2) Provide exceptions to standards and fees for moderate as well as low-income housing, using a scale to provide the greatest relief for housing designed for lower income levels. {7-4}
- 3) Refine definition of affordability to reconcile how rental and for-sale prices are evaluated and create an extremely low and an above moderate (120%-160% of median income) category. {8-3}
- 4) Make a commitment to strong incentives. {9-2}
  - a) Create incentives that are significant enough to make an impact on housing production and affordability.
  - b) Adjust incentives on a scale so to offer more incentives for low vs. moderate-income housing.
- 5) Modify inclusionary housing policies to emphasize incentives, including density bonuses and other provisions that encourage the production of affordable units. {8-3}
- 6) Clarify the conditions and incentives for preserving existing housing.
  - a) Historic buildings and districts should be respected, recognizing that building clusters and neighborhoods as well as individual buildings can be historically significant.
    - i) Clarify criteria and process
    - ii) The City should define buildings & districts beforehand to extent possible
    - iii) The City should seek to retain character and style in neighborhoods
  - b) Housing conservation in areas (a) not identified as historic districts and (b) not in R-1, R-2, R-3, or R-4 zones needs to be clarified (specific buildings or dwelling unit count)
    - i) Greater predictability in rules is desirable.

- ii) The Task Force discussed the conversion of housing to other uses (i.e., offices). This conflict between achieving no-net-loss and simply allowing what underlying zoning allows was not resolved.
- iii) Existing rules regarding no-net-loss for conversion of four or more units should be retained.
- iv) Incentives should be used to help retain residential units when less-than-four residential units are affected by a development.
- c) The City should provide appropriate incentives to encourage additional housing in the downtown, particularly in mixed-use developments.
  - i) Density or use bonus and additional allowable heights
  - ii) Flexibility in parking requirements for mixed use housing
  - iii) Fee reductions
  - iv) Encourage mixed use conversions
  - v) No-net-loss of residential units requirements can be satisfied in nonresidential (i.e., not R-1 through R-4) zones if conversion includes mixed-use housing.
- d) The City should streamline housing approval procedures. {7-4}
- e) The City should maintain and publicize a list of dwellings available for relocation. {9-2}
- f) The City should redefine development standards and create incentives for R3 and R4 zones to facilitate the construction of multi-family housing that approaches full density. {9-2}
- g) The City should support an affordable housing manager to coordinate housing programs with other City departments and outside organizations.
  - i) Direct the housing manager to address implementation of the recommendations in this report, particularly removal of barriers, provision of incentives, and clarification of criteria and processes.

### **Unresolved Issues:**

The Task Force debated how to address the conservation of housing not in R-1, R-2, R-3 or R-4 zones and not in historic districts. The primary concern of the debate focused on what might be called transitional areas around Downtown that were once primarily residential.

The majority of the members felt that landowners in such zones have the flexibility to develop their property according to the full range of uses permitted in the zone. Within this group, some were very comfortable with including housing in new mixed-use developments, particularly if incentives were offered to address building mass and parking requirements. In other words, this group interprets the notion of “no net loss” as applying to maintaining the number of housing units, rather than individual structures *per se*.

The minority perspective included two concerns – one focused on design and the other focused on affordability. With respect to design, this group argued that the scale of existing residential units contributes to the character of a transitional neighborhood, so the structures themselves need to be preserved as part of any land use conversion. Often,

also, the design and spatial quality of these dwellings is irreplaceable (Victorians or large bungalows, for example) and thus the loss to housing variety as well as neighborhood character caused by their removal can be significant. With respect to affordability, this group argued that replacement units may not be as affordable as existing housing and/or might be built for smaller households, resulting in a net loss in the supply of housing for some markets even if the number of units is maintained.

## **VI. FINANCING AND IMPLEMENTING AFFORDABLE HOUSING**

### **Statement of Principles**

The Task Force believes that in order to achieve the desired goal of the creation of more units of affordable housing in the City of San Luis Obispo, innovative incentive and financing programs as well as modifications to current City programs will be required.

### **Recommendations**

- 1) Support a Countywide Housing Trust Fund (CHTF)
  - a) City should work with the CHTF to secure dedicated sources of funding.
  - b) To assist the CHTF, the City should focus on grants, loan guarantees, Prop 46 funds, and City inclusionary housing funds. {9-2}
- 2) Increase inclusionary housing requirements for commercial development {6-5}
- 3) Spread cost of Affordable housing to entire community by developing or reallocating sources of funding.
  - a) Enact a City real estate transfer fee. {6-5}
  - b) Dedicate part of TOT to housing programs. {8-3}
- 4) Amend the following affordable housing standards:
  - a) Create a Extremely Low-Income Category for Rental Housing
  - b) Created an “Above Moderate” Income Category ranging from 120 – 160% of area median income
  - c) Modify the formula for calculating maximum “Affordable Housing Sales Price” using typical lending practices. Specifically, sales price should be based upon maximum loan plus 3% down payment. Maximum loan should be calculated using 30-year amortization and interest rate based on 11<sup>th</sup> District Cost of funds plus 3%.

## Minority Opinion Report

As should be expected, the members of the Housing Element Update Task Force did not agree on all specific issues brought before them. Where those issues could not be revised to reach consensus, the prevailing opinion as indicated by vote of the members in attendance, was used in the main report and recommendation to the Planning Commission. This minority opinion report includes those issues that were deleted from the main report. It was agreed that the Planning Commission should have the benefit of seeing the issues forwarded by a subcommittee or member if at least two members supported the idea.

This minority opinion report does not include arguments or other references to issues that were put into the main report over the protest of a minority of the task force members but that is reflected in the votes shown after each issue. No separately prepared opinions have been included that express additional minority opinions although this was discussed at a task force meeting. Individual members may submit written or oral comments directly to the Planning Commission on issues that specifically support or oppose in this report.

The following comments along with the Task Force vote are arranged in the same order as the main report for easy reference.

### **I URBAN FORM AND CONTEXT**

#### **Unresolved Issues:**

The general issue of infill development and “densification” raised concerns among some members of the Task Force. These included the following:

- 1) Development of higher-density housing could have a harmful effect on neighborhood quality of life. This could be especially true for higher-density housing in or near existing R-1 neighborhoods.
- 2) Redevelopment of existing structures could have a negative effect on the character of certain neighborhoods, particularly the older ones in and around downtown.
- 3) Redevelopment of existing commercial structures downtown may not be economically viable.
- 4) The relaxation of parking standards could exacerbate existing parking problems, particularly the amount of on-street parking.
- 5) The relaxation of open space standards in annexation areas could lead to increased development of existing farmland within the urban reserve line.

## **II HOUSING DESIGN, NEIGHBORHOOD CHARACTER AND LIVABILITY**

The following two paragraphs were removed from the Subcommittee recommended comments on a vote of 10-3. The preceding language was left in as Specific Recommendation 1):

a) Common outdoor spaces should create a sense of identity and focus for the development and be usable for a variety of passive recreation and social activities. Common outdoor areas relegated to awkward “leftover” spaces of lots or dominated by parking drives or areas are undesirable. Numeric standards should not be the sole criteria for judging the adequacy of required outdoor space.

b) Private outdoor spaces should be contiguous to the units they serve, have adequate dimensions for a variety of uses, be screened from public view, and have exposure to sunlight for a meaningful period of daylight hours. Outdoor spaces whose dimensions are too shallow or narrow, open to public view, or effectively shaded by overhangs, projecting balconies, or other elements, are undesirable. The guidelines should clarify that the minimum “other yard” requirement of five feet should not be used where such yard constitutes the primary private outdoor space for a unit. In such cases, the minimum dimension should be ten feet and no overhead projections or coverings should be allowed.

*The following paragraph was removed from the Subcommittee recommended comments on a vote of 10-3. The preceding language was left in as **Specific Recommendation 3)**: The Community Design Guidelines encourage building separations and changes in plane and height. These include such building elements as bay windows, porches, arcades, dormers, and so forth to relieve flat walls and roofs of excessive length. At the same time, piecemeal embellishments of facades and frequent changes in materials, particularly in smaller developments or where many individual units stand together are undesirable. The Guidelines should be revised to clarify that the architecture of a building or group of buildings should be a coherent design, and that variety should derive from changes in scale, massing and fenestration. Superficial stylistic variations between adjoining buildings should be avoided.*

## **III PRESERVATION AND ENHANCEMENT OF EXISTING RESIDENTIAL NEIGHBORHOODS AND CONSERVATION OF EXISTING HOUSING STOCK**

*The following sentence was removed from the Subcommittee recommended comments on a vote of 6-4:*

Retain integrity of open space on each lot. Consider entire area as in a planned development. #8

*The following sentence was removed from the Subcommittee recommended comments on a vote of 7-3:*

To help residents preserve and enhance their neighborhoods, the City will: Identify neighborhoods, and work with residents to prepare neighborhood plans that empower them to shape their neighborhoods. (*Also see Land Use Program LU-2.15A.*)

*The following sentence was removed from the Subcommittee recommended comments on a vote of 6-4:*

Devise strategies to help stabilize the rental/owner ratio, to maintain neighborhood character, safety, and stability. (*Also see Land Use Program LU-2.15B.*)

*The following sentence was removed from the Subcommittee recommended comments on a vote of 9-2:*

Encouraging any infill housing constructed by the university to maintain the character and density of the lowest zoned neighborhood in its vicinity.

*The following sentence was removed from the Subcommittee recommended comments on a vote of 6-4-1:*

Use new construction and compliance procedures under the American with Disabilities Act (ADA) to increase the proportion of housing throughout the City that is accessible or adaptable for use by residents with physical disabilities.

#### **IV SUSTAINABLE HOUSING, SITE, AND NEIGHBORHOOD DESIGN**

*In the following sentence, one member believes that there was some support for 60 years or more and staff was not able to determine if more members agreed. The statement with "...at least 55 years..." was left in the main report.*

Create affordable rental housing that stays affordable for at least 55 years, whenever that is possible (see federal tax credit provisions).

*The following sentence was removed from the Subcommittee recommended comments on a vote of 5-3-1:*

Maintain existing rear yard green space to provide "lungs" or "green guts" for the core city.

#### **V GOVERNMENT REGULATIONS, PROGRAMS, & PROCEDURES**

No minority positions.

#### **VI FINANCING AND IMPLEMENTING AFFORDABLE HOUSING**

*The following sentence was removed from the Subcommittee recommended comments on a vote of 8-3:*

City should provide interim financial and staff support to the CHTF (Countywide Housing Trust Fund).

*The following sentence was removed from the Subcommittee recommended comments on a vote of 7-4:*

The City should implement and encourage other jurisdictions to implement such things as real estate transfer fees for funding purposes.

*The following paragraph was removed from the Subcommittee recommended comments on a vote of 10-1:*

Provide 50% of new housing as affordable (period)

- A. Establish comprehensive-enough programs to reach this goal.
- B. Use growth cap as tool.

*The following sentence was removed from the Subcommittee recommended comments on a vote of 9-2:*

Limit Size of new SFR or place “luxury” tax on them.

*The following two paragraphs were removed from the Subcommittee recommended comments on a vote of 8-3:*

One member recommended a 20% general density bonus above and beyond the current allowable densities in all R-2, R-3, and R-4 zones presently located within any present or proposed city core areas (to be determined in the future) of San Luis Obispo. He also recommended an additional 20% general density beyond the initial density bonus for developing any form of attached housing, any multi-family development that exceeds two (2) stories in height, or any “Mixed Use Development” that combines housing with any non-residential land use in order to increase the available housing stock while using developable land in a more efficient manner.

Furthermore, He recommended that any housing development that exceeds 5 or more units be given an additional 20% density bonus above and beyond the two previously recommended density bonuses for developments that create 25% or more of the total housing units in a given development that meet the countywide or the local criteria for “Affordable Housing Units.” Where developments exceed 20 or more units and create 25% or more of the total housing units as “Affordable Units” he recommends a 30% density bonus be given above and beyond the two previously recommended density bonuses.