RESOLUTION APPROVING AND AUTHORIZING THE MAYOR OR DESIGNEE TO SIGN THE SAN LUIS OBISPO COUNTYWIDE REGIONAL COMPACT

RECOMMENDATION

Adopt a Resolution approving and authorizing the Mayor or designee to sign the San Luis Obispo Countywide Regional Compact: Regional Infrastructure & Affordable Housing Strategic Action Plan (Attachment A).

DISCUSSION

Background
The San Luis Obispo County region is currently one of the least affordable places to buy a home in the United States – recently reported as the 8th least affordable region in the Nation. According to the National Association of Home Builders, only 20.9 percent of the area’s share of homes are affordable to a family earning the area’s median income.1 As stated in the County’s Housing Element of the General Plan (2014-2019), the chronic undersupply of housing affordable and suitable for locally employed people has economic, social, and environmental impacts. Providing an adequate supply and range of housing choices affordable to residents and working families/individuals is a significant challenge in San Luis Obispo County region, and requires the efforts of public agencies, private industries, residents, and working individuals to overcome it.

Pursuant to State law, the State Department of Housing and Community Development (HCD) determines the region’s future housing needs by affordability level and directs the San Luis Obispo Council of Governments (SLOCOG) to assign the required housing units to each of the seven Cities and the County’s unincorporated areas. This is known as the Regional Housing Needs Allocation (RHNA) process. In December 2018, the SLOCOG Board accepted the State HCD’s final determination that the San Luis Obispo County region must plan for 10,810 new housing units by 2028. Subsequently, in October 2019, the SLOCOG Board adopted the 2019 RHNA Plan, allocating the 10,810 new housing units across the eight local land use planning agencies, generally based on each jurisdiction’s proportional share of the region’s population and

1 2019 Third Quarter Housing Opportunities Index.
Each of the seven cities and County are now required to identify adequate sites and plan for its future housing needs as it updates its Housing Element by December 31, 2020.

Meeting the current and future RHNA cycles will require our communities to plan for additional growth and prioritize investment in housing and infrastructure. The Governor and State Legislature have enacted numerous bills that encourage local agencies to take actions to streamline housing approvals and accelerate housing production. The Governor and numerous legislators have expressed a need for urgent focus on California’s housing affordability crisis. Their decisions continue to prioritize the need for actions to address this complex challenge, such as through their adoption of the FY 2019-20 State Budget that included $1.75 billion investment to increase housing supply and hold local agencies accountable for meeting regional housing goals.

Meeting the housing needs of the San Luis Obispo County region is a challenge shared by all eight local land use jurisdictions and SLOCOG and will take collective actions to overcome. With this great challenge also comes an opportunity for regional collaboration.

The proposed San Luis Obispo Countywide Regional Compact (Exhibit A to Attachment A) is an aspirational document. It sets the tone and goals for future recommended plans and actions among the local agencies. It establishes a united regional framework to unlock the potential to develop an adequate supply of housing and resilient infrastructure that support our economic prosperity. It recognizes that people, water, transportation, connectivity, and housing form the foundation of the San Luis Obispo County region’s healthy, livable communities and thriving economic opportunity.

The region’s local agencies, building and development community, residents and workforce have an opportunity to unite around six shared regional goals that provide a vision to guide collaborative resolution of the underlying issues.

**Goal 1. Strengthen Community Quality of Life** – We believe that our Region’s quality of life depends on four cornerstones to foster a stable and healthy economy for all: resilient infrastructure and resources, adequate housing supply, business opportunities, and educational pathways.

**Goal 2. Share Regional Prosperity** – We believe that our Region should share the impacts and benefits of achieving enduring quality of life among all people, sectors and interests.

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2 On October 2, 2019, the SLOCOG Board adopted the 2019 RHNA Plan, allocating the overall 10,810 units to each jurisdiction as follows: Arroyo Grande – 692 units; Atascadero – 843 units; Grover Beach – 369 units; Morro Bay – 391 units; Paso Robles – 1,446 units; Pismo Beach – 459 units; San Luis Obispo - 3,354 units; and unincorporated areas – 3,256 units.

3 While numerous other bills and actions were enacted, several key examples include: SB 330 Housing Crisis Act of 2019 aimed at accelerating housing production through various actions such as streamlining permitting and approval processes; Various bills aimed at eliminating barriers to building accessory dwelling units; AB 1486 and AB 1255 related to inventorying and reporting surplus and excess local public lands; AB 72 modifying enforcement actions against agencies that do not comply with RHNA.
Goal 3. Create Balanced Communities – We believe that our Region should encourage new development that helps to improve the balance of jobs and housing throughout the Region, providing more opportunities to residents to live and work in the same community.

Goal 4. Value Agriculture & Natural Resources – We believe that our Region’s unique agricultural resources, open space, and natural environments play a vital role in sustaining healthy local communities and a healthy economy, and therefore should be purposefully protected.

Goal 5. Support Equitable Opportunities – We believe that our Region should support policies, actions, and incentives that increase housing development of all types, available to people at all income levels.

Goal 6. Foster Accelerated Housing Production – We believe that our Region must achieve efficient planning and production of housing and focus on strategies that produce the greatest impact.

The Regional Compact is recommended for approval by the governing boards of all eight local agencies and SLOCOG. Signatories to the Regional Compact commit to acting as partners in aligning actions with these regional goals. The Regional Compact is an important first step that will help to protect and enhance the region’s communities, build critical infrastructure, protect natural resources and create a forward-thinking future for the region. By taking collaborative actions to further these goals, our region can solve critical issues and become a statewide leader in sustaining vibrant communities. Additionally, given the State’s pro-housing focus, the Regional Compact shows the San Luis Obispo County region’s intent to work collaboratively to plan for our region’s future and its growth. This may make the region more competitive for housing and infrastructure funding opportunities.

The City is committed to working with the County, the seven local Cities, SLOCOG and key stakeholders to supporting regional collaboration and development of a plan for action among the region’s local agencies. The County has taken a lead role in fostering collaboration among the stakeholders including the allocation of resources to developing the Regional Infrastructure and Affordable Housing Strategic Action Plan with stakeholders and include interagency coordination and development of the region’s first “regional chapter” common to all eight local agencies’ Housing Elements. County staff will continue to work closely with each agency’s staff and other key stakeholders as it moves both regional planning efforts forward.
Other Agency Involvement/Impact

Overcoming the challenges highlighted in this staff report will require a significant focus on increasing regional collaboration related to affordable housing and the critical infrastructure to support it. The following are anticipated dates for all nine local and regional agencies to approve the Regional Compact, and pending approval by all, will culminate in a public signing event (tentatively set for April 3rd).

<table>
<thead>
<tr>
<th>Proposed Regional Compact Signatories</th>
<th>Anticipated Date of Regional Compact Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>County of San Luis Obispo</td>
<td>February 25, 2020</td>
</tr>
<tr>
<td>City of Grover Beach</td>
<td>March 2, 2020</td>
</tr>
<tr>
<td>City of Paso Robles</td>
<td>March 3, 2020</td>
</tr>
<tr>
<td>City of Pismo Beach</td>
<td>March 3, 2020</td>
</tr>
<tr>
<td>City of Arroyo Grande</td>
<td>March 10, 2020</td>
</tr>
<tr>
<td>City of Atascadero</td>
<td>March 10, 2020</td>
</tr>
<tr>
<td>City of San Luis Obispo</td>
<td>March 17, 2020</td>
</tr>
<tr>
<td>City of Morro Bay</td>
<td>March 24, 2020</td>
</tr>
<tr>
<td>San Luis Obispo Council of Governments</td>
<td>April 1, 2020</td>
</tr>
</tbody>
</table>

Policy Context
The City’s General Plan includes policies and programs that support regional collaboration. Goal 1 of the Land Use Element discusses not only the City’s growth management policies but encourages regional planning and growth management and the preservation of open space throughout the region (see Attachment B). The Circulation Element identifies ways in which the City is to coordinate with county agencies on establishing county-wide trip reduction goals (Program 2.2.1) and encourage transit throughout San Luis Obispo County to serve a broad range of local and regional transportation needs (Policy 3.1.1). This includes the provision of housing close to job centers.

As mentioned in the staff report, the City shares the burden of meeting the State’s RHNA with local cities and the County. The Housing Element is currently being updated to include a new chapter that will outline regional housing goals and policies.

Regional collaboration also extends into water management. The Water and Wastewater Element contains several policies and programs regarding the management, operation, maintenance, and water quality of water resources within the region (Programs A 2.3.2, A 2.3.5, A 4.3.1). Program A 6.3.1 states, “Work cooperatively with other San Luis Obispo County water agencies to identify cooperative water efficiency measures that can be implemented in each jurisdiction.”
The following table is one of the most compelling arguments for placing housing and jobs in San Luis Obispo as it helps reduce Vehicle Miles Travelled (VMT) and overall GHG emissions.

<table>
<thead>
<tr>
<th>Incorporated Cities</th>
<th>Residential VMT</th>
<th>Household Population</th>
<th>Residential VMT per Household Population</th>
<th>Office VMT</th>
<th>Employees</th>
<th>Office VMT per Employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arroyo Grande</td>
<td>167,378.34</td>
<td>11,427.28</td>
<td>9.60</td>
<td>46,164.63</td>
<td>6,422</td>
<td>7.19</td>
</tr>
<tr>
<td>Atascadero</td>
<td>392,385.04</td>
<td>27,408.52</td>
<td>14.32</td>
<td>96,104.44</td>
<td>8,965</td>
<td>10.72</td>
</tr>
<tr>
<td>Grover Beach</td>
<td>108,732.11</td>
<td>11,820.38</td>
<td>9.20</td>
<td>26,469.97</td>
<td>3,231</td>
<td>8.19</td>
</tr>
<tr>
<td>Morro Bay</td>
<td>122,927.81</td>
<td>11,677.60</td>
<td>10.53</td>
<td>29,377.59</td>
<td>3,756</td>
<td>7.82</td>
</tr>
<tr>
<td>Paso Robles</td>
<td>213,515.61</td>
<td>28,417.72</td>
<td>7.51</td>
<td>78,226.27</td>
<td>14,903</td>
<td>5.25</td>
</tr>
<tr>
<td>Pismo Beach</td>
<td>102,488.14</td>
<td>9,207.50</td>
<td>11.13</td>
<td>35,140.34</td>
<td>4,846</td>
<td>7.25</td>
</tr>
<tr>
<td>San Luis Obispo</td>
<td>208,529.93</td>
<td>50,407.57</td>
<td>4.14</td>
<td>141,217.08</td>
<td>34,671</td>
<td>4.07</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>County Communities and Unincorporated Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avila Beach</td>
</tr>
<tr>
<td>Cambria</td>
</tr>
<tr>
<td>Cayucos</td>
</tr>
<tr>
<td>Los Osos</td>
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<tr>
<td>Nipomo</td>
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<tr>
<td>Oceano</td>
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<tr>
<td>San Miguel</td>
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<tr>
<td>Santa Margarita</td>
</tr>
<tr>
<td>Shandon</td>
</tr>
<tr>
<td>Templeton</td>
</tr>
<tr>
<td>Non-Urban Areas</td>
</tr>
<tr>
<td>Unincorporated Area</td>
</tr>
</tbody>
</table>

Note 1: Office VMT is reflective of home to work VMT.
Note 2: Data is reflective of model year 2015.
Note 3: Data is reflective of one way trips.
Note 4: When examining Longitudinal Employer-Household Dynamics (LEHD) for trips within a 100 miles occurring outside of the community, Shandon’s home to work VMT per employee was found to be 28.5. Other reviewed areas had similar outputs to those reported from the traffic model.

Public Engagement
The City remains committed to engaging with partners including the County, seven local Cities, SLOCOG, and key stakeholders to develop the Regional Infrastructure and Affordable Housing Strategic Action Plan and formulate recommendations for how to collaboratively carry out the goals set forth in the Regional Compact. The public may submit comments prior to and during the City Council meeting regarding this item.

CONCURRENCE
The Community Development Department concurs with the San Luis Obispo Countywide Regional Compact: Regional Infrastructure & Affordable Housing Strategic Action Plan.
ENVIRONMENTAL REVIEW

The California Environmental Quality Act does not apply to the recommended action in this report, because the action does not constitute a “Project” under CEQA Guidelines Sec. 15378.

FISCAL IMPACT

Budgeted: No  Budget Year: 2019-20
Funding Identified: N/A

Fiscal Analysis:

<table>
<thead>
<tr>
<th>Funding Sources</th>
<th>Current FY Cost</th>
<th>Annualized On-going Cost</th>
<th>Total Project Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>N/A</strong></td>
<td></td>
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</tr>
</tbody>
</table>

Approval of the recommended resolution and Regional Compact will provide an aspirational vision for local Cities, SLOCOG and the County to develop various planning documents, strategies, and actions, aimed at increasing the affordability and production of housing. Therefore, approving the resolution and recommendations will contribute towards a more healthy, livable, prosperous and well-governed region. Longer term, the City will need to align revenue with services as residential properties under the Master Tax Exchange Agreement do not typically produce enough to cover capital and service costs.

ALTERNATIVES

Council could choose to not adopt a resolution approving and authorizing the Mayor or designee to sign the San Luis Obispo Countywide Regional Compact: Regional Infrastructure & Affordable Housing Strategic Action Plan. This is not recommended due to the many ways in which this project helps fulfill the Major City Goal of Housing.

Attachments:

a - Resolution
b - LUE policies and programs supporting regional collaboration
RESOLUTION NO. _____ (2020 SERIES)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN LUIS OBISPO, CALIFORNIA, ENDORSING AND AUTHORIZING THE MAYOR OR DESIGNEE TO SIGN THE SAN LUIS OBISPO COUNTYWIDE REGIONAL COMPACT

WHEREAS, the San Luis Obispo County region is a rural coastal county with seven vibrant cities and numerous unincorporated communities that depend on collaborative relationships between and among government agencies, community organizations, and residents to solve significant regional issues; and

WHEREAS, California Government Code Section 65584 requires the San Luis Obispo County region’s local land use agencies to plan for their Regional Housing Needs Allocation (RHNA); and

WHEREAS, the San Luis Obispo region’s RHNA identifies 10,820 new housing units, of which 3,354 units are allocated to the City of San Luis Obispo, by 2028 and future allocations as determined by the California Department of Housing and Community Development; and

WHEREAS, the San Luis Obispo Countywide Regional Compact, attached hereto as Exhibit A and incorporated herein by this reference and prepared by leaders from each of the region’s local agencies, creates a united regional framework to unlock the potential to develop an adequate supply of housing and resilient infrastructure that support economic prosperity; and

WHEREAS, the regional goals set forth therein will help to protect and enhance our communities, build critical infrastructure, protect natural resources, and create a forward-thinking future for local communities in addition to underpinning the future Regional Infrastructure and Affordable Housing Strategic Action Plan, creating compatibility among the eight local land use agencies’ Housing Elements, and driving future recommendations for collaborative actions.
NOW, THEREFORE, BE IT RESOLVED by the Council of the City of San Luis Obispo as follows:

SECTION 1. Endorse the San Luis Obispo Countywide Regional Compact and authorizes the Mayor or designee to sign said Compact.

Upon motion of ______________________, seconded by ______________________, and on the following roll call vote:

AYES:
NOES:
ABSENT:

The foregoing resolution was adopted this _____ day of _____________________ 2020.

_________________________
Mayor Heidi Harmon

ATTEST:

_________________________
Teresa Purrington
City Clerk

APPROVED AS TO FORM:

_________________________
J. Christine Dietrick
City Attorney

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of San Luis Obispo, California, this _____ day of ______________, 2020.

_________________________
Teresa Purrington
City Clerk
Exhibit A

SAN LUIS OBISPO COUNTYWIDE REGIONAL COMPACT

A united regional framework to unlock our potential to develop an adequate supply of housing and resilient infrastructure that support our economic prosperity.

People, water, transportation, connectivity, and housing form the foundation of San Luis Obispo County Region’s healthy, livable communities and thriving economic opportunity.

We are a rural coastal county with seven vibrant cities and numerous unincorporated communities that depend on collaborative relationships between and among government agencies, community organizations, and residents to solve our Region’s significant issues, such as limited water supply, disconnects between communities, climate impacts, pressure on agriculture and open space resources, and inadequate access to affordable housing.

To identify actions our agencies can take to solve these issues, we agree to develop our first Regional Infrastructure and Housing Strategic Action Plan. This regional effort examines infrastructure and housing needs countywide and integrates efforts to address critical shortages. Our organizations are signing this compact as a first, necessary step toward creating opportunities for our local workforce and families, while preserving the appeal and vitality of our Region.

Our agencies collectively embrace the following six shared regional goals and support aligning resources and policies to make progress towards acting on them. These regional goals will underpin the future Regional Infrastructure and Housing Strategic Action Plan, create compatibility among the eight local agencies’ Housing Elements, and drive future recommendations for collaborative actions.

| Strengthen community quality of life | We believe that our Region’s quality of life depends on four cornerstones to foster a stable and healthy economy for all: resilient infrastructure, services, and resources, adequate housing supply, business opportunities, and educational pathways. |
| Share regional prosperity | We believe that our Region should share the impacts and benefits of achieving enduring quality of life among all people, sectors and interests. |
| Create balanced communities | We believe that our Region should encourage new development that helps to improve the balance of jobs and housing throughout the Region, providing more opportunities for residents to live and work in the same community. |
| Value agricultural & natural resources | We believe that our Region’s unique agricultural resources, open space, and natural environments play a vital role in sustaining healthy local communities and a healthy economy, and therefore should be purposefully protected. |
| Support equitable & diverse opportunities | We believe that our Region should support policies, actions and incentives that increase the diversity of housing available to people at all income levels. |
| Foster accelerated housing production | We believe that our Region must achieve efficient planning and production of housing and focus on strategies that produce the greatest impact. |

We believe that these regional goals will help to protect and enhance our communities, build critical infrastructure, protect natural resources and create a forward-thinking future for all of our communities. We believe in the importance of taking responsibility for leading our Region towards a brighter future. By signing this compact on this ___ day of __________ 2020, we commit to act as partners by aligning actions with these regional goals. By taking collaborative actions to further these goals, we believe that our Region will solve critical issues and become a statewide leader in sustaining vibrant communities.

City of Arroyo Grande  City of Morro Bay  City of San Luis Obispo
City of Atascadero  City of Paso Robles  San Luis Obispo County
City of Grover Beach  City of Pismo Beach

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Land Use Element Policies and Programs Supporting Regional Collaboration

Policy 1.6: Regional Planning. The City shall encourage regional planning and growth management throughout the county, and in cooperation with neighboring counties and the State.

Policy 1.13.12: Regional Growth Management. The City shall advocate a regional growth-management program, which should include:

A. Population growth no faster than the statewide average growth rate for the preceding year, and no faster than can be sustained by available resources and services, whichever is less.
B. No significant deterioration in air quality, due to development activities for which local government has approval.
C. Plans for large residential developments to include a range of housing types to provide opportunities for residents with very low, low, or moderate incomes.
D. Voter approval for any significant change from Open Space, Agriculture, or Residential Rural designations to another designation.

Program 1.14.2: Regular Coordination Meetings. The City shall advocate and help arrange quarterly coordination meetings among planning directors of local jurisdictions in San Luis Obispo County, SLOCOG, LAFCO, Cal Poly, and APCD to discuss regional issues.

Policy 9.1: Sustainability. The City shall take a leadership role in the county in the development of sustainable plans and programs to guide future development in the city and the region.