

### **3.10 POPULATION AND HOUSING**

This section provides information on the existing population, employment characteristics, and housing availability in the City of San Luis Obispo (City) and evaluates the proposed Project's potential to affect these sectors. Sources utilized in the development of this section include the City of San Luis Obispo General Plan Land Use Element and Housing Element, Land Use and Circulation Elements Update EIR (LUCE Update EIR) and supporting appendices, San Luis Obispo Council of Governments (SLOCOG) projections, the 2015 Annual Report on the City's General Plan, U.S. Census Bureau data, and California Department of Finance data.

#### **3.10.1 LUCE Update EIR**

The City's 2014 LUCE Update EIR provided a programmatic assessment of citywide population and housing impacts as well as a brief discussion of those related to development of the Project site. The LUCE Update EIR noted that the Project has the potential to alleviate the jobs-to-housing balance within the City, and states that development of Avila Ranch would not result in impacts to population and housing resources or exceed the adopted one percent per year population growth threshold. In addition, the EIR concluded that implementation of the proposed LUCE Update policies, and amendments to existing City policies, would result in less than significant impacts. In particular, incorporation of Land Use Element Policy 1.11.2, which states the City shall manage the growth of the City's housing supply so that it does not exceed one percent per year, on average, based on thresholds established by Land Use Element (City of San Luis Obispo 2014b). The LUCE EIR addresses the jobs-to-housing ratio based on SLOCOG projected demand for housing and employment, and estimated that the projected jobs-to-housing ratio would be 1.8 to 1 by 2035 (City of San Luis Obispo 2015b).

#### **3.10.2 Environmental Setting**

##### **3.10.2.1 Population**

A range of population forecasts for existing population levels and the rate and total amount of projected future growth within the City are available from different sources. As discussed below, there is some variation for both existing population levels and projected rates of growth between available sources.

Population Estimates

In 2016, the population of the City of San Luis Obispo was estimated at 46,117 while the County of San Luis Obispo was estimated at 277,977(see Table 3.10-1; Department of Finance 2016).<sup>1</sup> The City’s population constitutes approximately 16.5 percent of the County’s total population. Overall, the City has experienced an average annual increase in population of 0.38 percent since 1990. Comparatively, the County has experienced a 1.08 percent annual increase since 1990.

**Table 3.10-1. Population Growth between 1990 and 2016**

Population	1990	2000	2010	2016 <sup>1</sup>
City of San Luis Obispo	41,958	44,148	45,119	46,117
Average Annual Growth (%)	--	0.5	0.2	0.4
County of San Luis Obispo	217,162	246,681	269,637	277,977
Average Annual Growth (%)	--	1.4	0.9	0.5

Source: Department of Finance 2016; U.S. Census Bureau 2010; U.S. Census Bureau 2015.

Population Projections

SLOCOG projects a continuation of the relatively slow growth rates experienced by the City between 2000 and 2010, with a 0.40 percent annual growth rate to 2040.<sup>2</sup> According to SLOCOG’s medium growth population projections, the City is estimated to witness a population increase of 1,301 residents between 2015 and 2020, and the addition of 735 new residents between 2020 and 2025. By 2040, the total population for the City and the County as a whole, are projected to increase by 4,819 residents and 58,787 residents respectively from 2015. However, it is noted that 2014 population estimates made by the U.S. Census Bureau have already exceeded projections made by SLOCOG for the year 2025. SLOCOG population projections are further compared to land use buildout capacities allowed under the LUCE below (see Table 3.10-2).

<sup>1</sup> The California Department of Finance provides population estimates for the City and County. The Department of Finance provides population counts every year, which include deduction of exclusion from the total population. Exclusion include residents on federal military installations and group quarters residents in state mental institute, state and federal correctional institutions, and veteran homes. The most recent annual report was published in May 2016.

<sup>2</sup> As part of its long range planning efforts, SLOCOG develops socioeconomic estimates and growth projections including population, households, and employment for cities in the County of San Luis Obispo through enhanced forecasting methods and interactive public outreach. These estimates and projections provide the analytical foundations for SLOCOG’s transportation planning and other programs at the regional and small geographic area level, including the Regional Housing Needs Assessment (RHNA). The most recent projections were released in the agency’s 2014-2040 Regional Transportation Plan/Sustainable Communities (RTP/SCS) Growth Forecast. Although SLOCOG’s RTP/SCS was adopted in 2014, the growth forecasts in the 2014 RTP/SCS are based on 2010 U.S. Census Bureau data.

**Table 3.10-2. SLOCOG Medium Growth Population Projections**

Population	2015	2020	2025	2040
<b>City</b>	44,668	45,969	46,704	49,487
<b>County</b>	275,590	286,940	296,851	334,377

Source: SLOCOG 2011.

General Plan Population Estimates

According to the City’s Housing Element, between 1990 and 2000, the City’s population grew 0.5 percent annually, and between 2005 and 2013, the City’s population grew by 879 persons, a total increase of 2 percent, or annual increase of 0.2 percent (see Table 3.10-3). During these years, the maximum annual population growth rate for the City was 0.82 percent.

The Land Use Element includes land use designations, policies, and projected levels of development designed to accommodate an eventual City population of 57,200 (with an estimated population of 56,686 in 2035). Conservatively using a 0.5 percent annual growth rate (as experienced between 1990 and 2000), the City's anticipated residential population capacity would be reached by the year 2057 (City of San Luis Obispo 2015a).

**Table 3.10-3. Population Growth, 2005-2013, San Luis Obispo City, County, and State of California**

	<u>City</u>		<u>County</u>		<u>California</u>	
	Population	Rate of Change (%)	Population	Rate of Change (%)	Population	Rate of Change (%)
<b>2005</b>	44,662	-	261,558	-	35,278,768	-
<b>2006</b>	44,522	-0.31	263,727	0.83	36,457,549	3.34
<b>2007</b>	44,389	-0.3	265,786	0.78	36,553,215	0.26
<b>2008</b>	44,521	0.3	268,290	0.94	36,756,666	0.56
<b>2009</b>	44,750	0.51	270,429	0.8	36,961,664	0.56
<b>2010</b>	45,119	0.82	269,637	-0.29	37,253,956	0.79
<b>2011</b>	45,269	0.33	271,969	0.86	37,691,912	1.18
<b>2012</b>	45,312	0.1	271,502	-0.17	37,668,804	-0.06
<b>2013</b>	45,541	0.51	272,177	0.25	37,966,471	0.79

Source: City of San Luis Obispo 2015a.

3.10.2.2 Employment

In 2013, the City’s total labor force was estimated at 28,400, of which 26,300 were employed, resulting in an unemployment rate of 7.3 percent (see Table 3.10-5; City of San

Luis Obispo 2015a).<sup>3</sup> Due to the 2008 national economic recession, the unemployment rate in the City reached up to 10.9 percent in 2010; however, the City has seen a steady decrease in annual unemployment rates since the height of the recession (see Table 3.10-5).<sup>4</sup> Comparatively, unemployment levels in the County are approximately 8 percent and have been historically 2 percent lower than the state’s levels, which was 10.5 percent in 2011 (SLOCOG 2011).<sup>5</sup> In 2016, unemployment was 4.6 percent in the City and 4.3 percent in the County (Bureau of Labor Statistics 2016).

The City estimated that there were 31,907 jobs within the City in 2012 (City of San Luis Obispo 2015a).<sup>6</sup> Of these jobs, educational services, and health care and social assistance sectors accounted for 24 percent of the jobs, followed by retail trade jobs with about 18.5 percent and arts, entertainment, recreation, and accommodation, and food services sectors with 15.5 percent of the total jobs. Top employers within the City include the French Hospital Medical Center, AMI Sierra Vista Radiology, and Pacific Gas and Electric Co. Comparatively, the total amount of jobs within San Luis Obispo County was estimated at 120,893 and was also led by educational services, and health care and social assistance sectors, which accounted for 23.1 percent of the County’s jobs (see Table 3.10-4; City of San Luis Obispo 2015a). Based on these estimates, in 2012 the City provided approximately 26.4 percent of the total number of jobs within the County, while the City’s population constitutes roughly 16.7 percent of the County’s total population.

Some of the County’s highest-wage jobs are situated in areas immediately outside the City, including California State Polytechnic University (Cal Poly), Cuesta College, Diablo Canyon, and the California Men’s Colony (City of San Luis Obispo 2015a). As such, a portion of the City’s labor force earning higher salaries is likely employed outside the City.

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<sup>3</sup> Labor force is defined as the number of residents within the City that are currently employed or residents that are unemployed looking for employment. Those who choose not to work or unable to work typically are not calculated as members of the labor force. This differs from the number of jobs available within the City, which also relies on labor force populations outside the City that commute to the City for work.

<sup>4</sup> Unemployment rate is unemployed labor force divided by total size of the labor force.

<sup>5</sup> Non-farm job refers to all employment unrelated to agricultural production or harvest.

<sup>6</sup> The number of jobs refers to the number of employment opportunities available within the City.

**Table 3.10-4. Division of Labor within the City, County, and State**

Industry	City		County		California	
	Number of Jobs	Percent (%)	Number of Jobs	Percent (%)	Number of Jobs	Percent (%)
Educational services, and health care and social assistance	5,487	24	27,971	23.1	3,465,988	21
Arts, entertainment, and recreation, and accommodation, and food services	3,562	15.5	14,538	12	1,629,516	10
Retail trade	4,245	18.5	15,834	13.1	1,853,579	11
Professional, scientific, and management, and administrative and waste management services	2,600	11.3	13,267	11	2,079,656	12.6
Finance and insurance, and real estate and rental and leasing	1,101	4.8	5,332	4.4	1,046,344	6.3
Public administrative	827	3.6	7,192	6	787,015	5
Manufacturing	1,323	6	7,685	6.4	1,638,041	10
Construction	756	3.3	8,071	6.7	966,156	6
Transportation and warehousing, and utilities	688	3	5,622	4.7	760,091	4.6
Information	845	3.7	3,032	2.5	460,567	2.8
Other services, except public administration	9,914	4	5,519	4.6	893,649	5.4
Wholesale trade	334	1.5	2,357	1.9	516,724	3
Agriculture, forestry, fishing and hunting, and mining	225	1	4,473	3.7	396,480	2.4
<b>Total number of Jobs</b>	<b>31,907</b>	<b>100</b>	<b>120,893</b>	<b>100</b>	<b>16,493,806</b>	<b>100</b>
Civilian employed population 16 years and over	22,984	100	120,893	100	16,493,806	100

Source: City of San Luis Obispo 2015a.

According to SLOCOG, the City had approximately 33,000 jobs in 2010, while the County and unincorporated areas had 95,900 and 23,900 jobs, respectively (SLOCOG 2011). As noted in Table 3.10-6, the SLOCOG anticipates an increase of 11,200 nonfarm jobs in the City over a 30-year period between 2010 and 2040.<sup>7</sup> This equates to an annual projected employment growth of 1.13 percent for the City. In the County, employment is projected to grow 1.04 percent annually.

<sup>7</sup> Nonfarm jobs refer to employment that is not related to agricultural operations.

**Table 3.10-5. City of San Luis Obispo Labor Force and Unemployment 2000-2013**

	Employed	Unemployed	Total	Unemployment Rate (%)
2000	23,500	1,100	24,600	4.5
2001	24,200	1,100	25,300	4.4
2002	24,600	1,300	25,900	5.2
2003	24,500	1,300	25,800	5.2
2004	24,900	1,300	26,200	5.1
2005	25,400	1,300	26,700	4.7
2006	25,800	1,200	27,000	4.4
2007	26,200	1,300	27,500	4.7
2008	25,900	2,000	27,900	6.3
2009	24,800	2,700	27,500	9.9
2010	24,900	3,000	27,900	10.9
2011	25,200	2,900	28,100	10.3
2012	26,300	2,600	28,800	8.9
2013	26,300	2,100	28,400	7.3

Source: City of San Luis Obispo 2015a.

**Table 3.10-6. SLOCOG Medium Non-Farm Employment Projections**

Planning Area	2010	2015	2020	2025	2030	2035	2040
City	33,000	34,900	36,900	38,400	40,300	42,400	44,200
County	95,900	101,300	106,700	1,110,700	115,700	120,800	125,900

Source: SLOCOG 2011.

3.10.2.3 Housing

Existing Supply and Number of Households

According to the Housing Element, the City was estimated to have 20,553 housing units, and 19,193 households with an average household size of 2.29 persons in 2010 (City of San Luis Obispo 2015a).<sup>8</sup> Average household size has declined from 2.32 persons per household in 2000 to 2.29 in 2010 (City of San Luis Obispo 2015a). In part, this may be due to the fact that very few multi-family dwellings were built during this time period, and multi-family housing typically has a higher average number of persons per household than single-family housing (City of San Luis Obispo 2015a).

From 2000 to 2010, while the number of households increased during this period, average household size declined by 1.4 percent. As homeowners age and become “empty nesters”, they often cannot afford to “shift down” and buy smaller housing that better meets their

<sup>8</sup> By definition, a household consists of all persons occupying a dwelling unit, whether or not they are related.

needs and budget. In San Luis Obispo, it is not uncommon for a three- and four-bedroom house to be occupied by one or two persons. As average households grow smaller, the existing housing stock accommodates fewer people, exacerbating housing needs, particularly for families and large households (City of San Luis Obispo 2015a).

**Table 3.10-7. SLOCOG Existing and Projected Housing Supply**

Growth Level Scenario	2010	2020	2035
Low	20,553	21,523	22,982
Mid	20,553	21,526	23,204
High	20,553	21,528	23,405

Source: SLOCOG 2011.

Housing Demand and Availability

Full-time college students, a large portion of the City’s population, exert a strong influence on the housing market. Cal Poly contained an enrollment of approximately 19,800 students in 2013 and Cuesta College had an enrollment of approximately 11,336 students in 2013. Natural population increase and formation of new households from the local population have historically accounted for only a small part of the overall demand for housing (City of San Luis Obispo 2015a).

The City’s housing vacancy rate in 2010 was 7.3 percent with a rental market vacancy rate estimated at 4.5 percent in 2015 (U.S. Department of Housing and Urban Development 2015).<sup>9</sup> The City’s low vacancy rate generally reflects the high demand for student rental housing near college campuses (City of San Luis Obispo 2015b). In 1990, the City’s vacancy rate remained at just over 5.0 percent; however, between 2001 and 2003, the rate dropped steeply to 3.5 percent. By comparison, in the 1990’s the County of San Luis Obispo vacancy rate hovered at around 11 percent. In 2010, the County’s vacancy rate dropped to 7.3 (City of San Luis Obispo 2015a).

<sup>9</sup> The housing vacancy rate is one measure of general housing availability. A low vacancy rate, less than 5 percent, suggests that households will have difficulty finding housing within their price range. Conversely, a high vacancy rate may indicate a high number of housing units that are undesirable for occupancy, a high number of seasonal units, or an oversupply of housing. By maintaining a “healthy” vacancy rate of between five and eight percent, housing consumers have a wider choice of housing types and prices to choose from. As vacancy rates drop, shortages generally raise housing costs and limit choices.

Housing Affordability

The State of California defines five income categories for the purposes of determining housing affordability and need in communities.<sup>10</sup> These categories are:

- Extremely-Low Income: 30 percent or less of the County median income
- Very-Low Income: 31-50 percent of the County median income
- Low Income: 51 to 80 percent of the County median income
- Moderate: 81 to 120 percent of the County median income
- Above Moderate: 121 percent or higher than the County median income

The median household income in 2015 for a four-person household was \$77,100 for the County (City of San Luis Obispo 2016). Table 3.10-8 identifies the income categories and affordable rents and purchase prices in the City. As the City has a large student population, 33.2 percent of City household’s incomes were less than \$24,999, which fall within the extremely low income category; however, this group may be inflated as many student households, including families headed by students, are nominally in the lower income categories but have significant financial resources due to parental support, loans or savings that is not reflected in their current income levels.

**Table 3.10-8. Affordable Rent and Purchase Prices for All Income Categories**

Income Category	Annual Income <sup>1</sup>	Affordable Rent <sup>2</sup>	Affordable Purchase Price <sup>3</sup>
Extremely Low (≤31%)	≤\$23,901	\$597 or less	≤\$71,703
Very Low (31-50%)	\$23,901 - \$38,550	\$597 - \$963	\$71,703 - \$115,650
Low (51 - 80%)	\$39,321 - \$61,680	\$983 - \$1,542	\$117,963 - \$185,040
Moderate (81 – 120%)	\$62,451 - \$92,520	\$1,561 - \$2,313	\$218,578 - \$323,820
Above Moderate (>120%)	≥ \$92,520	> \$2,313	≥\$323,820

<sup>1</sup>Annual incomes are based on median income of 4-person households which is \$77,100 for the County of San Luis Obispo.

<sup>2</sup>Affordable rent is defined as 30% or less of gross income spent on rent.

<sup>3</sup>Affordable purchase price is defined as 3 times the annual income for extremely low, very low, and low; and as 3.5 times the annual income for moderate and above moderate.

Source: City of San Luis Obispo 2016.

<sup>10</sup> A disparity between monthly housing cost and monthly income is referred to as a housing affordability gap. Housing affordability is determined by its cost and by the occupant’s income and other sources of purchasing power. Affordability is often described in terms of what portion of household income should be spent on housing. According to the U.S. Department of Housing and Urban Development, the California Department of Housing and Community Development (HCD), and many lending institutions, households should spend no more than 30 percent (25 percent or less for extremely low, very low, and low income groups) of their gross monthly income on housing (City of San Luis Obispo 2016).

**Table 3.10-9. Average Floor Area by Unit Type in San Luis Obispo, 2011**

Unit Type	Average Rent (\$)	Average Floor Area (Sq. ft.)	Income Groups That Can Afford
Studio	764	381	Some very low, low, moderate, above moderate
1-Bedroom	894	639	Some very low, low, moderate, above moderate
2-Bedroom	1,319	942	Low, moderate, above moderate
3-Bedroom	1,769	1,063	Moderate, above moderate

Source: City of San Luis Obispo 2015a.

Based upon data from the City’s Housing Element, average market rate rent for a studio apartment was affordable for some of the City’s very-low income households (refer to Tables 3.10-10 and 3.10-11). However, as average rent would fall in the middle of the very low range, households at the lower half of the very low income bracket could not afford average market rents for studio. Further, large very low income households (i.e., more than 2 persons) would be overcrowded in studio units. Average market rents for a one-bedroom apartment would be affordable for a small segment of very low income households and all low-income households, although overcrowding would be an issue for larger households. Extremely-low-income family is essentially priced out of the City’s housing market. The average two- bedroom rental unit is affordable for a small segment of the City’s low income households and all, moderate and above-moderate-income households, while average rent for three bedroom homes leaves these affordable for some moderate and all above moderate income households (City of San Luis Obispo 2015a).

**Table 3.10-10. Median Residential Real Estate Sales Prices for City, County, and State from 2001-2013**

	City		County		California	
	Median Price (\$)	Percent Change (%)	Median Price (\$)	Percent Change (%)	Median Price (\$)	Percent Change (%)
2001	331,568	--	282,170	--	263,505	--
2002	405,778	22.4	326,710	15.8	318,309	20.8
2003	451,150	11.2	381,750	16.8	371,523	16.7
2004	530,932	17.7	443,090	16.1	451,487	21.5
2005	601,665	13.3	553,780	25.0	526,316	16.6
2006	655,851	9.0	580,800	4.9	560,253	6.4
2007	581,040	-11.4	570,770	-1.7	554,623	-1.0
2008	564,213	-2.9	470,233	-17.6	378,233	-31.8
2009	570,000	1.0	385,551	-18.0	276,700	-26.8
2010	556,475	-2.4	384,002	-0.4	305,408	10.4
2011	554,000	-0.4	360,000	-6.3	287,523	-5.9
2012	502,000	-9.4	369,000	2.5	266,000	-7.5
2013	569,500	13.4	390,000	6.0	326,000	22.6

Source: City of San Luis Obispo 2015a.

The median sales price for housing in the City was \$569,000 in 2013. This median sales price would generally be affordable only to the upper end of the moderate income range or above moderate income categories based on the estimated mortgage payments. Table 3.10-10 shows median City housing prices were higher than both the County and State. As such, a growing disparity between household income and housing cost is forcing many to seek housing outside the City.

Regional Housing Needs Assessment (RHNA)

During the Housing Element's planning period from 2014 to 2019, the City is responsible for accommodating a net increase of 1,144 dwelling units. The quantified objectives promote the development of housing that meets affordability standards for the income groups in the same proportion as the RHNA allocation, and emphasize production of multi-family, higher density housing, where appropriate.<sup>11</sup> Although not counted toward meeting the City’s RHNA allocation because it is located just outside City limits, housing developed by Cal Poly University on and adjacent to the campus on State land has played a key role in meeting City housing needs.

**Table 3.10-11. Remaining RHNA Need Based on Dwelling Units Approved, Under Construction, or Built, 2014 to 2019**

(Percent of Area Medium Income)	New Construction Need (RNHA)	Dwelling Units Approved, Under Construction or Built (2014)	Remaining RHNA Need, Dwelling Units
Extremely Low Income (0-30%)	142	5	137
Very Low Income (31-50%)	143	33	110
Low Income (51-80%)	179	40	139
Moderate Income (81-120%)	202	63	139
Market Rate (120%+)	478	478	0
<b>Total</b>	<b>1,144</b>	<b>619</b>	<b>525</b>
<b>Percent Affordable</b>	<b>40.5%</b>	<b>13.5%</b>	<b>100%</b>
<b>Total Need for Newly Constructed Affordable Units</b>			<b>525</b>

Source: City of San Luis Obispo 2015b.

<sup>11</sup> Under State law, each city and county is to develop programs designed to meet its share of the region's housing needs for all income groups, as determined by the region’s council of governments. The State Department of Housing and Community Development (HCD) identifies housing needs for all regions of the State. Councils of governments then apportion the regional housing need among their member jurisdictions. The RHNA process seeks to ensure that each jurisdiction accepts responsibility, within its physical and financial capability to do so, for the housing needs of its residents and for those people who might reasonably be expected to move there. State housing law recognizes that housing need allocations are goals that jurisdictions seek to achieve; however, they are not intended as production quotas. The allocations are included in each jurisdiction’s Housing Element so that plans, policies and standards may be created to help meet housing needs within this element's planning term.

Consistent with state law, the City's RHNA is reduced based on the number of dwelling units approved, under construction, or built between January 1, 2014 and June 30, 2014 (see Table 3.10-11). These units are deducted from the RHNA number for each income category to establish the City's housing construction objectives for the Housing Element's planning period, 2014 to 2019. The City's adjusted RHNA housing need for the five year period from 2014 to 2019 is 525 dwelling units, and of these, 386 are needed for low, very-low or extremely low income categories.

Table 3.10-12 summarizes the City's quantified housing objectives for the five-year planning period that do not utilize new construction of housing as a method for achieving housing demand. As stated in the Housing Element, the City will utilize rehabilitation, preservation, conservation, and financial assistance methods to increase the number of affordable housing units. Although the quantified objectives are achievable, under adopted land use plans and regulations, they do not include specific development quotas. The City intends to use financial, planning, and administrative resources to meet its affordable housing objectives, but cannot guarantee they will be achieved given limited financial resources, economic uncertainty, independent financial decisions regarding housing development, and the large gap between housing cost and median County residents' incomes. Achieving 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 extremely low, very-low, low- and moderate income housing needs.

Using data on from Table 3.10-11 and Table 3.10-12, a projected total of 1,297 affordable units would be needed within the City during 2014-2019 planning period to meet the RHNA projected demand and the City's Quantified Housing Objectives. Of the 1,297 affordable units, 525 units would be RHNA units that need to be constructed and the remaining 772 would be units from the existing housing stock that would be otherwise rehabilitated, preserved, conserved, or be provided financial assistance. In addition to the 478 market rate dwelling units that are currently planned, the total net demand for additional housing units for the 2014-2019 planning period is 1,822 units. This exceeds the housing needs recommendation encouraged by the RHNA and the City's Quantified Housing Objectives.

**Table 3.10-12. San Luis Obispo Quantified Housing Objectives, 2014 to 2019**

(Percent of Area Medium Income)	Rehabilitation	Preservation	Conservation	Financial Assistance
Extremely Low Income (0-30%)	8	20	95	40
Very Low Income (31-50%)	32	50	125	50
Low Income (51-80%)	75	0	100	60
Moderate Income (81-120%)	58	0	100	75
Market Rate (120%+)	0	0	0	0
<b>Total</b>	127	70	350	225
<b>Percent Affordable</b>	100%	100%	100%	100%
Housing Approved, Under Construction Or Built	0	0	0	0
Quantified Housing Objective by 2019	127	70	350	225
<b>Total Quantified Housing Objective</b>	<b>772</b>			

Source: City of San Luis Obispo 2015a.

Jobs-to-Housing Ratio

The jobs-to-housing ratio in a jurisdiction is an overall indicator of both availability of jobs within an area, providing residents with an opportunity to work locally, and availability of housing, providing employees with adequate housing opportunities. The jobs-to-housing balance is a planning tool to review whether a community has a healthy balance between jobs and the housing supply available to potentially house workers for those jobs. This balance may be impacted by the match between wage levels and housing costs; whether all workers in a house have employment in the community in which they live; whether preferences are met within the community for either housing or employment; and whether options are available nearby for either housing or employment. According to the General Plan Annual Report, the desired target is a jobs-to-housing-units ratio of 1.5:1, which reflects that there is more than one worker living in the average household (City of San Luis Obispo 2015b). Land Use Policy 1.5 states that the City’s housing stock should keep pace with the growth in employment so that the jobs housing balance of 1.6:1 in 2015 would not worsen.

In 2010, SLOCOG estimated there were 33,000 jobs and an estimated 20,553 housing units in the City. As shown in Table 3.10-13, this creates a jobs-to-housing balance of 1.6 to 1, indicating that the City is jobs-rich, in comparison to the countywide ratio of 0.82 to 1.

Because the City has the largest concentration of jobs of any location in the County, the temporary population can increase up to 70,000 persons on workdays from the 46,117 residents, a 52 percent increase (City of San Luis Obispo 2015a; SLOCOG 2011).

**Table 3.10-13. Jobs-to-Housing Ratio in 2010**

Planning Area	Jobs	Housing Units	Jobs to Housing Ratio
City	33,000	20,553	1.6
County	95,900	117,315	0.82

Source: SLOCOG 2011.

Moreover, as indicated by the General Plan 2015 Annual Report and in Table 3.10-14, the current jobs-to-housing ratio inside the City limits is 1.6 to 1 and if the jobs-to-housing ratio included the employees of Cal Poly and the California Men’s Colony, which are outside City limits, the balance would be 1.8 to 1.

**Table 3.10-14. Jobs-to-Housing Ratio in 2015**

Current Jobs to Housing	
Estimated Jobs in City Limits	33,000
Housing Units	20,966
<b>Jobs-to-Housing ratio</b>	<b>1.6:1</b>
Cal Poly Jobs (Not in City)	2,811
California Men's Colony jobs (Not in City)	1,899
<b>Jobs to Housing ratio including Cal Poly and Men's Colony</b>	<b>1.8:1</b>

Source: City of San Luis Obispo 2015b.

Full buildout of development planned under the 2014 LUCE Update would result in a jobs-to-housing ratio of 1.8 to 1 within the City by 2035, improving the 2.1 to 1 jobs-to-housing ratio forecast under the 1994 General Plan due to inclusion of increased opportunities for residential development, thus improving the balance between projected jobs and housing growth in the community. Although the jobs-to-housing ratio under the 2014 LUCE Update would be improved from the ratio under the 1994 General Plan, buildout of the 2014 Land Use Element would still result in a relative jobs-rich environment, with continued imbalance between jobs and housing within the City as compared to the County as a whole (City of San Luis Obispo 2015b; City of San Luis Obispo 2014a).

City Growth Forecasts and Buildout Capacity

*SLOCOG*

SLOCOG Regional Growth Forecasts projects an increase in City population of 4,271 new residents, 2,429 housing units, and 9,400 jobs between 2010 and 2035. Assuming 550 non-residential square feet per job, there is a demand for 5,170,000 square feet of non-residential floor area between 2010 and 2035 within the City (SLOCOG 2011).

*Land Use Element*

Potential future development within the City permitted under the land use designations and policies of the 2014 Land Use Element Update could result in approximately 4,904 additional housing units, 11,229 new residents, and 5,081,708 square feet of non-residential uses that would support 11,346 new jobs. Although the Land Use Element is a long range planning blueprint with a planning horizon of 2035, it’s worth noting that the total future development capacity under the proposed Land Use Element exceeds the SLOCOG Regional Growth Forecast in population, housing units, and employment (see Table 3.10-15; City of San Luis Obispo 2014c).

**Table 3.10-15. SLOCOG Projections vs. LUCE Buildout Capacity for 2035**

	SLOCOG Forecast in 2035 <sup>1</sup>	Land Use Element Total Future Development Capacity <sup>2</sup>
Population	48,550	57,200
Housing Units	23,204	25,762
Employment	42,400	44,346
Non-Residential Square Footage from 2010 to 2035 <sup>3</sup>	5,170,000	5,081,708

Sources: SLOCOG 2011; City of San Luis Obispo 2014c; City of San Luis Obispo 2014b.

<sup>1</sup> See Table 2.3-4 of LUCE EIR.

<sup>2</sup> See Table 3 of Land Use Element

<sup>3</sup> Estimated using 550 non-residential square feet per job.

**3.10.3 Regulatory Setting**

3.10.3.1 Federal

There are no federal planning regulations that apply to population, housing, and employment for this Project.

3.10.3.2 State

Housing Element Law- Article 10.6 of the Government Code (Sections 65580-65589.8)

California legislature has declared the attainment of affordable housing and a sustainable living environment for every Californian to be of vital importance. Attaining the State’s housing goals requires efforts from all sectors, including the private sector and all levels of government. Each local government has the power to facilitate the improvement and development of housing for all economic segments of the community accounting for economic, environmental and fiscal factors as well as community goals and housing element. The housing element identifies and analyzes existing and projected housing needs and also provides implementation measures for these programs. Each jurisdiction in the state must update its housing element at least every eight years in accordance with Article 10.16 of the Government Code.

Regional Housing Needs Plan

The Regional Housing Needs Plan (RHNP) is required under California Government Code Section 65584 to enable regions to address housing issues and meet housing needs based on future growth projections for the area. The State of California determines the number of total housing units needed for each region. The allocation comes after projection modeling based on current General Plan policies and established land use zonings. The allocations are based on “smart growth” assumptions in the modeling and aim to shift development patterns from historical trends towards better jobs-to-housing balance, increased preservation of open space, and development of urban and transit-accessible areas. Regional housing needs are based on the local and regional distribution of income, the need for housing generated by local job growth, the projected growth in the number of households, and the vacancy rate in each community.

3.10.3.3 Local

City of San Luis Obispo General Plan

*Land Use Element*

**Policy LU 1.5 Jobs/Housing Relationship.** The gap between housing demand (due to more jobs and college enrollment) and supply should not increase.

**Policy LU 1.11 Growth Rates & Phasing.**

**Policy LU 1.11.1 Overall Intent.** The City shall manage the city’s growth rate to provide for the balanced evolution of the community and the gradual assimilation of new residents. Growth must be consistent with the City's ability to provide resources and services and with State and City requirements for protecting the environment, the economy, and open space.

**Policy LU 1.11.2 Residential Growth Rate.** The City shall manage the growth of the City's housing supply so that it does not exceed one percent per year, on average, based on thresholds established by Land Use Element Table 3, excluding dwellings affordable to residents with extremely low, very low or low incomes as defined by the Housing Element. This rate of growth may continue so long as the City's basic service capacity is assured. Table 3.10-16 below shows the approximate number of dwellings and residents which would result from the one percent maximum average annual growth rate over the planning period. Approved specific plan areas may develop in accordance with the phasing schedule adopted by each specific plan provided thresholds established by Table 3.10-15 are not exceeded. The City Council shall review the rate of growth on an annual basis in conjunction with the General Plan annual report to ensure consistency with the City’s gradual assimilation policy.

**Table 3.10-16. Land Use Element - 1% Population Growth Projection and Housing Supply Thresholds**

Year	Approximate Maximum Number of Dwellings*	Anticipated Population Growth
2013	20,697	45,541
2015	21,113	46,456
2020	22,190	48,826
2025	23,322	51,317
2030	24,512	53,934
2035	25,762	56,686
Estimated Urban Reserve Capacity		57,200

Source: City of San Luis Obispo 2014c.

*Housing Element*

The City of San Luis Obispo Housing Element sets forth the City’s policies and detailed programs for meeting existing and future housing needs, for preserving and enhancing neighborhoods, and for increasing affordable housing opportunities for extremely low,

very-low, low and moderate income persons and households. It is the primary policy guide for local decision-making on all housing matters. The Housing Element also describes the City's demographic, economic and housing factors, as required by State law.

State housing law requires that each jurisdiction identify the number of housing units that can be built, rehabilitated, and preserved during the Housing Element's planning period, which ends June 30, 2019. These projections are termed quantified objectives. Chapter 3 of the Housing Element includes goals, policies, and programs to accommodate affordable housing programs that meet the City's quantified objectives (City of San Luis Obispo 2015a).

The General Plan Housing Element Goal 2 objective is to accommodate affordable housing production that helps meet the City's quantified objectives. In particular, the following policies and program address the inclusion of affordable units in new residential development:

***Policy HE 2.3*** 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.

***Policy HE 2.4*** Encourage housing production for all financial strata of the City's population, in the proportions shown in the Regional Housing Needs Allocation, for the 2014 - 2019 planning period. These proportions are: extremely low income, 12 percent, very low income, 12 percent; low income, 16 percent; moderate income, 18 percent; and above moderate income, 42 percent.

***Program HE 2.5*** Continue to manage the Affordable Housing Fund so that the fund serves as a sustainable resource for supporting affordable housing development. The fund shall serve as a source of both grant funding and below market financing for affordable housing projects; and funds shall be used to support a wide variety of housing types at the following income levels: extremely low, very low, low, and moderate, but with a focus on production efficiency to maximize housing benefits for the City's financial investment, and to support high quality housing projects that would not be feasible without Affordable Housing Fund support.

The General Plan Housing Element Goal 4 Mixed-Income Housing includes policies directed towards preserving and accommodating existing and new mixed-income

neighborhoods. In particular, the following policy and program address the inclusion of affordable units in new residential development:

***Policy HE 4.2*** 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 size, appearance and basic quality to market-rate units.

***Program HE 4.6*** Consider amending the City’s Inclusionary Housing Ordinance and Affordable Housing Incentives to require that affordable units in a development be of similar number of bedrooms, character and basic quality as the non-restricted units in locations that avoid segregation of such units.

*Inclusionary Housing Program*

Adopted in 1999 and amended in 2004, the Inclusionary Housing Program implements two core housing programs of the General Plan – that of providing affordable housing for extremely-low, very-low, low and moderate income households, and establishing an Affordable Housing Fund. The program requires that most new development projects help meet affordable housing needs by: 1) building the required number of affordable dwelling units as part of a development project (see Table 3.10-17a and 17b); 2) dedicating real property, improved or not, for development of affordable housing by the City’s Housing Authority or by a non-profit housing provider; 3) paying an in-lieu fee which is used to fund affordable housing throughout the City; or 4) use a combination of the above methods, to the approval of the City Council (City of San Luis Obispo 2015a).

All affordable dwelling units must meet the City’s affordable housing standards, and be consistent with affordability policies in the General Plan. In addition, the required inclusionary units shall be constructed concurrent with market rate units unless the developer and the City council agree within an affordable agreement to an alternative development schedule. Table 3.10-17a below displays the Inclusionary Housing Requirements and Table 3.10-17b details the associated inclusionary housing adjustment factors.

**Table 3.10-17a. Inclusionary Housing Requirements**

Type of Development Project <sup>1</sup>		
Residential – Adjust base requirement per Table 2A below		
Location	In City Limits (applies to Project)	Build 3% low <sup>4</sup> or 5% moderate income Affordable Dwelling Units <sup>2</sup> , but not less than 1 Affordable Dwelling Unit per project; or Pay in-lieu fee equal to 5% of building valuation. <sup>3</sup>
	In Expansion Area	Build 5% low <sup>4</sup> – and 10% moderate income Affordable Dwelling Units <sup>2</sup> , but not less than 1 Affordable Dwelling Unit per project; or Pay in-lieu fee equal to 15% of building valuation.

<sup>1</sup> Residential developments of four or less dwelling are except from these requirements.

<sup>2</sup> Affordable Dwelling Units must meet the City affordability criteria.

<sup>3</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 Officer.

<sup>4</sup> Low income includes the subsets of extremely low and very low incomes categories.

**Table 3.10-17b. Inclusionary Housing Adjustment Factors**

Table 2A						
Project Density (du/ac) <sup>1</sup>	Average Unit Size (sq. ft.) and associated Adjustment Factor <sup>2</sup>					
	Up to 1,100	1,101-1,500	1,501-2,000	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 is required per development of five or more units.

The developer may, at his or her discretion, choose to pay an in-lieu fee to the City or dedicate real property in lieu of constructing affordable dwellings to meet the requirement. The fee amount and method of payment are subject to approval by the City Community Development Department Director. All in-lieu fees shall be paid prior to release of occupancy of the first dwelling within a residential development. All in-lieu fees are deposited into the Affordable Housing Fund. The Affordable Housing Fund is administered by the City finance director and shall be used exclusively to provide funding for the provision of affordable housing and for reasonable costs associated with the development of affordable housing, at the discretion of the City Council.

### 3.10.4 Environmental Impact Analysis

#### 3.10.4.1 Thresholds of Significance

Significance thresholds for population and housing are provided in Appendix G of the California Environmental Quality Act (CEQA) Guidelines. Impacts to population and housing are considered significant if the proposed Project would:

- a) Induce substantial population growth in an area, either directly (e.g., by proposing new homes and businesses) or indirectly (e.g., through extension of roads or other infrastructure);
- b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere;
- c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere;
- d) Substantially affect the jobs/housing ratio within the City with associated effects on public health and welfare through effects on housing stock, job creation, increased housing demand, housing overcrowding and/or, substantial overpayment of housing rents, and use of substandard units for housing;
- e) Substantially affect the supply of labor force or affordable housing; or
- f) Affect long-distance commuting from more affordable communities with associated indirect effects such as increased commute distances and time, increased energy consumption, greenhouse gas, and air pollutant emissions from additional commuters.

Impacts are also considered significant if the proposed Project is found inconsistent with adopted housing goals and policies described in the regulatory setting. Growth inducing impacts relating to installation of new roadways and utility infrastructure are addressed in Section 4.0, *Other CEQA Sections*. As the Project site does not currently contain a residential population, the Project would not displace substantial numbers of persons or housing and therefore thresholds ‘b’ and ‘c’ would not apply.

#### 3.10.4.2 Impact Assessment Methodology

Analysis of population and housing impacts is based on data from the U.S. Census Bureau, the City of San Luis Obispo’s Land Use and Housing Elements. Demographic and socioeconomic data from these sources are relatively consistent; however, since each of these organizations uses different methods of data collection and analysis, data do not always have the same results and may not represent the same data year. Accordingly, the population, housing, and employment numbers used in this analysis may vary somewhat, depending upon the source cited. Despite the variances, the data used represents the best

available data sources and provides a meaningful description of the population and housing characteristics of the County and City.

This analysis reviews potential land use changes and future development that would occur under the Project and considers whether these changes would result in substantial population, household, and employment growth, particularly in relation to existing conditions and to cumulative growth estimated in the LUCE Update EIR. The EIR also considers potential for changes in population or displacement of existing housing or residents and the general effect on the City’s jobs-housing balance. Potential related impacts of population and employment growth on issues such as transportation, public services, and other issues are addressed throughout the remaining sections of this EIR.

3.10.4.3 Project Impacts and Mitigation Measures

An imbalance between jobs and housing, particularly affordable housing, may result in a range of undesirable environmental impacts and social effects, including:

- Increased commute distances and time;
- Increased energy consumption, greenhouse gas, and air pollutant emissions from additional commuters;
- Critical service workers living outside the area (e.g., firefighters, nurses, school teachers);
- Increased business costs and difficulty retaining and recruiting employees;
- Change in demographic composition and impacts to the quality of life and community participation; and
- Indirect impacts on other communities that build housing, such as loss of habitat.

**Table 3.10-18. Summary of Project Impacts**

Population and Housing Impacts	Mitigation Measures	Residual Significance
PH-1. Residential development and associated population growth resulting from the Project would not exceed the adopted annual growth rate threshold.	None required	Less than Significant
PH-2. The construction of 720 units under the Project would provide additional housing for the City of San Luis Obispo, having beneficial impacts related to the jobs/housing imbalance.	None required	Beneficial
PH-3. The construction of affordable housing units under the Project would provide additional affordable housing for the City of San Luis Obispo.	None required	Less than Significant

**Impact PH-1 Residential development and associated population growth resulting from the Project would not exceed the adopted annual growth rate threshold (Less than Significant).**

Population growth within the City is directly related to the increase in available housing supply. The City's Land Use Element Growth Management Policy LU 1.11.2 allows for an increase in housing units up to 1.0 percent annually on average, excluding affordable housing units.

Increase in Housing Units

As stated in the 2015 General Plan Annual Report, there were approximately 20,966 housing units within the City in 2015. The Project would add 720 new residential units to the City (105 low density units, 305 medium density units, 185 medium-high density units, and 125 high density units), outside of the current RHNA and Housing Element cycle, though would be necessarily compliant with ensuing iterations. As stated in the 2015 General Plan Annual Report, the number of housing units within the City is projected to be 22,190 in the year 2020. This serves as the baseline for which annual growth attributed to the Project is evaluated. Assuming phased construction of the housing units, with completion of Phase 1 in 2023 and full occupancy of residential units developed by the Project by end of 2030, the Project would result in an average of 80 units becoming available annually in the 9 years between 2022 and 2030 (see Table 3.10-19 for a breakdown of units per phase). This would lead to an annual increase in housing units ranging from 0.13 to 0.97 percent per year, or an annual average increase of 0.54 percent in the City's housing supply during those years. These are conservative estimates utilizing the total amount of units proposed by the Project.

It is noted that Policy LU 8.1.2 and the Inclusionary Housing Requirements would require 15 percent of the 720 proposed units to be inclusionary units; these inclusionary units, however, would be excluded from the 1.0 percent annual average growth rate threshold stated within Policy LU 1.11.2. As such, the annual average rate of increase in residential units that would be taken into consideration for Policy LU 1.11.2 represents a conservative estimate. Assuming 15 percent of the 720 units would be inclusionary, the Project, excluding inclusionary units, would contribute to an annual increase in housing units ranging from 0.11 to 0.83 percent, with an average rate of 0.46 percent per year. Therefore, the average annual growth rate under the Project would be below the one percent annual average increase allowed by Policy LU 1.11.2 in the General Plan, and the increase in housing units would be consistent with this policy.

Increase in Population

If the citywide average household size of 2.29 persons per household were applied to this Project, the proposed Project would be expected to increase the City’s population by approximately 1,649 residents. As of 2016, according to the Department of Finance the anticipated population of San Luis Obispo was 46,117. The addition of 1,649 residents as a result of the Project would increase the City’s existing population by 3.5 percent total after full buildout of the Development Plan. However, the population growth from the Project has been planned by the Land Use Element and would be consistent with Land Use Element and SLOCOG future projections with implementation of Project phasing.

The Project would be constructed in six phases over an approximate 10-year period between 2020 and 2030 (see Table 3.10-19). The Project’s development phases would result in substantial residential growth over the phased construction of the Project, between completion of Phase 1 in 2023 and full operation of the Project in 2030. Conservatively assuming all housing units would be occupied within one year of unit completion, this would result in increases in population ranging from 66 to 495 persons per year or an average increase of 275 persons per year, resulting in approximately 0.59-percent annual average population growth for the City during the years 2023 and 2030. Excluding residents within the assumed inclusionary units, the Project would result in an annual average population growth of approximately 0.51 percent.

As described in Section 3.10.2.1, *Population*, population growth in the City of San Luis Obispo has historically been an average of 0.38 percent annually between 1990 and 2016. The Land Use Element projects a 0.5 percent annual population growth until 2035 while the SLOCOG projects a 0.4 percent annual population growth rate until 2030. Therefore, the 0.51 percent annual average population growth rate introduced by the Project would remain under City’s allowable annual average growth rates of one percent annually listed in Policy LU 1.11.2.

The increase in population under the Project would be well below the projected development capacity within the Land Use Element, which plans for a future additional population of 11,229 (refer to Table 3.10-15 above). Therefore, population increases resulting from the Project would remain within planned growth under the Land Use Element.

The Project would be compliant with the intent of the City’s growth management strategies relating to the annual average and overall increases in housing units and population,

consistent with the Land Use Element projected population forecasts. Therefore, annual average growth rates generated by this Project would be *less than significant*.

**Table 3.10-19. Population Growth by Project Phase**

Phase	Completion Year	Construction of dwelling Units	Associated Increase in Population
1	2023	185 R-2 units	424
2	2024	29 R-2 units	66
3	2025	91 R-2 units and 125 R-4 Units (216 units total)	495
4	2028	185 R-3 units	424
5	2028	105 R-1 units	240
6	2030	0	0
<b>Total Population Increase</b>			<b>1,649</b>

**Impact PH-2 The construction of 720 units under the Project would provide additional housing for the City of San Luis Obispo, having beneficial impacts related to the jobs-to-housing ratio (Beneficial).**

Within the City, employment is projected to grow by an average of 0.84 percent annually, while housing is projected to grow by an average of 0.5 percent annually. Because the City has approximately 31,907 jobs, but a labor force of approximately 28,400, such projected growth would exacerbate the City’s existing jobs-to-housing ratio and displace labor force from the City to other areas of the County, with associated incremental increases in long distance commuting and associated adverse effects.

Policy LU 1.5 states the gap between housing demand (due to more jobs and college enrollment) and supply should not increase. According to SLOCOG and the City’s General Plan 2015 Annual Report, the jobs-to-housing ratio for the City is currently 1.6 to 1, with a desired target ratio of 1.5 to 1. The Project’s proposed construction of 720 units would contribute to improving the jobs-to-housing ratio and provide additional housing for the existing and growing labor force.

The Project would also include 15,000 sf of Neighborhood Commercial uses which will create approximately 27 jobs assuming 550 sf per job, which is the assumed job factor in the LUCE Update EIR. In addition, development of the Project would provide short-term construction jobs; however, it is expected that these jobs would largely draw from the existing labor force. As such, the Project would result in an incremental contribution to the number of jobs within the City. The increase in 720 housing units under the Project would assist in alleviating the City’s current 1.6 to 1 jobs-to-housing ratio by providing more

housing. The Project's impact to the jobs-to-housing ratio is discussed below in relation to both the SLOCOG projections and Land Use Element buildout.

Jobs-to-Housing Ratio using SLOCOG Projections

The SLOCOG Regional Growth Forecast projects an increase of 2,651 housing units and 4,613 new residents along with an increase of 9,400 jobs between 2010 and 2035 for the City. Project implementation would result in construction of 720 units and 15,000 sf of non-residential floor area, which is well within the overall SLOCOG regional growth forecast for population, housing, and employment for the 25-year projections, and would therefore be consistent with SLOCOG forecasts.

As a result of the Project, 720 units would be added to the City's existing 20,966 housing unit stock and 27 new jobs to the existing 31,907 jobs. Under SLOCOG housing and employment projections, the Project's proposed housing would assist in reducing the City's jobs-to-housing imbalance by providing more housing units within the City, in accordance with Land Use Policy 1.5.

Jobs-to-Ratio Projections using Land Use Element Buildout

Potential future development within the City as allowed under the land use designations and policies of the LUCE Update could result in eventual construction of approximately 4,904 additional dwelling units with 11,229 residents, and creation of 5,081,708 sf of new non-residential development which would support an estimated 11,346 new jobs. Based on information and methodologies provided in the General Plan 2015 Annual Report for jobs-to-housing ratio, Project development would be consistent with Policy LU 1.5 and would assist in improving the City's existing jobs-to-housing ratio by developing more housing units within the City. In comparison, over the long term, full buildout under the Land Use Element would increase the jobs-to-housing ratio to 1.8 jobs per residential unit, according to the General Plan Annual Report 2015.

Using both SLOCOG projections and General Plan 2015 Annual Report data, the Project would provide a substantial increase in the City's housing supply, including a range of housing types and affordability with minimal long-term job growth, resulting in an improvement to the City's jobs-to-housing ratio in accordance with Land Use Element Policy 1.5. Therefore impacts relating to the City's jobs-to-housing ratio, along with incremental secondary benefits related to decreases in long distance commuting, would be considered *beneficial*.

**Impact PH-3 The construction of affordable housing units under the Project would provide additional affordable housing for the City of San Luis Obispo (Less than Significant).**

As stated above, the Project would result in the construction of 720 residential units, of which, the Applicant proposes to include 105 units to be affordable (70 R-3 medium-high density apartments and townhouses, and 35 R-4 high-density apartments). In accordance to Municipal Code 17.91, inclusionary units are those, in which, extremely-low, very-low, low- and moderate income households can afford to purchase or rent, assuming 30 percent of their annual income is spent on housing (25 percent of income for extremely low income households). As the Project is located in a Specific Plan Area it is subject to the Expansion Area Inclusionary Housing Requirements which require the Project to build 5 percent low- and 10 percent moderate-income affordable dwelling units. Policy HE 4.1 requires new development to build housing that is affordable to various economic strata intermixed with other housing rather than segregated into separate enclaves; and Policy HE 4.2 requires both market-rate and inclusionary units to be included in apartment and residential condominium projects and intermixed with all type of units. This policy also requires that inclusionary units are built to be comparable in size, appearance, and basic quality to market-rate units. Further, the Project would be compliant with Tables 2 and 2A of the Inclusionary Housing Program as described in the regulatory setting to comply with the required proportion of affordable housing units within the Project site of the 720 residential units. As such, the Project is potentially consistent with the policies described above and impacts would be *less than significant*.

#### 3.10.4.4 Cumulative Impacts

Cumulative buildout permitted under the LUCE Update would include development of areas within existing City boundaries, as well as identified expansion areas. Overall, development under the Land Use Element would increase both the supply of jobs and housing within the City.

A comparison of population and housing unit characteristics conditions in 2010 and those at projected buildout of the Land Use Element in 2035 for the City and County of San Luis Obispo show that projected population and housing unit growth in the City is anticipated to be commensurate with anticipated growth throughout San Luis Obispo County (Table 3.10-20).

**Table 3.10-20. City and Countywide Population and Housing Projections, 2010-2035**

	Population		Housing Units	
	2010	2035	2010	2035
County of San Luis Obispo	252,631	304,736	117,315	141,888
Average Annual Growth (%)	--	0.8	--	0.8
City of San Luis Obispo	43,937	56,686	20,553	23,762
Average Annual Growth (%)	--	1.1	--	0.6

Source: City of San Luis Obispo 2014c.

Much of the potential residential unit growth identified by the Land Use Element Update would occur in areas identified for proposed specific plans and a proposed area plan. In addition to the 720 units within the proposed Project, the San Luis Ranch Specific Plan would add approximately 580 residential units (including an 80-unit density bonus) to the City's housing supply and the Madonna on LOVR project would provide an additional 115 units. Moreover, future development proposed under the South Broad Street Area Plan would have the potential to provide approximately 589 additional dwelling units. In total, these projects could result in the development of approximately 2,000 new dwelling units (City of San Luis Obispo 2014c).

In addition to the proposed specific and area plans described above, the proposed LUCE Update identifies six potential future development sites that could provide approximately 412 new housing units. These sites include the Foothill at Santa Rosa area (80 units); Caltrans site (53 units); General Hospital site (41 units); Pacific Beach site (38 units); LOVR Creekside area (159 units); and the Broad Street at Tank Farm Road site (41 units).

While development of these projects would be consistent with the residential unit growth requirements specified by Land Use Element Policy 1.11.2 and Table 3.10-17a and 17b, there may be pressure to exceed the annual one percent rate allowed under Policy LU 1.11.2. However, the Project contribution would be consistent with Land Use and Housing Element policies and would not result in significant cumulative contribution.

Further, the total future developmental capacity under the proposed Land Use Element exceeds the SLOCOG projected demand in population, housing units, and employment. The Land Use Element can accommodate over 98 percent of projected demand for nonresidential square footage (City of San Luis Obispo 2014c). Therefore, cumulative impacts would be *less than significant*.

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