

## POLICIES AND OBJECTIVES

### STATUS OF OTHER IMPORTANT OBJECTIVES

#### AFFORDABLE HOUSING/HOMELESS SERVICES

**Objective.** Continue to facilitate provision of affordable as well as market-rate housing and provide leadership in implementing the County's 10-Year Plan to End Chronic Homelessness.

##### Action Plan

Task	Current	Revised
1. Seek grants to facilitate affordable housing projects.	Ongoing	
2. Work with developers to include affordable housing units in projects and to complete housing projects in process.	Ongoing	
3. Continue to implement Housing Element programs.	Ongoing	
4. Look for new opportunities to use Affordable Housing Fund and grant monies to leverage other funds for affordable housing projects.	Ongoing	
5. Work with service providers and the Homeless Services Oversight Council (HSOC) director to understand needs of homeless population.	Ongoing	
6. Continue HSOC participation to further the implementation of the 10-Year Plan.	Ongoing	

**Status Summary: 50% Complete.** The following is a summary of accomplishments and important next steps for this goal.

##### Affordable Housing

The City received 12 Community Development Block Grant (CDBG) applications for the 2012 Program Year, including projects that meet each of the Council's adopted CDBG funding priorities. Staff coordinated a meeting with the CIP Review Committee to develop preliminary recommendations to the Human Relations Commission (HRC). On December 7, 2011, the HRC adopted funding recommendations for inclusion in the County 2012 Draft Action Plan. On February 21, 2012, Council approved funding allocations of \$573,125 for the 2012 CDBG Program Year. The preliminary funding estimate was provided to the City by the County based on available information from the U.S. Department of Housing and Urban Development (HUD). The recently adopted 2012 Federal budget included a 12% reduction in overall CDBG program funding. On March 13, 2012, HUD released its new funding estimate for the County, which reflects the Federal budget reduction to the CDBG program and mandate to use the American Communities Survey data as the basis for determining allocation amounts. This has resulted in an 11.6% (\$66,567) reduction to the City's 2012 Program Year allocation for a total allocation of \$506,658. On April 4, 2012, the HRC received a presentation on the proposed funding reductions and supported staff's recommendations. On April 17, 2012, Council considered staff's proposed funding reductions and adopted funding modifications, which will be forwarded to the County Board of Supervisors for inclusion in the 2012 Urban County Action Plan.

Staff researched the Housing-Related Parks (HRP) grant program which is designed to encourage cities and counties to develop new residential housing by rewarding those jurisdictions that approve housing for low income households. Funds from this grant program can be used for the creation of or improvements to park and recreation facilities and recreation projects. Based on the number of new low income housing starts last year, the City qualifies for the minimum grant amount. On March 20, 2012, Council authorized staff to apply to the California State Department of Housing and Community Development (HCD) for \$117,450 of HRP funds to be applied

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towards the Santa Rosa Park playground equipment replacement project. On March 28, 2012, staff formally submitted the grant application to HCD for consideration.

Staff met with numerous developers and reviewed development projects for compliance with the City's Inclusionary Housing Program. The City received its first development proposal in the Orcutt Area Specific Plan. The development includes 146 dwelling units with a mix of affordability and housing types. The applicant is proposing approximately 25% of the units as affordable to very-low, low, and moderate income households. This level of dedication far exceeds the project's Inclusionary Housing requirement. The Village at Broad affordable housing project developed by ROEM Corporation on 2201 Emily Street is now complete and occupied. This project includes 42 rental apartment units 100% affordable extremely-low, very-low, and low income households earning 30% to 60% of the area median income within the County.

Staff completed a draft version of the South Broad Street Corridor Plan (SBSCP) that has been updated to reflect development intensity called for by the proposed form-based codes. An Environmental Impact Report is required to be completed to address potentially significant traffic impacts which will be completed as a part of the Land Use and Circulation Elements (LUCE) update process. On February 15, 2012, the plan was reviewed by the Airport Land Use Commission for consistency with the density provisions established in the Airport Land Use Plan (ALUP). Overall, the Commission was in general support of the Plan and determined that anticipated density was well below the ALUP's maximum allowable for the area. On February 29, 2012, staff met with the SBSCP focus group to provide an update on the Plan and review process. Overall, focus group comments were very positive regarding changes that have been made to ensure the Plan is more usable and understandable. Staff anticipates bringing the Plan to the Planning Commission for review and endorsement in fall 2012, with Council consideration in late fall 2012. Formal adoption of the Plan will occur after Council approval of the LUCE update.

On October 4, 2011, Council approved an Affordable Housing Fund award for the Housing Trust Fund in the amount of \$30,000. This award improves the City's ability to facilitate affordable housing and provides technical assistance to City staff and developers of affordable housing in the City. The award leverages significant additional funding from other sources.

The 1550 Madonna Road property (HUD 120-unit affordable housing project) has been offered for sale. This property is currently owned by the United Brotherhood of Carpenters and Joiners of America. The property is approximately seven acres in size and includes 120 residential apartment units. The project was constructed in 1971 and has been deed-restricted as affordable housing under a HUD 236 loan since occupancy. This loan came to maturity on March 2, 2012, and the property owners have decided to sell the property. Vitus Group, Inc., an affordable housing developer, has entered into a purchase agreement with the owners. Vitus Group's financing strategy includes the issuance of tax-exempt bonds to assist with property acquisition and rehabilitation. On March 13, 2012, Council authorized the California Municipal Finance Authority, on behalf of Vitus Group, to issue up to \$15,000,000 in tax exempt bonds to finance the project. This is a positive outcome since there were several market rate developers that bid on the property. Vitus Group plans to maintain the 120 units as affordable to low and very-low income households earning 50-60% of area median income within the County. Vitus Group is currently working on planning and building documents to submit to the City for review and approval.

Staff completed a National Environmental Policy Act (NEPA) environmental review for the disposition of 172 public housing units owned by HASLO. Historically, HASLO has been able to meet the operating and capital needs of public housing through a combination of tenant rental income, HUD operating subsidies and capital fund grants. However, in recent years, funding from all three sources has declined significantly. In order to properly maintain and operate the public housing units, HASLO is proposing to dispose of the units to an affiliated non-profit through the means of a long-term lease. This would allow for additional funding from a more stable source than HUD.

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Staff continued efforts to implement an Affordable Housing Monitoring Program. Staff developed compliance questionnaires and met with the City Attorney prior to mailing to all owners, renters and property managers of Inclusionary Housing units. These questionnaires were mailed out on March 16, 2012, and staff is currently reviewing responses for compliance with the City's Inclusionary Housing Ordinance and Affordable Housing Standards. Staff met with the City Attorney on April 18, 2012 to review questionnaire results and determine "next steps" for those units that appear to be out of compliance with program requirements. Staff is also developing an ongoing formal process to monitor the City's Inclusionary Housing units.

On April 4, 2012, staff completed and submitted a local reviewing agency project evaluation form for ROEM Development Corporation's 313 South Street Tax Credit Allocation Committee application. This document is required to be submitted to the State by local agencies with projects requesting low income housing tax credits. The 313 South Street project includes 42 affordable housing rental units within four three-story buildings. The units would be available for rent to extremely-low, very-low and low income households earning 30% to 60% of the area median income within the County. The project has received public assistance commitments from a variety of sources including CDBG, Home Investment Partnerships Program (HOME), City Affordable Housing Fund, and development review and impact fee waivers. Local support is necessary for the project to be competitive for tax credits on a State-wide basis.

#### **Homeless Services**

Staff has met with Community Action Partnership of San Luis Obispo (CAPSLO) and County staff on a monthly basis regarding funding opportunities for the proposed Homeless Services Facility on 3451 South Higuera Street. On February 21, 2012, Council approved \$50,000 in CDBG funding from the 2012 Program Year to help fund pre-development costs for the design and construction of the Facility. This is in addition to the \$25,000 CAPSLO received in CDBG funds from the 2011 Program Year. The City also contributed \$2,500 to fill a funding gap to open the warming station at Prado Day Center during times of inclement weather.

In recent years, RV's and even automobiles have increasingly emerged as a form of shelter for persons who have not been able to obtain transitional or permanent housing and are seeking to escape the elements. On February 6, 2012, CAPSLO submitted a proposal to the City to establish a safe parking pilot program at the Prado Day Center to address this growing community issue and advance a key goal to provide a form of transitional housing consistent with the 10-Year Plan. On March 20, 2012, Council adopted a resolution to temporarily suspend the enforcement of Municipal Code Chapter 17.16.015 (Recreational vehicle as dwelling unit) for six months for the Prado Day Center parking lot and authorized the City Manager to enter into an agreement with CAPSLO to implement a safe parking pilot program for up to five vehicles, subject to conditions. Staff is working with CAPSLO on operational and budget details to implement the program consistent with Council's approval.

