Chapter 3

2014-2019 GENERAL PLAN HOUSING ELEMENT

Adopted: January 20, 2015

(Council Resolution No. 10594, 2015 Series)
Please see the next page.
Community Development Department

MISSION STATEMENT

Our mission is to identify and serve the needs of all people in a positive and courteous manner and to help ensure that San Luis Obispo remains a healthy, safe, attractive and enjoyable place to live, work or visit. We help plan the City's form and character, support community values, preserve the environment, promote the wise use of resources and protect public health and safety.

OUR SERVICE PHILOSOPHY

The City of San Luis Obispo Community Development Department staff provides high-quality service whenever and wherever you need it. We will:

- Listen to and understand your needs;
- Give clear, accurate and prompt answers to your questions;
- Explain how you can achieve your goals under the City's rules;
- Help resolve problems in an open, objective and fair manner;
- Maintain the highest ethical standards; and
- Work to continually improve our services.
FOREWORD

This Housing Element updates the 2010 Housing Element and addresses important changes to State housing law. Like the previous element, it has been prepared to help San Luis Obispo City residents secure safe housing that will meet their personal needs and financial circumstances, and to meet State law. In January 2014, the City, State and Nation are grappling with reduced resources for housing programs at all government levels. This is the difficult fiscal environment we face with this Housing Element update.

The Housing Element is part of the General Plan and is one of eight “elements” or chapters of that plan. It sets out the City’s goals, policies and programs for housing over the next five years. It works in concert with the other plan elements to help achieve the broad community goals as expressed in the General Plan Land Use Element. The other elements are Circulation, Noise, Safety, Conservation and Open Space, Parks and Recreation, and Water and Wastewater. Housing elements must be updated periodically, according to a State adopted schedule. This Element is due to be updated in 2019.

The Housing Element is available on the City’s website at www.slocity.org, and copies of the General Plan are available from the Community Development Department, City of San Luis Obispo, 919 Palm Street, San Luis Obispo, California 93401-3218. Phone: (805) 781-7170. Fax: (805) 781-7173.
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CHAPTER 3 – HOUSING

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CHAPTER 1. INTRODUCTION

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

- To evaluate and quantify community housing needs, constraints and available resources to effectively satisfy those needs;
- To increase public awareness and understanding of the City’s housing situation and its goals to encourage public participation in addressing those housing needs;
- To provide a comprehensive document that includes goals, policies and programs to help guide community efforts to meet housing needs through informed decision-making on land use and housing choices;
- To help develop more affordable housing, and a wider variety of housing, to meet the City’s housing needs for the current planning period which runs from January 1, 2014 to June 30, 2019;
- To track and document the effectiveness of City programs in meeting housing needs, and to evaluate opportunities for improving those programs;
- To enable the City to secure financial assistance for the construction of affordable housing for extremely low, very low-, low- and moderate income persons; and
- To fully integrate environmental sustainability, “smart growth” and conservation strategies into the City’s housing policy.

Under State law, cities are responsible for planning for the well-being of their citizens. This 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.

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

- Two public workshops focusing on housing needs, issues and opportunities in the community.
- Three public hearings before the Planning Commission and one public hearing before the City Council;
- Posting the Draft Housing Element on the City’s website;
- Public notices in local newspapers and flyers/posters distributed to a variety of public locations.
- Posted workshop information on community calendars for KSBY News and KCBX local radio station.
- Regular e-mail updates to a list of interested parties with links to staff reports, draft housing element and housing resources.
Presentations and discussions with a variety of stakeholder groups including Residents for Quality Neighborhoods, San Luis Obispo Association of Realtors, Economic Vitality Corporation, Executive Director of the Housing Trust Fund, Home Builders Association, Community Action Partnership, Chamber of Commerce, and Workforce Housing Coalition. Participation in the workshops and meetings from a variety of residents and stakeholders has resulted in an improved understanding of existing housing programs and housing issues in the community, and increased public participation in the update process. Input from residents and stakeholder groups has been instrumental in providing information for program modifications and in providing a better sense of housing issues for the decision-makers when considering new policies or programs.

A 15 member task force was appointed to complete work on the City’s 2013 Land Use and Circulation Elements update. Input received from this task force related to housing issues was considered during the update of this Housing Element. Appendix I provides additional details regarding community outreach efforts.

1.30 Consistency with State Planning Law
California cities and counties must prepare housing elements as required by State law set forth in Sections 65580 to 65589.8 of the California Government Code. The law mandates that housing elements include “identification and analysis of existing and projected housing needs and a statement of goals, policies, quantified objectives and scheduled programs for the preservation, improvement and development of housing.” This Element fulfills that requirement and provides a detailed strategy for implementing the City’s housing goals through 2019.

State housing goals rely on the effective implementation of housing policies at the local level. To ensure local housing policies are consistent with State law, the State Department of Housing and Community Development (HCD) reviews local housing elements and reports its written findings to the local government. Housing elements must also be consistent with the jurisdiction’s other general plan elements and must address several specific requirements regarding the element’s scope and content.

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

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

This Element has been reviewed and determined to be consistent with the City’s other General Plan elements, and the policies and programs in the Housing Element reflect policies and programs contained in other parts of the General Plan. Appendix G includes that evaluation. As other elements are updated or amended, the Housing Element will be reviewed to ensure general plan consistency is maintained.
CHAPTER 2. COMMUNITY FACTORS

2.10 Community Overview
San Luis Obispo is a compact urban community blessed with rich ethnic, cultural and historical traditions. Its namesake, Mission San Luis Obispo de Tolosa, founded in 1772, stands as the community’s physical, cultural and spiritual center. With an estimated 2013 population of 45,541 people, San Luis Obispo is the largest city in terms of population in San Luis Obispo County and serves as the County seat. Situated in a valley and framed by rolling hills, the City’s setting and visual character are distinctive. The “morros”, a series of weathered peaks that are the remnants of ancient volcanoes, transect the City and create the City’s unique skyline. San Luis Obispo is home to California Polytechnic State University, Cuesta College and Camp San Luis Obispo (California Army National Guard), and is the retail, business, governmental, and transportation hub of the County.

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

2.20 Demographic Snapshots
- San Luis Obispo’s population has grown at a slow, steady pace since 1980. Looking back over the last 33 years, the City has grown at an average rate of about one percent per year, with periods of faster or slower growth reflecting national and statewide economic cycles. For example, in the late 1980s, the City grew at an annual average rate of two percent. This was followed by a much slower annual average growth rate of 0.3 percent between 1990 and 2013, well below the General Plan’s one percent growth maximum over the Housing Element cycle.

- When compared with California, the most ethnically diverse state in the nation, the City and County of San Luis Obispo are less ethnically diverse. The 2010 Census found that over 75 percent of the City is white, about five percent is Asian, with much smaller percentages of Native Americans, Pacific Islanders, other single races or persons self-identifying with two or more races. Persons of Hispanic or Latino origin are classified separately under the 2010 Census and can be of any race. About 15 percent of the City’s population is Hispanic, compared with 21 and 38 percent in the County and State, respectively.

- Many segments of the City’s population have difficulty finding affordable housing due to their economic, physical or sociological circumstances. These special needs groups may include the elderly, families, single parent households, people with disabilities, very low and low-income residents, and the homeless.

- In 2010, City households earned less, on the average, than their County and State counterparts. The median household income was $42,461, compared with $56,967 for the County and $57,708 Statewide. This reflects the high percentage of student households in San Luis Obispo. Many students attending California State Polytechnic University (Cal Poly) and Cuesta College are nominally classified as lower income, although they often have significant financial resources through parental support.

- While median City household incomes were less than many other areas of coastal California, median City housing costs were higher than both the County and State. Housing costs in San Luis Obispo have risen sharply in recent years while average household incomes have risen slowly or remained steady. Despite the housing market’s downturn in 2008 and 2009, there is a continuing disparity between household income and housing costs which forces many to seek housing outside the City.
San Luis Obispo contains the largest concentration of jobs in the County. During workdays, the City's population increases to an estimated 70,000 persons.

### 2.30 Housing Snapshots

- While the City median housing cost saw a slow decrease since the previous housing element in 2009, the City saw its first increase in 2013. Since 2009, the median housing cost was lowest in 2012, $502,000, and was highest in 2013, $569,000. By comparison, median housing costs in the County saw their lowest median housing costs in 2011, $360,000, and the highest median housing cost in 2013, $390,000. This pattern in both the City and County was also seen in the State, which saw its lowest median housing cost in 2012, $266,000, and the highest median housing cost in 2013, $326,000. A promising sign of a recovering economy.

- Compared to 2009, the number of City building permits for new housing units issued in 2013 was up 40 percent. Sales of new and pre-owned housing units in the six-county Southern California region in 2012 also increased.

- The City’s housing tenure is approximately 39% owner-occupied and 61% renter-occupied. Over the past decade the City has seen a 2% decrease in owner-occupied housing units. This shift is consistent with ownership trends during the period for the County and State.

- In the past 13 years, the rate of housing production in San Luis Obispo exceeded the rate of population growth. Between 2000 and 2013, the City added about 1,362 residents – an increase of about three percent. During the same period, the City’s housing stock grew by 1,389 units – an increase of about seven percent.

- San Luis Obispo’s housing market is strongly influenced by Cal Poly University and Cuesta College enrollment. Owner occupied housing units saw a 2 percent decrease since 2000 even with the large increase of on-campus student housing at Cal Poly. Cuesta College does not offer on-campus housing. Most of the area’s students live off campus in single family or multi-family rental units in the City of San Luis Obispo. Under City zoning regulations, up to five adult students can live together in a house and share rental costs. Consequently, college students can often out-compete non-student households for rental housing in areas that were historically single-family residential neighborhoods.

- Approximately sixty percent of the City’s housing stock was built before 1980. Despite its age, the City’s housing stock is generally in fair to good condition, with little outward evidence of substandard or blighted conditions. Illegal garage conversions and “bootleg” second units in low- and medium-density residential neighborhoods, lack of property maintenance, noise and parking have been the focus of citizen complaints and city code enforcement actions.

- While San Luis Obispo City appears mostly “built out”, significant areas of developable land remain that could help meet existing and future housing needs. A residential capacity inventory conducted by the City in 2013, seen in Appendix K, indicates that the City has approximately 725 acres of vacant, underutilized or blighted property that can accommodate approximately 3,477 dwelling units. Much of this capacity is located within the City’s Margarita and Orcutt Specific Plan areas.

### 2.40 Neighborhood Snapshots

- San Luis Obispo became a town in 1856. It has evolved from a small rural village of just over 2,200 people in 1880 to a vibrant “metropolitan” area of over 45,541 residents in 2013. Its diverse neighborhoods reflect that evolution in terms of land use, population density, street width and appearance, applicable development codes and architectural style. The oldest neighborhoods are close to the downtown area, roughly bordered by State Highway 101, the railroad tracks and High Street. The newest neighborhoods are in the south and southwest areas of the City.
San Luis Obispo has a strong “sense of place.” It began with the founding of Mission San Luis Obispo De Tolosa in 1772, and before that, was home to a large Chumash settlement, attracted to the area due to its mild climate and abundant resources. San Luis Obispo has been shaped by persons of many backgrounds, including: Native Americans, Spanish, Mexican, Chinese, English, French, German, Irish, Portuguese, Swiss-Italian, Japanese, Filipino, and many others. The community takes pride in its rich, multi-ethnic and multi-cultural heritage, and its many historic homes and commercial buildings. Architectural and historic preservation are important considerations in many neighborhoods.

San Luis Obispo’s neighborhoods traditionally have been made up mostly of single-family housing. Low-density, detached single-family housing is still the City’s predominant residential land use by land area. Of the roughly 13 square miles of zoned land, about 20 percent is zoned for low-density residential development. By contrast, about 11 percent is zoned for multi-family residential use (Medium, Medium-High, and High density residential uses).

Code enforcement, neighborhood compatibility and property maintenance complaints in low- and medium-density residential neighborhoods have increased dramatically in recent years. Between 1994 and 2013, Community Development Department staff responded to a steadily increasing number of building and zoning code violations, garage conversions, substandard housing, high-occupancy residential uses, fence height, trailers, noise disturbances, parking and land use violations. During this period, the number of enforcement requests grew from 386 in 1994 to 772 complaints in 2013, an increase of 50 percent. Neighborhood preservation is addressed by several City departments. In 2000, the Office of Neighborhood Services was established as part of the Police Department to address parking, property maintenance and noise violations.
CHAPTER 3. GOALS, POLICIES AND PROGRAMS

3.10 Overview
This chapter includes the Housing Implementation Plan for the period January 2014 to June 2019. The following goals, policies and programs are based on an assessment of the City’s needs, opportunities and constraints; and an evaluation of its existing policies and programs.

3.20 Goals, Policies and Programs.
This chapter describes the City's housing goals, policies and programs, which together form the blueprint for housing actions during the Housing Element’s planning period. Goals, policies and programs are listed in top-to-bottom order, with goals at the top and being the most general statements, working down to programs, the most specific statements of intent. Here is how the three policy levels differ:

- **Goals** are the desired results that the City will attempt to reach over the long term. They are general expressions of community values or preferred end states, and therefore, are abstract in nature and are rarely fully attained. While it may not be possible to attain all goals during this Element's planning period, they will, nonetheless, be the basis for City policies and actions during this period.

- **Policies** are specific statements that will guide decision-making. Policies serve as the directives to developers, builders, design professionals, decision makers and others who will initiate or review new development projects. Some policies stand alone as directives, but others require that additional actions be taken. These additional actions are listed under "programs" below. Most policies have a time frame that fits within this Element's planning period. In this context, “shall” means the policy is mandatory; “should” or “will” indicate the policy should be followed unless there are compelling or contradictory reasons to do otherwise.

- **Programs** are the core of the City's housing strategy. These include on-going programs, procedural changes, general plan changes, rezonings or other actions that help achieve housing goals. Programs translate goals and policies into actions.
GOAL 1. SAFETY

Provide safe, decent shelter for all residents.

Policies

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

1.2. Support and inform the public about fair housing laws and programs that allow equal housing access for all city residents.

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

Programs

1.4. Rehabilitate using Federal, State and local housing funds, such as Community Development Block Grant Funds, with the objectives of 30 single-family, 75 multi-family, 10 historic, and 20 mobile homes for extremely low, very low, low and moderate income homeowners and renters during the planning period.

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

1.6. Consider a Rental Inspection Program to improve the condition of the City’s Housing Stock.

1.7. Continue to support local and regional solutions to homelessness by funding programs such as the Maxine Lewis Memorial Shelter and The Prado Day Center.

1.8. Create an educational campaign for owners of older residences informing them of ways to reduce the seismic hazards commonly found in such structures, and encouraging them to undertake seismic upgrades.
GOAL 2. AFFORDABILITY

Accommodate affordable housing production that helps meet the City’s quantified objectives.

Policies

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

- Extremely low: 30% or less of County median household income
- Very low: 31 to 50% of County median household income.
- Low: 51% to 80% of County median household income.
- Moderate: 81% to 120% of County median household income.
- Above moderate: 121% or more of County median household income.

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

- For extremely low income households, not more than 25% of monthly income.
- For very low- and low-income households, not more than 25% of monthly income.
- For moderate income households, not more than 30% of monthly income.
- For above-moderate income households, no index.

These indices may be modified or expanded if the State of California modifies or expands its definition of affordability for these income groups.

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.

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.

Programs

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.
2.6. Continue to review existing and proposed building, planning, engineering and fire policies and standards as housing developments are reviewed to determine whether changes are possible that could assist the production of affordable housing, or that would encourage preservation of housing rather than conversion to non-residential uses, provided such changes would not conflict with other General Plan policies. Such periodic reviews will seek to remove regulations that have been superseded, are redundant or are no longer needed.

2.7. Continue to implement existing procedures that speed up the processing of applications, construction permits, and water and sewer service priorities for affordable housing projects. City staff and commissions shall give such projects priority in allocating work assignments, scheduling, conferences and hearings, and in preparing and issuing reports and water and sewer service allocations.

2.8. Continue to pursue outside funding sources for the payment of City impact fees so that new dwellings that meet the City’s affordable housing standards can mitigate their facility and service impacts without adversely affecting housing affordability.

2.9. To the extent outside funding sources can be identified to offset impacts on City funds, exempt dwellings that meet the moderate income, Affordable Housing Standards from planning, building and engineering development review and permit fees, including water meter installation fee. Maintain exemptions for extremely-low, very-low and low-income households.

2.10. Continue to coordinate public and private sector actions to encourage the development of housing that meets the City’s housing needs.

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

2.12. Consider incorporating HOA fees and a standard allowance for utilities in the calculation for affordable rents and home sales prices.

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

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

2.15. Evaluate the Inclusionary Housing Ordinance requirements and the effect of Table 2A on the City’s ability to provide affordable housing in the proportions shown in the Regional Housing Needs Allocation, per Policy 2.4.

2.16. The City will evaluate and consider including a workforce level of affordability in its Affordable Housing Standards to increase housing options in the City for those making between 121 percent and 160 percent of the San Luis Obispo County median income. This affordability category cannot be used to meet inclusionary housing ordinance requirements and is not eligible for City Affordable Housing Funds.
2.17. Continue to consider increasing residential densities above state density bonus allowances for projects that provide housing for low, very low and extremely low income households.

GOAL 3. HOUSING CONSERVATION

Conserve existing housing and prevent the loss of safe housing and the displacement of current occupants.

Policies

3.1. Continue to encourage the rehabilitation, remodeling or relocation of sound or rehabitable housing rather than demolition. Demolition of non-historic housing may be permitted where conservation of existing housing would preclude the achievement of other housing objectives or adopted City goals.

3.2. Discourage the removal or replacement of housing affordable to extremely low, very-low, low- and moderate income households, and avoid permit approvals, private development, municipal actions or public projects that remove or adversely impact such housing unless such actions are necessary to achieve General Plan objectives and: (1) it can be demonstrated that rehabilitation of lower-cost units at risk of replacement is financially or physically infeasible, or (2) an equivalent number of new units comparable or better in affordability and amenities to those being replaced is provided, or (3) the project will correct substandard, blighted or unsafe housing; and (4) removal or replacement will not adversely affect housing which is already designated, or is determined to qualify for designation as a historic resource.

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

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

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

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

3.7. Encourage and support creative strategies for the rehabilitation and adaptation and reuse of residential, commercial, and industrial structures for housing.
Programs

3.8. Adopt an ordinance that implements policy 3.2 to discourage removal or replacement of affordable housing.

3.9. Correct unsafe, unsanitary or illegal housing conditions, improve accessibility and energy efficiency and improve neighborhoods by collaborating with agencies offering rehabilitation programs. City will use State or Federal grants or other housing funds to implement the program and provide services such as home weatherization, repair and universal access improvements.

3.10. Continue to encourage the creation of dwellings in the Downtown Core (C-D Zone) and the Downtown Planning Area by continuing the "no net housing loss" program, consistent with Chapter 17.86 (Downtown Housing Conversion Regulations) of the Zoning Regulations.

3.11. Continue to identify residential properties and districts eligible for local, State or Federal historic listing in accordance with guidelines and standards to help property owners repair, rehabilitate and improve properties in a historically and architecturally sensitive manner.

3.12. Continue to monitor and track affordable housing units at-risk of being converted to market rate housing annually. Provide resources to support the Housing Authority, and local housing agencies, purchase and manage at-risk units.

3.13. Working with non-profit organizations, faith-based organizations, or the Housing Authority of the City of San Luis Obispo, the City will encourage rehabilitation of residential, commercial or industrial buildings to expand extremely low, very-low, low or moderate income rental housing opportunities.

GOAL 4. MIXED-INCOME HOUSING

Preserve and accommodate existing and new mixed-income neighborhoods and seek to prevent neighborhoods or housing types that are segregated by economic status.

Policies

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

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.

4.3. Extremely-low and very low-income housing, such as that developed by the Housing Authority of the City of San Luis Obispo or other housing providers, may be located in any zone that allows housing, and should be dispersed throughout the City rather than concentrated in one neighborhood or zone.
4.4. In its discretionary actions, housing programs and activities, the City shall affirmatively further fair housing and promote equal housing opportunities for persons of all economic segments of the community.

Programs

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

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.

GOAL 5. HOUSING VARIETY AND TENURE

Provide variety in the location, type, size, tenure, and style of dwellings.

Policies

5.1. Encourage the integration of appropriately scaled, special needs housing into developments or neighborhoods of conventional housing.

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

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

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

Program

5.5. Review new developments for compliance with City regulations and revise projects or establish conditions of approval as needed to implement the housing variety and tenure policies.
GOAL 6.  HOUSING PRODUCTION

Plan for new housing to meet the full range of community housing needs.

Policies

6.1. Consistent with the growth management portion of its Land Use Element and the availability of adequate resources, the City will plan to accommodate up to 1,144 dwelling units between January 2014 and June 2019 in accordance with the assigned Regional Housing Needs Allocation.

6.2. New commercial developments in the Downtown Core (C-D Zone) shall include housing, unless the City makes one of the following findings:
   A) Housing is likely to jeopardize the health, safety or welfare of residents or employees; or
   B) The property’s shape, size, topography or other physical factor makes construction of new dwellings infeasible.

6.3. If City services must be rationed to development projects, residential projects will be given priority over non-residential projects. As required by SB 1087, housing affordable to lower income households will be given first priority.

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

6.5. When sold, purchased or redeveloped for public or private uses, City-owned properties within the urban reserve shall include housing as either a freestanding project or part of a mixed-use development where land is suitable and appropriate for housing.

6.6. Property located behind the former County General Hospital shall be designated a “Special Considerations” zone and may be considered suitable for residential development after further analysis and environmental review, provided that development be limited to site areas with average slopes of less than 20 percent, that approximately one-half of the total site area be dedicated for open space and/or public use, and that an additional water tank be provided if determined necessary to serve new development.

6.7. Support the redevelopment of excess public and private utility properties for housing where appropriately located and consistent with the General Plan.

6.8. Consistent with the City’s goal to stimulate higher density infill where appropriate in the Downtown Core (C-D Zone), the City shall consider changes to the Zoning Regulations that would allow for the development of smaller apartments and efficiency units.

6.9. Encourage and support employer/employee financing programs and partnerships to increase housing opportunities specifically targeted towards the local workforce.

6.10. To help meet the Quantified Objectives, the City will support residential infill development and promote higher residential density where appropriate.
Chapter 3

Programs

6.11. Maintain the General Plan and Residential Growth Management Regulations (SLOMC 17.88) exemption for new housing in the Downtown Core (C-D zone), and new housing in other zones that is enforceably restricted for extremely-low, very low, low- and moderate income households, pursuant to the Affordable Housing Standards.

6.12. Continue to allow flexible parking regulations for housing development, especially in the Downtown Core (C-D Zone), including the possibilities of flexible use of city parking facilities by Downtown residents, where appropriate, and reduced or no parking requirements where appropriate guarantees limit occupancies to persons without motor vehicles or who provide proof of reserved, off-site parking. Such developments may be subject to requirements for parking use fees, use limitations and enforcement provisions.

6.13. Continue to develop incentives to encourage additional housing in the Downtown Core (C-D Zone), particularly in mixed-use developments. Density based on average unit size in a project should be explored to encourage the development of smaller efficiency units.

6.14. Specific plans for any new expansion area identified shall include R-3 and R-4 zoned land to ensure sufficient land is designated at appropriate densities to accommodate the development of extremely low, very-low and low income dwellings. These plans shall include sites suitable for subsidized rental housing and affordable rental and owner-occupied dwellings, and programs to support the construction of dwellings rather than payment of in-lieu housing fees. Such sites shall be integrated within neighborhoods of market-rate housing and shall be architecturally compatible with the neighborhood.

6.15. Consider General Plan amendments to rezone commercial, manufacturing or public facility zoned areas for higher-density, infill or mixed use housing where land development patterns are suitable and where impact to Low-Density Residential areas is minimal. For example, areas to be considered for possible rezoning include, but are not limited to the following sites (shown in Figure 1 and further described in Appendix D, Table D-2):
   A) Portions of South Broad Street Corridor and Little Italy area
   B) 1499 San Luis Drive (rezone vacant and underutilized School District property)
   C) 1642 Johnson Avenue (vacant School District property)
   D) 4325 South Higuera Street (former P.G.&E. yard)
   E) 4355 Vachell Lane (vehicle storage)
   F) 173 Buckley Road (Avila Ranch)
   G) 2143 Johnson Avenue (adjacent to County Health Department)
   H) 3710 Broad Street (Plumbers and Steamfitters Union)
   I) 11950 Los Osos Valley Road (Pacific Beach High School)
   J) 2500 Block of Boulevard Del Campo (adjacent to Sinsheimer Park)
   K) 12165 Los Osos Valley Road (adjacent to Home Depot)
Figure 1
Areas to be Considered for Possible Rezoning

City Limits
Possible Rezoning Areas

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1 Mile
6.16. Continue to provide resources that support the SLO County Housing Trust fund’s efforts to provide below-market financing and technical assistance to affordable housing developers as a way to increase affordable housing production in the City of San Luis Obispo.

6.17. Encourage residential development through infill development and densification within City Limits and in designated expansion areas over new annexation of land.

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

6.19. Continue to incentivize affordable housing development with density bonuses, parking reductions and other development incentives, including City financial assistance.

6.20. Continue to financially assist in the development of housing affordable to extremely low, very-low, low- or moderate income households during the planning period using State, Federal and local funding sources, with funding priority given to projects that result in the maximum housing benefits for the lowest household income levels.

6.21. Actively seek new revenue sources, including State, Federal and private/non-profit sources, and financing mechanisms to assist affordable housing development for extremely low, very low and low or moderate income households and first-time homebuyers.

6.22. Continue to exempt the rehabilitation or remodeling of up to 4 dwellings of up to 1200 square feet each from Architectural Review Commission review. New multi-unit housing may be allowed with “Minor or Incidental” or staff level architectural review, unless the dwellings are located on a sensitive or historically sensitive site.

6.23. Assist in the production of affordable housing by identifying vacant or underutilized City-owned property suitable for housing, and dedicate public property, where feasible and appropriate for such purposes, as development projects are proposed.

6.24. Community Development staff will proactively provide information for properties suitable for housing as identified in the Land Use and Housing Elements.

6.25. Evaluate and consider amending the General Plan to designate the 46 acres associated with the former County General Hospital as a “Special Considerations” zone, suitable for housing development on areas of the site of less than 20 percent average slope, provided that open space dedication and public improvements are part of the project.

6.26. Continue to update the Affordable Housing Incentives (Chapter 17.90, SLOMC) and Zoning Regulations to ensure density bonus incentives are consistent with State Law.

6.27. Evaluate and consider increasing the residential density allowed in the Neighborhood-Commercial (CN), Office (O) and Downtown Commercial (CD) zoning districts. The City will evaluate allowing up to 24 units per acre in the CN and O zones, and up to 72 units per acre in the CD zone, twice the current density allowed in these areas.
6.28. Evaluate how lot patterns (i.e. size, shape, slope) in the City’s multi-family zones affect the City’s ability to meet housing production policies. If warranted, consider setting a minimum number of dwellings on each legal lot in the R-2, R-3 and R-4 zones, regardless of lot size, when other property development standards, such as parking, height limits and setbacks can be met.

6.29. Continue to pursue incentives to encourage development of Secondary Dwelling Units (SDUs). Possible incentives include SDU design templates, flexible development standards, fee reductions or deferrals, or other measures to encourage the construction of SDUs where allowed by zoning.

6.30. Evaluate and consider adopting Subdivision and Zoning Regulations changes to support small lot subdivisions, ownership bungalow court development. Eliminate the one acre minimum lot area for PD overlay zoning, and other alternatives to conventional subdivision design.

6.31. Consider scaling development impact fees for residential development based on size, number of bedrooms, and room counts.

6.32. Continue to submit annual Housing Element progress reports to the State Department of Housing and Community Development per Government Code Section 65400.

GOAL 7. NEIGHBORHOOD QUALITY

Maintain, preserve and enhance the quality of neighborhoods, encourage neighborhood stability and owner occupancy, and improve neighborhood appearance, function and sense of community.

Policies

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

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

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

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

7.5. The creation of walled-off residential enclaves, or of separate, unconnected tracts, is discouraged because physical separations prevent the formation of safe, walkable, and enjoyable neighborhoods.
7.6. Housing shall be sited to enhance safety along neighborhood streets and in other public and semi-public areas.

7.7. The physical design of neighborhoods and dwellings should promote walking and bicycling and preserve open spaces and views.

7.8. Encourage strategies and programs that increase long-term residency and stabilization in neighborhoods.

**Programs**

7.9. Continue to implement varied strategies, such as early notification through electronic media, website improvements, neighborhood outreach meetings, etc., to ensure residents are aware of and able to participate in planning decisions affecting their neighborhoods early in the planning process.

7.10. Continue to work directly with neighborhood groups and individuals to address concerns. Identify specific neighborhood needs, problems, trends and opportunities for improvements.

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

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

7.13. Continue the City’s Neighborhood Services and proactive enforcement programs to support neighborhood wellness.

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**GOAL 8. SPECIAL HOUSING NEEDS**

Encourage the creation and maintenance of housing for those with special housing needs.

**Policies**

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

8.2. Preserve manufactured housing or mobile home parks and support changes in these forms of tenure only if such changes provide residents with greater long-term security or comparable housing in terms of quality, cost, and livability.

8.3. Encourage manufactured homes in Specific Plan Areas by:
A) When the City considers adopting new specific plans, including policies that support owner-occupied manufactured home parks with amenities such as greenbelts, recreation facilities, and shopping services within a master planned community setting. Such parks could be specifically designed to help address the needs of those with mobility and transportation limitations.
B) Establishing lot sizes, setback, and parking guidelines that allow for relatively dense placement of manufactured homes within the master planned neighborhood.

C) Locating manufactured home parks near public transit facilities or provide public transportation services to the manufactured home parks to minimize the need for residents to own automobiles.

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

8.5. Strengthen the role of on-campus housing by encouraging Cal Poly University to require freshmen and sophomore students to live on campus.

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

8.7. Encourage Cal Poly University to develop and maintain faculty and staff housing, consistent with the General Plan.

8.8. Disperse special needs living facilities throughout the City where public transit and commercial services are available, rather than concentrating them in one district.

8.9. Support continued efforts to implement the document “The Path Home: San Luis Obispo County’s 10 Year Plan to End Chronic Homelessness”.

8.10. Encourage a variety of housing types that accommodate persons with disabilities and promote aging in place, including a goal of “visitability” in new residential units, with an emphasis on first-floor accessibility to the maximum extent feasible.

8.11. Encourage changes to City regulations that would support the special housing needs of disabled persons, including persons with developmental disabilities.

8.12. Assist the homeless and those at risk of becoming homeless by supporting shelters, temporary housing, transitional housing, and by facilitating general housing assistance.

Programs

8.13. Continue to provide resources that support local and regional solutions to meeting the needs of the homeless and continue to support, jointly with other agencies, shelters and programs, such as Housing First and Rapid Rehousing, for the homeless and for displaced women and children.

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

8.15. Continue to look for opportunities in specific plan areas suitable for tenant-owned mobile-home parks, cooperative or limited equity housing, manufactured housing, self-help housing, or other types of housing that meet special needs.

8.16. Advocate developing more housing and refurbishing campus housing at Cal Poly University.
8.17. Work with Cal Poly University Administration to secure designation of on-campus fraternity/sorority living groups.

8.18. Jointly develop and implement a student housing plan and continue to support "good neighbor programs" with Cal Poly State University, Cuesta College and City residents. The programs should continue to improve communication and cooperation between the City and the schools, set on-campus student housing objectives and establish clear, effective standards for student housing in residential neighborhoods.

8.19. Provide public educational information at the Community Development Department public counter on universal design concepts (i.e. aging in place) for new and existing residential dwellings.

8.20. Transitional Housing and Supportive Housing: Continue to allow the establishment of transitional and supportive housing in all zoning districts where residential uses are allowed.

8.21. Continue to look for opportunities (land, retail or commercial space, motels, apartments, housing units, mobile home parks) that can be acquired and converted to affordable permanent housing and permanent supportive housing for homeless persons and families.

8.22. Consider addition of an overlay zone to existing and future mobile home and trailer park sites to provide constructive notice that additional requirements, such as rent stabilization and a mobile home park conversion ordinance may apply.

8.23. Encourage the creation of housing for persons with developmental disabilities. The City will seek grant opportunities for housing construction and rehabilitation specifically targeted for persons with developmental disabilities.

8.24. Continue to coordinate with the County, social services providers and non-profit organizations for delivery of existing, improved and expanded services, including case management, drug, alcohol, detoxification, and mental health services.

8.25. Continue to engage the Homeless Services Oversight Council (HSOC) and Friends of Prado Day Center (FPDC) to identify, evaluate, and implement strategies to reduce the impacts of homelessness on the City.

GOAL 9. SUSTAINABLE HOUSING, SITE, AND NEIGHBORHOOD DESIGN

Encourage housing that is resource-conserving, healthful, economical to live in, environmentally benign, and recyclable when demolished.

Policies

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

   A) Maximize use of renewable, recycled-content, and recycled materials, and minimize use of building materials that require high levels of energy to produce or that cause significant, adverse environmental impacts.
B) Incorporate renewable energy features into new homes, including passive solar design, solar hot water, solar power, and natural ventilation and cooling.

C) Minimize thermal island effects through reduction of heat-absorbing pavement and increased tree shading.

D) Avoid building materials that may contribute to health problems through the release of gasses or glass fibers into indoor air.

E) Design dwellings for quiet, indoors and out, for both the mental and physical health of residents.

F) Design dwellings economical to live in because of reduced utility bills, low cost maintenance and operation, and improved occupant health.

G) Use construction materials and methods that maximize the recyclability of a building’s parts.

H) Educate public, staff, and builders to the advantages and approaches to sustainable design, and thereby develop consumer demand for sustainable housing.

I) City will continue to refer to a sustainable development rating system, such as the LEED or GreenPoint programs when evaluating new development proposals.

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

A) Design subdivisions to maximize solar access for each dwelling and site.

B) Design sites so residents have usable outdoor space with access to both sun and shade.

C) Streets and access ways should minimize pavement devoted to vehicular use.

D) Use neighborhood retention basins to purify street runoff prior to its entering creeks. Retention basins should be designed to be visually attractive as well as functional. Fenced-off retention basins should be avoided.

E) Encourage cluster development with dwellings grouped around significantly-sized, shared open space in return for City approval of smaller individual lots.

F) Treat public streets as landscaped parkways, using continuous plantings at least six feet wide and where feasible, median planters to enhance, define, and to buffer residential neighborhoods of all densities from the effects of vehicle traffic.

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

A) Maintain the overall scale, density and architectural character of older neighborhoods surrounding the Downtown Core.

B) Encourage the maintenance and rehabilitation of historically designated housing stock.

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

9.5. Actively promote water conservation through housing and site design to help moderate the cost of housing.
9.6. Support programs that provide financing for sustainable home upgrade projects such as installation of solar panels, heating and cooling systems, water conservation and windows to improve the energy efficiency of the City’s existing housing stock.

Programs

9.7. Continue to educate planning and building staff and citizen review bodies on energy conservation issues, including the City’s energy conservation policies and Climate Action Plan. Staff shall work with applicants to achieve the City’s energy conservation goals.

9.8. Continue to provide assurance of long-term solar access for new or remodeled housing and for adjacent properties, consistent with historic preservation guidelines, and revise regulations found to be inadequate.

9.9. Continue to implement the Water Quality Control Board’s “Post-Construction Stormwater Management Requirements for Development Projects in the Central Coast Region”, to reduce the amount of impermeable surface.

9.10. Implement Climate Action Plan programs that increase the production of “green” housing units and projects and require use of sustainable and/or renewable materials, water and energy technologies (such as, but not limited to solar, wind, or thermal).

9.11. Continue to promote building materials reuse and recycling in site development and residential construction, including flexible standards for use of salvaged, recycled, and “green” building materials. Continue the City’s construction and demolition debris recycling program as described in Chapter 8.05 of the Municipal Code.

9.12. Consider incentivizing dwelling units to a minimum size of 150 square feet, consistent with the California Building Code, by reduced impact fees and property development standards.

9.13. Consider participating in financing programs for sustainable home improvements such as solar panels, heating and cooling systems, water conservation and energy efficient windows.

GOAL 10. LOCAL PREFERENCE

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

Policies

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

10.2. Cal Poly State University and Cuesta College should actively work with the City and community organizations to create positive environments around the Cal Poly Campus by:
A) Establishing standards for appropriate student densities in neighborhoods near Campus;
B) Promoting homeownership for academic faculty and staff in Low-Density Residential neighborhoods in the northern part of the City; and
C) Encouraging and participating in the revitalization of degraded neighborhoods.

Programs

10.3. Continue to work with the County of San Luis Obispo for any land use decisions that create significant expansion of employment in the unincorporated areas adjacent to the City to mitigate housing impacts on the City.

10.4. Encourage residential developers to sell or rent their projects to those residing or employed in the City first before outside markets.

10.5. Work with Cal Poly to address the link between enrollment and the expansion of campus housing programs at Cal Poly University to reduce pressure on the City's housing supply.

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

GOAL 11. SUITABILITY

Develop and retain housing on sites that are suitable for that purpose.

Policies

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

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

Program

11.3. The City will continue to ensure the ability of legal, non-conforming uses to continue where new development is proposed.
3.30 Implementation Tools

Resources/Incentives Available For Housing Activities

A variety of federal, state and local programs and resources are available to help implement the City’s housing goals and activities. These include both financial resources, as well as in-kind incentives that help address housing needs. Table 1 lists the financial resources, incentives, and other tools that have been available to help address housing needs.

Availability of the resources is contingent on continued funding and is subject to change. Furthermore, on-going economic uncertainties and budgetary constraints at all government levels have curtailed many housing grant and loan programs. While funding has been frozen for several programs listed below, the resources continue to be listed in anticipation that funding will be renewed for some programs.

Table 1. Resources/Incentives Available for Housing Activities

<table>
<thead>
<tr>
<th>Resource / Incentives</th>
<th>Descriptions</th>
<th>Eligible Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Local Resources</strong></td>
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<tr>
<td>City of San Luis Obispo Affordable Housing Fund</td>
<td>In-lieu fees paid by developers to meet inclusionary housing requirements.</td>
<td>Any expense in support of affordable housing development, subject to City Council approval and adopted criteria (Res. No. 9263, 2001 Series).</td>
</tr>
</tbody>
</table>
| Development Services Fee Waivers              | Residential development projects that meet City affordable housing standards for extremely low, very low- and low-income households are exempt from all fees related to planning, engineering and building review, processing and permits, and water and sewer meter hook-ups. Projects with a combination of market-rate and affordable units receive the fee waiver on a per-unit basis. | ■ Affordable housing projects  
■ Mixed-use developments with affordable units  
■ Senior housing projects |
| Impact Fee deferrals                          | Citywide development impact fees are deferred for affordable residential units that: 1) exceed the minimum required under inclusionary housing standards, or 2) are built, owned and managed by the San Luis Obispo Housing Authority, other government agencies, or not-for-profit housing agencies. | ■ Affordable housing projects  
■ Mixed-use developments with affordable units  
■ Senior housing projects |
| Density Bonus                                 | The City allows an increase in residential density which varies based on the type of affordable housing (extremely low, very low, low, or moderate income) and the percentage of total dwellings. | ■ Affordable housing projects  
■ Mixed-use developments with affordable units  
■ Senior housing projects |
| Alternative Incentives                        | When developers agree to construct extremely low, very low-, low-, moderate income or senior housing, the City may negotiate an alternative incentive of comparable value to the density bonus, such as exceptions to development standards, direct financial assistance, or city installation of off-site improvements. | ■ Affordable housing projects  
■ Mixed-use developments with affordable units  
■ Senior housing projects |
| Flexible Development Standards | A variety of flexible development standards is available for affordable and senior housing, and for the preservation and rehabilitation of historic homes and apartments. These include easing of parking standards and building setbacks, height and lot coverage exceptions (with approval of Planned Development rezoning), and provisions for restoring non-conforming residential buildings following a fire or other disaster. |
| Grants-In-Aid Funds | Grants-In-Aid funds are available annually to assist social service and housing providers with special, non-recurring costs to augment affordable housing programs. |
| Mills Act Program | Reduces property taxes on historic residential and commercial properties in return for owner’s agreement to preserve, and in some cases, improve the property. Minimum 10 years’ participation; up to 10 properties can be added to the program per year. |
| San Luis Obispo County Housing Trust Fund | A nonprofit loan fund created to increase the supply of affordable housing in San Luis Obispo for very low-, low- and moderate income households. |
| First Time Home Buyers Program | This program provides substantial down payment assistance to eligible households through the State of California's BEGIN program. Under this program, low and moderate income, first time homebuyers may qualify for down payment assistance for eligible projects. Assistance is provided at 3% simple interest. Periodic payments are not required during the term of the loan to insure an affordable monthly payment for the borrower. |
| Technical Assistance | Technical assistance is available to help renters, homeowners, housing developers, and not-for-profit housing developers find, design, fund or build affordable housing. |
| Affordable housing projects | • Affordable housing projects
• Mixed-use developments with affordable units
• Senior housing projects
• Historic homes and apartments
• Planned residential developments
• Non-conforming residential restoration |
| Not-for-profit social service and housing providers | • Not-for-profit social service and housing providers |
| Historic preservation | • Historic preservation
• Residential rehabilitation
• Mixed-use historic rehabilitation |
| Acquisition of improved or unimproved sites/buildings | • Acquisition of improved or unimproved sites/buildings
• Construction, conversion, or rehabilitation
• Project planning and pre-development |
| Purchase of affordable housing units | • Purchase of affordable housing units
• Low and moderate income
• First time homebuyers |
| Affordable housing developments | • Affordable housing developments
• Market-rate housing developments
• Housing consumers |
### State Resources

<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable Housing Innovation Program: Local Housing Trust Fund Program (LHTF)</td>
<td>Helps finance local housing trust funds dedicated to the creation or preservation of affordable housing.</td>
<td>Loans for construction of low-income senior housing projects</td>
</tr>
</tbody>
</table>
| Affordable Housing Innovation Program: construction Liability Insurance Reform Pilot Program | Reduce insurance rates for condominium development, by promoting best practices in construction quality control. | Construction oversight  
Monitoring activities |
<p>| Affordable Housing Innovation Program: Practitioner Fund | Provide acquisition financing to pre-qualified developers for the development and preservation of affordable housing | Property acquisition |
| Affordable Housing Innovation Program: Loan Fund | Provide quick acquisition financing for the redevelopment or preservation of affordable housing. | Property acquisition |
| Affordable Housing Innovation Program: Innovative Homeownership Program | Increase Homeownership opportunities for Californians with lower incomes. | TBD |
| Building Equity and Growth in Neighborhoods Program (BEGIN) | Reduce local regulatory barriers to affordable ownership housing, and provide down-payment assistance loans to qualifying first-time low- and moderate-income buyers of homes in BEGIN projects. | Second mortgage assistance in projects facilitated by local regulatory incentives |</p>
<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
<th>Grants/Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency Housing and Assistance Program Operating Facility Grants (EHAP)</td>
<td>Provide facility operating grants for emergency shelters, transitional housing projects, and supportive services for homeless individuals and families.</td>
<td>Operations and administration, Residential rent assistance, Capital for development activities</td>
</tr>
<tr>
<td>Emergency Housing and Assistance Program Capital Development Component (EHAPCD)</td>
<td>Fund capital development activities for emergency shelters, transitional housing and safe havens that provide shelter and supportive services for homeless individuals and families.</td>
<td>Site acquisition, Construction, Conversion costs, Rehabilitation</td>
</tr>
<tr>
<td>Exterior Accessibility Grants for Renters</td>
<td>Grants for local and non-profits to help lower income rental tenants with disabilities make exterior modifications to their rental housing to make it accessible.</td>
<td>Modifications to rental housing or property to make it accessible to persons with disabilities</td>
</tr>
<tr>
<td>Governor’s Homeless Initiative (GH)</td>
<td>An interagency effort to refinance loans for new projects that propose affordable housing. Funding development of permanent supportive housing for persons with severe mental illness who are chronically homeless.</td>
<td>Construction, Rehabilitation, Site acquisition</td>
</tr>
<tr>
<td>Housing Urban-Suburban-and-Rural Parks Program Prop 1C</td>
<td>Provide funding for parks related to housing development in urban, suburban and rural areas.</td>
<td>Creation of new park and recreation facilities or improvement of existing facilities</td>
</tr>
<tr>
<td>Infill Infrastructure Grant Program</td>
<td>Assist in the new construction and rehabilitation of infrastructure that supports higher-density affordable and mixed-income housing in locations designated as infill.</td>
<td>New construction, rehabilitation, and acquisition of infrastructure.</td>
</tr>
<tr>
<td>Mobile home Park Resident Ownership Program (MPROP)</td>
<td>Funds awarded to mobile-home park tenant organizations to convert mobile-home parks to resident ownership.</td>
<td>Mobile-home park acquisition and development</td>
</tr>
<tr>
<td>Multifamily Housing Program: General component (MHP-General) Prop 1C</td>
<td>Low interest loans to developers of affordable multifamily rental and transitional housing projects for lower income tenants.</td>
<td>Project development, Capital costs, Property acquisition, On- and off-site improvements, New Construction &amp; rehab</td>
</tr>
</tbody>
</table>
### Multifamily Housing Program: Supportive Housing component (MHP-SH)

- **Low-interest loans** to developers of permanent affordable rental housing developments that contain supportive housing units.
- **Project development**
- **Capital costs**
- **Property acquisition**
- **On- and off-site improvements**

### Predevelopment Loan Program

- **Provide predevelopment capital loans** to finance the start of low income housing projects.
- **Construct, rehabilitate, convert, or preserve low-income housing**
- **Site control, acquisition, technical studies/reports/plans, and fees**

### Brownfield Program Prop 1C

- **Provides grants and loans** to support site clean up to support infill development with 15% affordable units or supportive housing.
- **Clean-up, mitigation, and remediation**
- **Technical oversight**
- **Capitalization of operation and maintenance fund**

### Joe Serna, Jr. Farmworker Housing Grant Program (Serna): Ownership Component

- **100% match of local funds** to finance the new construction, rehabilitation and acquisition of owner-occupied housing units for agricultural workers, with a priority for lower-income households.
- **Costs related to the development and ownership of housing for agricultural workers**

### Joe Serna, Jr. Farmworker Housing Grant Program (Serna): Rental Component

- **100% match of local funds** to finance the new construction, rehabilitation and acquisition of rental housing units for agricultural workers, with a priority for lower-income households.
- **Activities incurring costs in the development of rental housing for agricultural workers.**

### Office of Migrant Services (OMS)

- **Provide safe, decent and affordable seasonal rental housing and support services** for Migrant farmworker families during the peak harvest season.
- **Construction**
- **Rehabilitation**
- **Maintenance**
- **Operation**

### Multifamily Housing Program: Homeless Youth Component (MHP-HY)

- **Low-interest loans** to developers of permanent affordable rental housing developments that contain housing units for homeless youth housing units.
- **Capital costs**
- **Property acquisition**
- **Refinancing**
- **On- and Off-site improvements**

### California Housing Finance Agency

### California Homebuyer's Down payment Assistance Program (CHDAP)

- **Collaboration with lenders to offer below market rate down-payment loans.**
- **Down-payment loans to moderate-, low-, and very low-income households**
### Affordable Housing Partnership Program (AHPP)

This program allows borrowers to combine a CalHFA first mortgage loan with down payment and/or closing cost assistance from an Affordable Housing Program Partner.

- Loans to moderate-, low-, and very low-income

### Housing Enabled by Local Partnerships

HELP Program and other below-market-rate financing and deferred loans for local government and non-profits producing affordable housing development.

- Low- and moderate income affordable single- and multi-family housing

### CaHLIF – California Housing Loan Insurance Fund

Provides primary mortgage insurance for hard-to-qualify borrowers, expanding home ownership opportunities.

- First-time homebuyers
- Low- and moderate- income homebuyers
- Workforce housing loans

### CalHFA Conventional Loans

Various programs providing lower cost loans, such as a 30-year fixed, interest only PLUS, 40-year fixed

- First-time homebuyers
- Low- and moderate- income homebuyers

### CalHFA Down-payment Assistance

Various programs providing loans for down payments, such as California Homebuyer’s Down-payment Assistance Program (CHDAP)

- First-time homebuyers
- Low- and moderate- income homebuyers

### Self-Help Builder Assistance Program

Provides a source of financing to nonprofit 501(c)(3) corporations who use self-help type construction for affordable housing

- Site acquisition
- Site development,
- Home construction

### Builder-Lock Program

Builders/Developers may purchase forward commitments for permanent first mortgage financing for CalHFA-eligible borrowers tied to their construction/marketing program at single family new-home developments anywhere in the state.

- Housing construction

### California Infrastructure and Economic Development Bank

Provides low-cost financing for public infrastructure to support housing and economic development.

- Streets, drainage, parks, public safety facilities, transit improvements, parks, lighting

### California Tax Credit Allocation Committee

Tax credits available to individuals and corporations investing in low-income rental housing. Tax credits are issued through the State and sold to corporations and others with high tax liability, with proceeds used for housing development.

- Acquisition
- Housing rehabilitation
- New construction

Cooperate with non-profit housing providers to enable issuance of multi-family housing revenue bonds

- Affordable housing projects
- Mixed-use developments with affordable units
- Senior housing projects
<table>
<thead>
<tr>
<th><strong>Mental Health Services Act (MHSA) Housing Program</strong></th>
<th>Provides funding for the development of permanent supportive housing for individuals with serious mental illness and their families, as appropriate, who are homeless or at risk of being homelessness.</th>
<th>Costs associated with the creation of permanent or supportive housing.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>California Department of Mental Health (DMH), the California Housing Finance Agency (CalHFA) and the County Mental Health Directors Association</strong></td>
<td><strong>Mortgage Credit Certificate</strong> Federal tax credit for low- and moderate income homebuyers who have not owned a home in the past three years.</td>
<td>First-time homebuyer's assistance</td>
</tr>
<tr>
<td><strong>Emergency Capital Repairs Program</strong></td>
<td>Provides grants for substantial capital repairs to eligible multifamily projects that are owned by private nonprofit entities.</td>
<td>Rehabilitation, Modernization, Retrofitting</td>
</tr>
<tr>
<td><strong>Assisted-Living Conversion Program (ALCP)</strong> To provide private nonprofit owners of eligible developments with a grant to convert some or all of the dwelling units in the project into an Assisted Living Facility (ALF) for the frail elderly.</td>
<td>Physical conversion of existing project units, common and services space</td>
<td></td>
</tr>
<tr>
<td><strong>Economic Development (&quot;Competitive EDI&quot;) Grants</strong> Enhance the security of section 108 guaranteed loans or improve the viability of the same Section 108 assisted project.</td>
<td>Acquisition, Rehabilitation, New construction, Infrastructure, Historic preservation, Economic development</td>
<td></td>
</tr>
<tr>
<td><strong>Shelter Plus Care (S+C)</strong> Grants for rental assistance, in combination with supportive services from other sources, to homeless people.</td>
<td>Tenant-based rental assistance, Sponsor-based rental assistance, Project-based rental assistance</td>
<td></td>
</tr>
<tr>
<td><strong>Historic Rehabilitation Tax Credit</strong> Provides a 10-20% one-time, IRS tax credit on eligible rehabilitation costs for pre-1936 and National Register historic properties. Work must follow Secretary of the Interior rehabilitation standards.</td>
<td>Rental housing rehabilitation, Mixed-use projects, Seismic strengthening, Ownership housing ineligible</td>
<td></td>
</tr>
</tbody>
</table>

---

**Federal Resources**

**United States Department of Housing and Urban Development**

| **Community Development Block Grants (CDBG)** Grant awarded to the City annually on a formula basis to fund housing and economic development for low-and moderate income persons. | Affordable housing construction, Historic preservation, Property acquisition for housing, Housing rehabilitation, Public services and facilities, Code enforcement, Fair housing activities, Economic development |
| **HOME Investment Partnership (HOME) Program** | Grant program specifically for housing. | Single- or multi-family housing acquisition/rehab/construction, CHDO Assistance, Administration |
| **Emergency Shelter Grant Program (ESG)** | Grant awarded on an annual formula basis for shelter and services to homeless persons. | Homelessness prevention, Continuum of care, Operating expenses |
| **Housing Opportunities for Persons With AIDS (HOPWA)** | Funds available county-wide for supportive services and housing for persons with HIV/AIDS. | Rental assistance, Social services, Housing |

**Federal Home Loan Bank of San Francisco**

| **Affordable Housing Program (AHP)** | The Affordable Housing Program provides grants and subsidized loans to banks to support affordable rental housing and homeownership opportunities. | Acquire, construct, or rehabilitate rental housing, Provide homebuyer down payment or closing cost assistance, Cover the cost of homebuyer pre- or post-purchase counseling |
| **Access to Housing and Economic Assistance for Development (AHEAD) Program** | Provides grants to support economic development and housing projects during the conception and early development stages. | Activities related to the creation of low- and moderate-income housing |

**Private Resources**

| **Youthbuild** | Vocational training for organizations to fund projects to assist high-risk youth learn housing construction and rehabilitation skills and complete their high school education as they construct housing for low-income and homeless persons or families. | Program support |
CHAPTER 4. QUANTIFIED OBJECTIVES

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

According to state housing law, a jurisdiction may take credit toward meeting RHNA requirements between the base year of the RHNA period (January 1, 2014) and the beginning of the new planning period (June 30, 2014) for dwellings that are approved, permitted and/or built during this time period. These units are then subtracted from the City’s RHNA allocation to determine the balance of site capacity that must be identified for housing.

To credit units affordable to lower- and moderate-income households toward the RHNA requirement, a jurisdiction must demonstrate the units are affordable based on at least one of the following:

- Subsidies, financing, deed restrictions or other mechanisms that ensure affordability (e.g., MHP, HOME, or Low-Income Housing Tax Credit (LIHTC) financed projects or inclusionary units);
- Actual rents; and
- Actual sales prices.

4.20 Housing Construction Completed
Table 2 shows the number of new housing units approved, permitted, under construction or completed between January 1, 2014 and June 30, 2014. These units are credited toward meeting the City’s quantified objectives during the five-year planning period from January 1, 2014 to June 30, 2019.

<table>
<thead>
<tr>
<th>Project Name/Address</th>
<th>Approved, Under Construction or Built1</th>
<th>Total Units</th>
<th>Units by Income Level</th>
<th>(A) Sale (B) Rent (n/a)</th>
<th>Market rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laurel Creek/861 Orcutt</td>
<td>Approved</td>
<td>117</td>
<td>2</td>
<td>115</td>
<td>(A)</td>
</tr>
<tr>
<td>Marsh Street Commons, 679 Marsh</td>
<td>Under Construction</td>
<td>4</td>
<td>4</td>
<td></td>
<td>(A)</td>
</tr>
<tr>
<td>Individual dwellings, various</td>
<td>Built</td>
<td></td>
<td></td>
<td>(n/a)</td>
<td></td>
</tr>
<tr>
<td>Individual dwellings, various</td>
<td>Under Construction</td>
<td>8</td>
<td>8</td>
<td></td>
<td>(A)</td>
</tr>
<tr>
<td>Individual dwellings, various addresses</td>
<td>Approved</td>
<td>3</td>
<td>3</td>
<td>(A)</td>
<td></td>
</tr>
<tr>
<td>Moylan Terrace/851 Humbert Street</td>
<td>Approved</td>
<td>69</td>
<td>2</td>
<td>14 11</td>
<td>(A/B)</td>
</tr>
<tr>
<td>Garcia MXD/774 Caudill</td>
<td>Approved</td>
<td>4</td>
<td>4</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>1404 Chorro</td>
<td>Approved</td>
<td>4</td>
<td>4</td>
<td>(A)</td>
<td></td>
</tr>
</tbody>
</table>
### Housing Element

#### 4.30 Housing Construction Objectives

Table 3 shows the City’s regional housing need for new housing construction for January 1, 2014 through June 30 2019. It includes City construction objectives for detached (SFH) and attached (MFH) housing types, both rental and for-sale units.

<table>
<thead>
<tr>
<th>Project Name/Address</th>
<th>Approved, Under Construction or Built</th>
<th>Total Units</th>
<th>Units by Income Level</th>
<th>(A) Sale (B) Rent (n/a) Market rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>EL</td>
<td>VL</td>
</tr>
<tr>
<td>ROEM/313 South Street</td>
<td>Approved</td>
<td>42</td>
<td>5</td>
<td>28</td>
</tr>
<tr>
<td>Icon/1340 Taft Street</td>
<td>Approved</td>
<td>7</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Wingate/3275 Orcutt</td>
<td>Approved</td>
<td>142</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>520 Perkins Lane</td>
<td>Approved</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>3335 Broad Street</td>
<td>Under Construction</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Village at Broad/2238 Broad Street</td>
<td>Approved</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Alano Project/1804-1814 Osos Street</td>
<td>Approved</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Pacific Courtyards/1327 Osos Street</td>
<td>Approved</td>
<td>9</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Chinatown MXD/847 Palm Street</td>
<td>Approved</td>
<td>32</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Bridge Street MXD/215 Bridge</td>
<td>Approved</td>
<td>23</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Heil Mixed Use/3229 Broad Street</td>
<td>Under Construction</td>
<td>8</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>863 Pacific Street</td>
<td>Approved</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>1175 Murray</td>
<td>Approved</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Garden Street Terraces</td>
<td>Approved</td>
<td>8</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Serra Meadows/Tract 2342</td>
<td>Under Construction</td>
<td>56</td>
<td>56</td>
<td></td>
</tr>
<tr>
<td>Serra Meadows/Tract 2353</td>
<td>Approved</td>
<td>121</td>
<td>121</td>
<td></td>
</tr>
<tr>
<td>King/Tract 2428</td>
<td>Approved</td>
<td>197</td>
<td>26</td>
<td>171</td>
</tr>
<tr>
<td>1340 Taft</td>
<td>Approved</td>
<td>6</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>667 &amp; 679 Monterey</td>
<td>Approved</td>
<td>23</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>2125 Rachel</td>
<td>Approved</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>907 Rachel</td>
<td>Approved</td>
<td>17</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td><strong>902</strong></td>
<td><strong>5</strong></td>
<td><strong>33</strong></td>
</tr>
</tbody>
</table>

Source: Community Development Department, City of San Luis Obispo, 2014
Table 3. Regional Housing Need Allocation, City of San Luis Obispo, 2014-2019

<table>
<thead>
<tr>
<th>Income Category (% of County Median Income)</th>
<th>Regional Housing Need Allocation</th>
<th>Percent of Total RHNA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Single Family Dwellings</td>
<td>Multi-Family Dwellings</td>
</tr>
<tr>
<td>Extremely Low (&lt; 30%)¹</td>
<td>0</td>
<td>142</td>
</tr>
<tr>
<td>Very Low (30-50%)¹</td>
<td>0</td>
<td>143</td>
</tr>
<tr>
<td>Low (51-80%)</td>
<td>72</td>
<td>107</td>
</tr>
<tr>
<td>Moderate (81-120%)</td>
<td>81</td>
<td>121</td>
</tr>
<tr>
<td>Above Moderate (&gt; 120%)</td>
<td>191</td>
<td>287</td>
</tr>
<tr>
<td>TOTAL UNITS</td>
<td>344</td>
<td>800</td>
</tr>
</tbody>
</table>

Source: San Luis Obispo Council of Governments, February 2013

¹Given the deep subsidies needed to construct extremely low and very-low income single-family units, most housing for these income groups is expected to be multi-family units.

The new housing objectives are based on an assumed construction ratio of single family to multi-family housing of 40:60. For extremely low and very low income categories, no single-family housing production is anticipated, given the high cost and deep public subsidies needed for this type of housing. To meet housing needs for these income categories, it is likely that virtually all of the units will be higher density, multi-family rental housing.

4.40 Identification and Preservation of At-Risk Units

a. Inventory of At-Risk Units

Dwellings built with some form of government assistance or subsidy typically must remain affordable to extremely low, very low, low or moderate income households for a specific period. As part of the housing element update, State law requires an analysis of assisted housing developments that may lose their affordability provisions during the next 10 years due to termination of subsidy contracts, mortgage prepayment, or expiration of restrictions on use. These units are said to be at-risk from converting to market-rate housing. In addition, jurisdictions also must describe measures to prevent at-risk from converting to market rate. There are several reasons why government-assisted housing might convert to market-rate housing, including expiring subsidies, mortgage prepayments, or most commonly, expiration of affordability and resale restrictions. A 40-year affordability requirement is common; however, the term varies depending upon the source and terms of funding.

The analysis applies to “assisted housing developments”, or multi-family rental housing that was developed with or that receives governmental assistance under a number of federal, state or local housing programs. Such developments may include units receiving funding under a variety of government programs, such as HUD Section 8, HUD Section 202, IRS Section 42 (Tax Credit projects), federal Community Development Block Grants and local programs using inclusionary housing requirements, in-lieu fees and density bonuses.
Appendix J includes an inventory of subsidized or assisted housing developments in San Luis Obispo. Nevertheless, Housing Element programs 3.8 and 3.12, and quantified objectives have been incorporated into the Housing Element to discourage affordable housing removals and to help track and preserve these affordable units. Program 3.13 calls for the City to work with the Housing Authority of the City of San Luis Obispo, non-profit housing agencies and community housing development organizations to help preserve at-risk units and rehabilitate residential and compatible commercial buildings to expand affordable housing opportunities and prevent the loss of affordable housing.

The City has had several success stories over the past Housing Element planning period preserving affordable housing units at risk of losing their affordability. Below are two examples where the City was able to preserve affordable housing:

1. 1500 Madonna Road – This property is approximately 7 acres in size and includes 120 residential apartment units. The project was constructed in 1971 and was deed restricted as affordable housing under a HUD Section 236 loan since occupancy. This loan came to maturity on March 2, 2012, and the property owners decided to sell the property. City staff worked with the new property owner to preserve all of the units as affordable housing through tax credits and tax exempt bonds to help finance the acquisition and rehabilitation of the property and units.

2. 542 Hathway Avenue – Sojourn Services, Inc. acquired the property in 2001 and made it available to extremely-low income individuals with developmental disabilities. The property includes a three-unit apartment building consisting of two one (1) bedroom units and one (1) studio unit. In 2012, the property went into foreclosure and the affordable housing units were at-risk of being lost and the tenants evicted. In order to preserve the units for affordable housing, the City provided a $95,000 grant to assist Tri-Counties Community Housing Corporation (TCCHC) acquire the property.

Based on information provided by the City’s Housing Authority, local non-profit housing providers, and the State Housing and Community Development Department, there are two affordable housing developments at risk of losing its affordability restrictions and converting to market rate between January 2014 and January 2024, the Anderson Hotel and Judson Terrace Homes. The properties are discussed below.

Table 4: At Risk Units in San Luis Obispo, 2014-2024

<table>
<thead>
<tr>
<th>Project</th>
<th>Housing Type</th>
<th>Expiration Date</th>
<th>Total Units</th>
<th>Assisted Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anderson Hotel</td>
<td>Very Low Income, Senior, Disabled</td>
<td>2021</td>
<td>70</td>
<td>70</td>
</tr>
<tr>
<td>Judson Terrace Homes</td>
<td>Low Income, Senior Housing</td>
<td>2021</td>
<td>107</td>
<td>43</td>
</tr>
<tr>
<td><strong>Total Units at Risk</strong></td>
<td></td>
<td></td>
<td><strong>113</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: HASLO, Judson Terrace Homes 2014
1. **Anderson Hotel (Monterey Arms)**

![Anderson Hotel](image)

*Anderson Hotel, located at the east corner of Morro and Monterey Streets*

*Source: Community Development Department, 2014*

The Anderson Hotel was remodeled in the 1970’s to convert the original hotel rooms to small efficiency apartments, each with a bathroom and kitchenette, designed for one or two persons. The units were made affordable utilizing an ongoing HUD grant program. The Housing Authority master leased the Anderson Hotel from its current owner, 995 Partnership, in 2001 to provide affordable rental housing for very-low income persons, primarily elderly and disabled persons.

Rents at the Anderson Hotel are made affordable to very-low income elderly and disabled residents through a HUD Section 8 Rental Assistance grant. This grant, along with tenant rent payments (30 percent of their income) and downstairs commercial rent help pay for on-going operating costs, and the master lease payments to the property owner, 995 Partnership. Several items place this affordable housing at risk: 1) the property is privately owned and there is no regulatory agreement on the property or long-term commitment assuring its ongoing use as affordable housing, 2) the HUD operating grant funding is awarded annually, and could be discontinued or the owner could opt out, 3) under the master lease terms, HASLO’s required payments to the owner, 995 Partnership, are increasing at a rate that exceeds increases in grant and tenant rental revenue, jeopardizing financial sustainability, 4) the property is a 1926 building in need of substantial long-term capital improvements which are not covered under the HUD grant, and not paid by the property owner under the terms of the master lease.
2. Judson Terrace Homes

Judson Terrace Homes, located near Sinsheimer Park

Source: Community Development Department, 2014

Judson Terrace Homes is an affordable community operated by American Baptist Homes of the West (ABHOW). The development is comprised of studio and one bedroom apartments for seniors. Judson Terrace Homes offer a variety of resources for seniors including meals, health services and educational classes. The project currently has a 40 year affordability agreement through HUD, which began in 1981. In 2011, the City of San Luis Obispo awarded Affordable Housing Fund money to assist with repairs of housing units.

b. Cost of Preservation versus Replacement

Construction of Replacement Units

The estimated cost to build 113 comparable units, based on recent land and construction estimates in San Luis Obispo, highlighted in Appendix C, is approximately $64,000 in land cost per unit, and $130,000 construction cost per unit, for a total cost of approximately $200,000 per unit including fees. The cost to replace 113 units would be approximately $23 million dollars.

Preservation

Preserving the units can be accomplished through specified long-term rent subsidies and a recorded regulatory agreement or through property acquisition by the Housing Authority. Rent subsidies will cost approximately $850,000 annually, without adjusting for inflation. Sources of rental subsidies could include Project Based Section 8 if the Housing Authority were to acquire the property. HUD might also extend the term of its existing rental subsidy contract to a longer term if a long-term regulatory agreement were recorded on the property.
c. Funding for Preservation and Renovation

Funding sources that could be used for property purchase and renovation include:

A) City Affordable Housing Funds (totaling approximately $2.2 million in June 2014)
B) Countywide Housing Trust Fund (over $4 million in loan funds available in October 2013)
C) Urban County CDBG Funds (City and County of San Luis Obispo funds)
D) Urban County HOME Investment Partnership funds (HOME Program)
E) Low-Income Housing Tax Credits
F) State Multi-Family Housing Program (low-interest loans and grants)
G) Federal Home Loan Bank Affordable Housing Program grants

Some of the methods for addressing this challenge will be further addressed through Policies and Programs 2.11, 2.11, 2.13, 3.2, 3.4, 3.8, 3.10 and 3.12 that focus on preserving affordable dwellings.

d. Conclusion

Overall, costs of preserving the current 113 at-risk affordable units in the City would be much less than letting these units convert to market-rate housing and having to construct new units. The Housing Authority has indicated its strong interest in and ability to purchase the Anderson Hotel, improve it, and preserve it as permanent affordable housing; while ABHOW has expressed full interest in renewing their agreement to keep their 43 senior units affordable after 2021.

4.50 Rehabilitation and Preservation Objectives

The City’s affordable housing stock is a valuable resource that should be preserved and, where necessary and feasible, rehabilitated rather than demolished. By enforcing City building and zoning codes, the safety, quality and durability of existing homes and neighborhoods is enhanced, thus maintaining the housing stock’s diversity in type, tenure and cost. Often, the primary beneficiaries of preservation and rehabilitation programs are renters and low-income homeowners. Table 5 lists the number of units to be rehabilitated, preserved or financially assisted, and the number of conservation/code enforcement cases during the planning period.
### Table 5. Rehabilitation, Preservation, and Conservation Objectives January 2014 to June 2019

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>Extremely Low</th>
<th>Very Low</th>
<th>Low</th>
<th>Moderate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REHABILITATION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single-family rehab</td>
<td>3</td>
<td>7</td>
<td>20</td>
<td>0</td>
<td>30</td>
</tr>
<tr>
<td>Multi-family rehab</td>
<td>5</td>
<td>20</td>
<td>50</td>
<td>0</td>
<td>75</td>
</tr>
<tr>
<td>Historic preservation rehab</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Mobile Homes/ Manufactured Housing</td>
<td>--</td>
<td>5</td>
<td>5</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td>8</td>
<td>32</td>
<td>75</td>
<td>20</td>
<td>135</td>
</tr>
<tr>
<td><strong>PRESERVATION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At-risk units preserved</td>
<td>20</td>
<td>50</td>
<td>--</td>
<td>--</td>
<td>70</td>
</tr>
<tr>
<td><strong>CONSERVATION/CODE ENFORCEMENT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Code enforcement cases(^1)</td>
<td>75</td>
<td>75</td>
<td>100</td>
<td>100</td>
<td>350</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td>95</td>
<td>125</td>
<td>100</td>
<td>100</td>
<td>350</td>
</tr>
<tr>
<td><strong>FINANCIAL ASSISTANCE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CDBG/HOME Grant Funds</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>0</td>
<td>75</td>
</tr>
<tr>
<td>Affordable housing fund</td>
<td>15</td>
<td>25</td>
<td>35</td>
<td>75</td>
<td>150</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td>40</td>
<td>50</td>
<td>60</td>
<td>75</td>
<td>225</td>
</tr>
</tbody>
</table>

*Source: City of San Luis Obispo, Community Development Department, 2014.*

\(^1\) *Building Code violations or life safety/health code violations*

### 4.60 Quantified Objectives Summary

Quantified objectives describe number of units, by income category, to be built, rehabilitated, preserved (at-risk housing), and conserved; and the number of housing units to receive financial assistance to ensure affordability. The quantified objectives include the following types of housing:

**Construction**
- A) Rental housing
- B) For purchase

**Rehabilitation**
- C) Owner occupied
- D) Renter occupied

**Preservation**
- E) At-risk housing units
Conservation

F) Multi-family dwelling inspections
G) Code enforcement/corrections

Financial Assistance

H) City Affordable Housing fund
I) City utilities and impact fee deferrals

During the Housing Element’s planning period from January 2014 to June 2019, the City will accommodate a net increase of 1,144 dwellings. 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. 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 been and will continue to play a key role in meeting City housing needs.

As described in Table 6, and as allowed by 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. 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, January 1, 2014 to June 30, 2019. The City’s adjusted RHNA is 525 dwelling units, and of these, 386 are low, very-low or extremely low income.

Table 6. Remaining RHNA Need Based on Dwelling Units Approved, Under Construction or Built, January 1, 2014 to June 30, 2014

<table>
<thead>
<tr>
<th>Income Category</th>
<th>New Construction Need (RHNA)</th>
<th>Dwelling Units Approved, Under Construction or Built</th>
<th>Remaining RHNA Need, Dwelling Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely-Low (&lt; 31% of AMI)</td>
<td>142</td>
<td>5</td>
<td>137</td>
</tr>
<tr>
<td>Very Low (31-50% of AMI)</td>
<td>143</td>
<td>33</td>
<td>110</td>
</tr>
<tr>
<td>Low (51-80% of AMI)</td>
<td>179</td>
<td>40</td>
<td>139</td>
</tr>
<tr>
<td>Moderate (81-120% of AMI)</td>
<td>202</td>
<td>63</td>
<td>139</td>
</tr>
<tr>
<td>Above Moderate (&gt;120% of AMI)</td>
<td>478</td>
<td>478¹</td>
<td>0</td>
</tr>
</tbody>
</table>

| TOTAL RHNA UNITS          | 1,144                        | 619¹                                                 | 525                               |

Source: City of San Luis Obispo Community Development Department, 2014

¹No credit allowed for the number of above moderate units built that exceed RHNA. Actual above moderate units = 778.
Table 7 summarizes the City’s quantified housing objectives for the five-year planning period. An evaluation of the residential development capacity and dwellings approved, built or under construction results in a remaining housing need of 525 new dwelling units during the housing element’s planning period. Although the quantified objectives are theoretically achievable, they are not specific development quotas. The City intends to use the financial, planning and administrative resources at its disposal to accomplish these 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.

Table 7.  Quantified Objectives Summary, January 2014 – June 2019

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Construction</th>
<th>Rehabilitation</th>
<th>Preservation</th>
<th>Conservation</th>
<th>Financial Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely Low</td>
<td>142</td>
<td>8</td>
<td>20</td>
<td>95</td>
<td>40</td>
</tr>
<tr>
<td>Very Low</td>
<td>143</td>
<td>32</td>
<td>50</td>
<td>125</td>
<td>50</td>
</tr>
<tr>
<td>Low</td>
<td>179</td>
<td>75</td>
<td>0</td>
<td>100</td>
<td>60</td>
</tr>
<tr>
<td>Moderate</td>
<td>202</td>
<td>58</td>
<td>0</td>
<td>100</td>
<td>75</td>
</tr>
<tr>
<td>Above Moderate</td>
<td>478</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Proposed Dwelling Units</td>
<td>1,144</td>
<td>127</td>
<td>70</td>
<td>350</td>
<td>225</td>
</tr>
<tr>
<td>Less Units Approved, Under Construction or Built</td>
<td>619</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Balance to be completed, 6/30/14-6/30/19</td>
<td>525</td>
<td>127</td>
<td>70</td>
<td>350</td>
<td>225</td>
</tr>
</tbody>
</table>

Source: City of San Luis Obispo, Community Development Department, 2014
Please see the next page.