

SLO COUNTY HOUSING SUMMIT



THE HOUSING CHALLENGE

Exploring Solutions That Work

SLO COUNTY HOUSING SUMMIT

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The Housing Collaborative of the Central Coast



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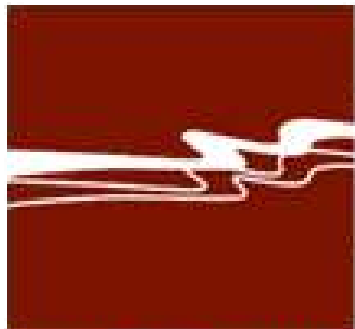
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OPENING PANEL

A Tear in Our Social Fabric

**WHAT WE STAND TO LOSE
WITHOUT ADEQUATE HOUSING**



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KEYNOTE SPEAKER

JIM MAYER

President & CEO, California Forward



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WORKING BREAK

Conversation Café

➤ **Two Simple Rules:**

- 1. Only one individual speaks at a time
- 2. The current speaker selects the next speaker

- **Question:** How do small communities and neighborhoods maintain their unique character while addressing economic vitality and population growth?
- **Question:** If you were designing this housing summit, what key questions do you think would need to be addressed?

WORKSHOP 1

Crunching the Numbers

- **Why Do Homes Cost So Much to Build?**
- **Height for Housing**
- **Affordable By Design**
- **Multi-Family Rentals vs. Single Family Residences**

WORKSHOP 1

Crunching the Numbers

WHY DO HOMES COST SO MUCH TO BUILD?

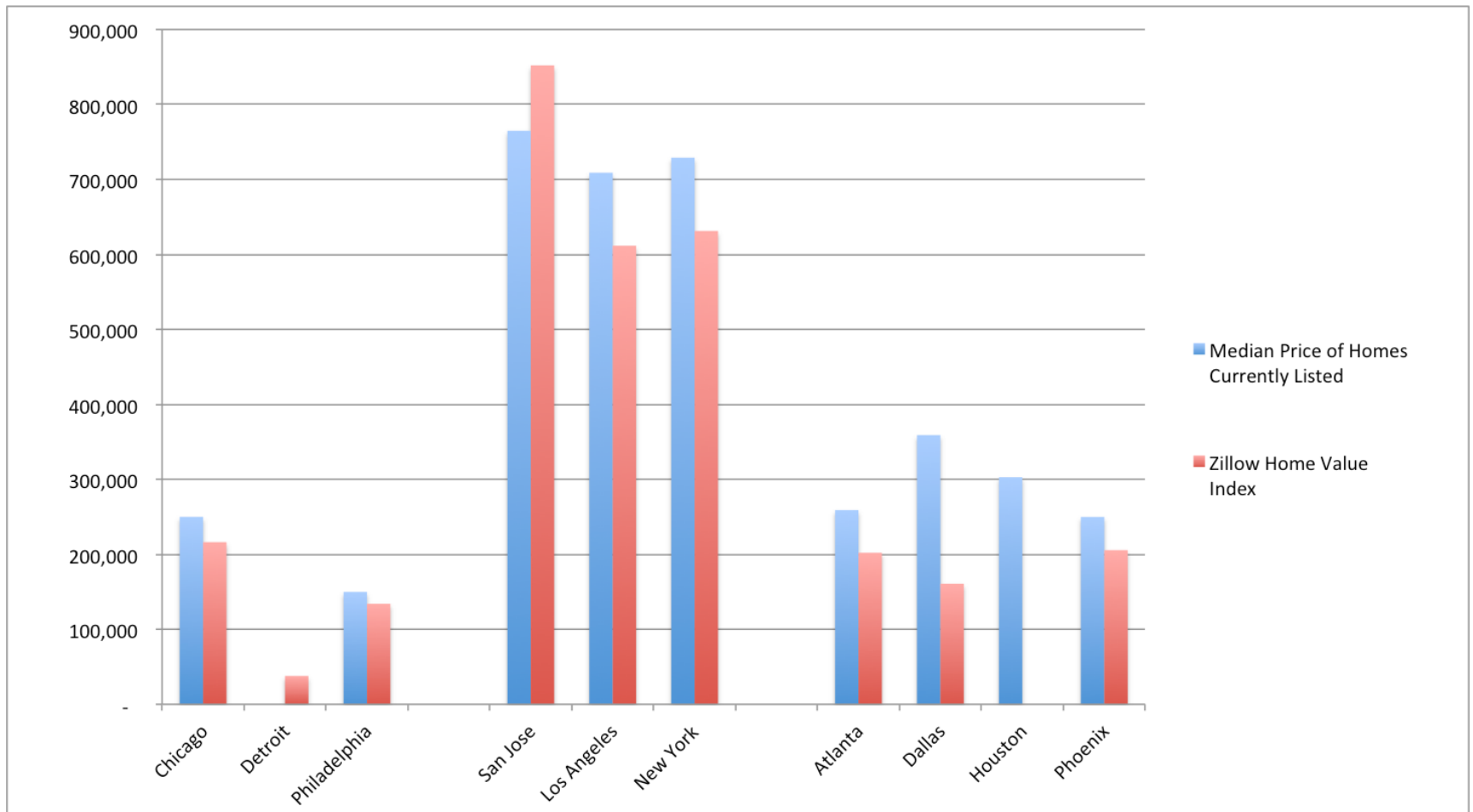
Aaryn Abbott, Vice President, Robbins Reed



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A Tale of 3 Markets



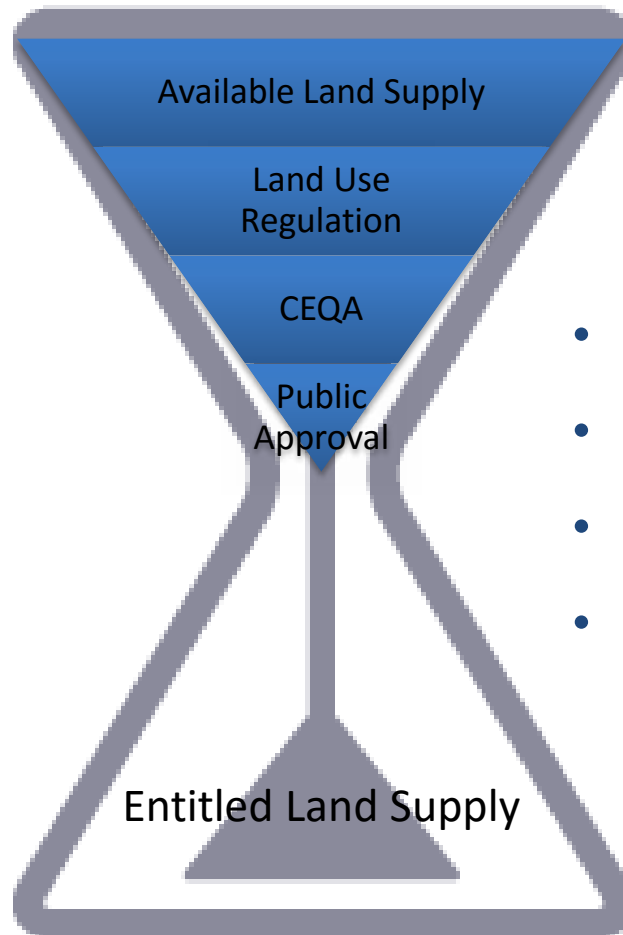
Where Are The Homes?

Home voter Incentives:

Established voters protecting their property and lifestyle, loss aversion

Municipal Incentives:

Cities compete for hotels and retail, but act fiscally responsible when pushing housing supply to neighboring City's

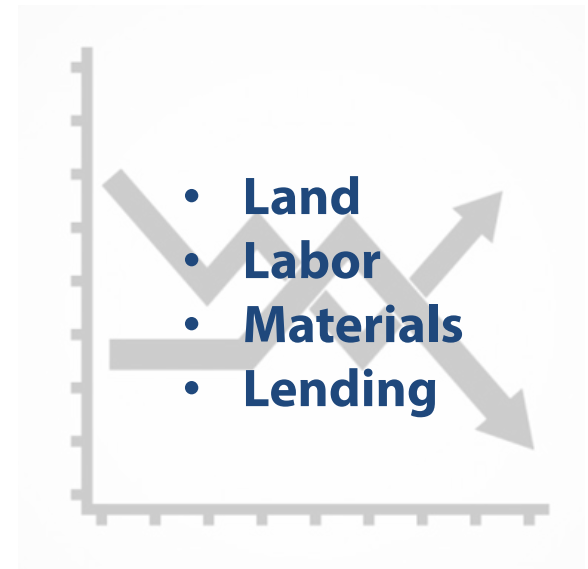
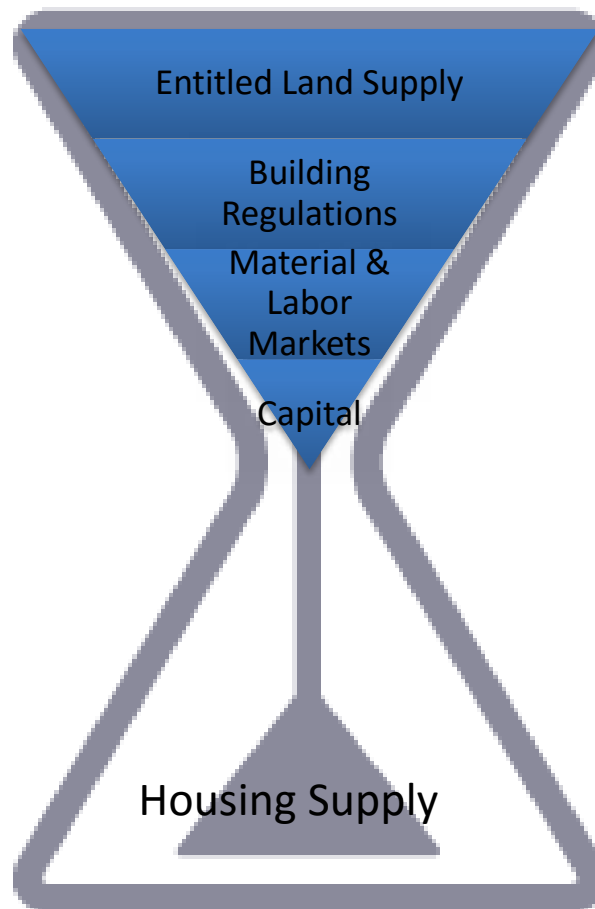


- **Land Use / Zoning**
- **Infrastructure**
- **Environmental**
- **Public Approvals**

Where Are The Homes?

**+15,000 from
State building
standards since
2010**

**+15,000 to
25,000 new
added costs
anticipated with
the 2019 update**



What Do We Do?

At the Local Level

- Adequately plan for future growth
- Up-zone areas near jobs and transportation corridors
- Streamline approval processes
- Limit “taxes” on new supply

At the Regional Level

- Adequately plan for future growth
- Coordinate regional transportation and infrastructure with local zoning

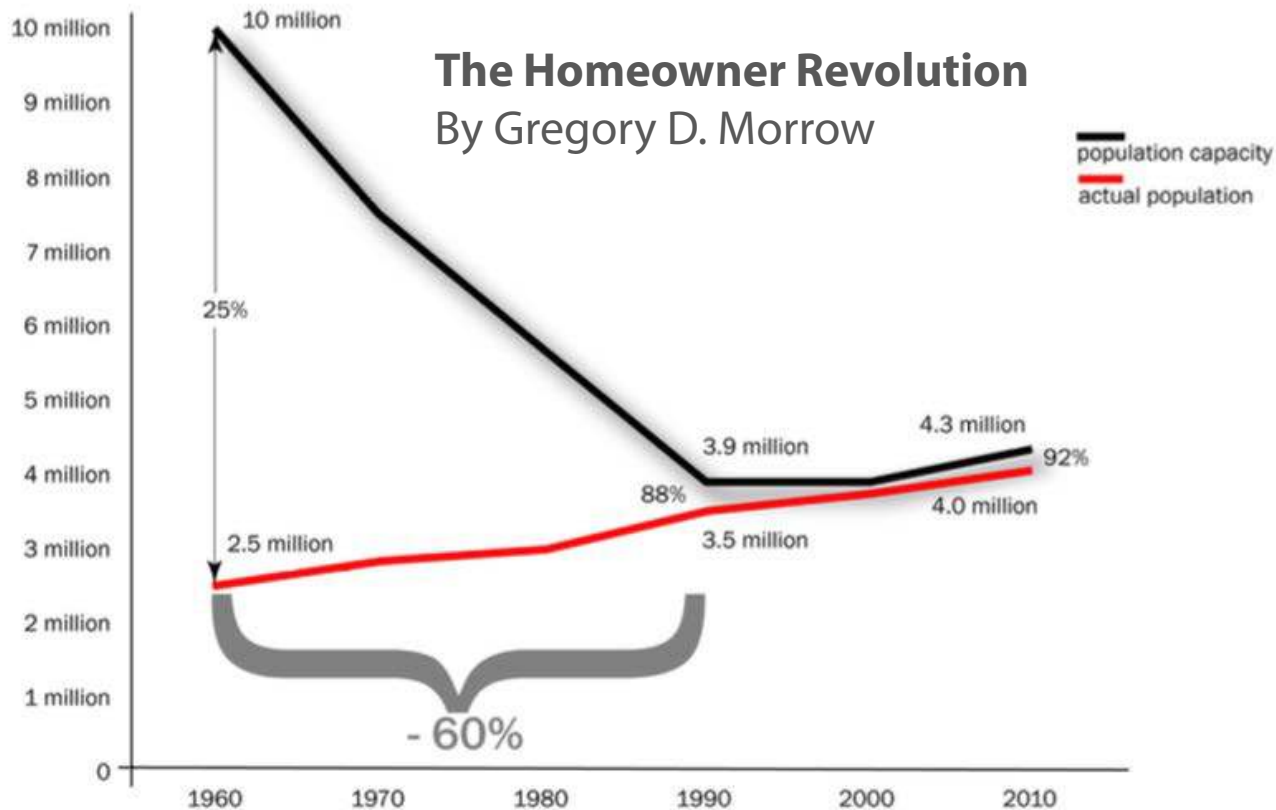
At the State Level

- Improve municipal tax incentives to encourage housing
- Reform CEQA to discourage abuse
- Ensure local politics don’t use zoning regulations to discriminate

At the National Level

- Prioritize infrastructure funding
 - Temperate climate
 - Green energy production
- Immigration policy
- Trade agreements

What Happens If?



Land use is often determined by what is politically feasible, not by what is efficient or practical.

Fig. 1-1: Down-Zoning versus Population Growth

Data Sources: Census and all 104 Community Plans (cumulative population capacity)

WORKSHOP 1

Crunching the Numbers

HEIGHT FOR HOUSING

Jim Duffy, President, Ten Over Studios



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Height for Housing



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Height for Housing

PAST AND PRESENT EXAMPLES OF TALLER BUILDINGS IN DOWNTOWN SAN LUIS OBISPO



THE PACBELL BUILDING
872 MORRO STREET
54' - 81' HIGH



THE WINEMAN HOTEL
849 HIGUERA STREET
40' HIGH



CITY OFFICES AND PARKING GARAGE
919 PALM STREET
54' - 77' HIGH



COUNTY GOVERNMENT CENTER
1055 MONTEREY STREET
65' HIGH



HOTEL RAMONA
ESSEX & MARSH
50' HIGH



THE ANDERSON HOTEL
955 MONTEREY STREET
65' - 90' HIGH



MASONIC TEMPLE
859 MARSH STREET
55' HIGH



THE MIX
1308 MONTEREY STREET
46' HIGH



JP ANDREWS BUILDING
998 MONTEREY STREET
40' HIGH



ANDREWS HOTEL
MONTEREY & OSOS
50' - 80' HIGH

SLO CHAMBER OF COMMERCE HOUSING TASK FORCE HEIGHT FOR HOUSING

PURPOSE AND VISION

The purpose of the Chamber's analysis on current height regulations within the City of San Luis Obispo's General Plan was to define what conditions exist to support the creation of more compact housing in both the urban and outer areas of the city. While, taller buildings are typically located within the city's downtown core, it should be recognized that with the inclusion of housing, other areas of the city can be suitable for greater density and height than currently exists.

The group's work focused on taking a deep dive into the city's General Plan, the recently adopted Land Use and Circulation Element, the 2014-19 Housing Element and the existing Downtown Concept Plan which is currently undergoing its own update. The group also researched best practices with professionals in other communities, engaged developers and planners to learn "real life" experiences about their efforts under existing regulations to create housing in San Luis Obispo and identified policy objectives that are clearly outlined in existing regulations that, if met, ultimately create opportunities to develop housing that answers to the overall community sentiment that more is needed.

While a height limit of 50' for new buildings is defined, there are allowances that can be met and utilized in order to:

- Create new residential units at various price points for various income levels
- Maximize areas ideally suited to accommodate combinations of commercial, professional and residential spaces
- Craft public-private partnerships that will leverage resources and benefit the community's social fabric
- Access funding opportunities that are available through local nonprofits such as Peoples' Self-Help Housing, the Housing Authority of the City of SLO and the SLO County Housing Trust Fund
- Provide more housing options to relieve pressures on the buyer / rental market and our city's transportation infrastructure
- Meet the city's objectives as defined in its Climate Action Plan and 2015-7 Major City Goals

Through this work, the Housing Task Force subgroup was inspired to take an illustration created in 2007 by a previous Chamber staff and update it. This graphic demonstrates what height limits exist that financially impact the viability of any given project. In addition, in recent years, proposed projects have been stalled or scrapped due to advisory bodies taking action outside of their purview, making project certainty precariously uncertain and ultimately resulting in the city not meeting its numerous stated objectives year after year (as described above).

This "height for housing" tool is intended to clearly outline what our city's current regulations allow in order to maximize housing development opportunities – which some voices in the community will say is not allowed – but actually is. It's also a means to demonstrate how, if approached smartly and perhaps innovatively – we can meet many communitywide goals.

The Chamber recommends the following:

Chamber Staff and Volunteers advocate for a change to existing zoning regulations during City Downtown Concept Plan Update and forthcoming Zoning Code Update (Q1 2017).

- 50' Building Height by Right in exchange for:
- 600 SF max unit size (affordable by size)
- In addition to required affordable housing, 20% of units in project must be no greater than 600 SF
- Must be sold as owner occupied
- Must be sold to SLO County residents
- Small units will receive a proportionate reduction in City development fees based on size
- Discretionary review would apply to all other aspects of project review except for building height.
- Would apply to Downtown District only

Should this initial criteria be met at an administrative use permit level:

- The project goes to the necessary advisory bodies having already been approved for a proposed height

This will result in the following:

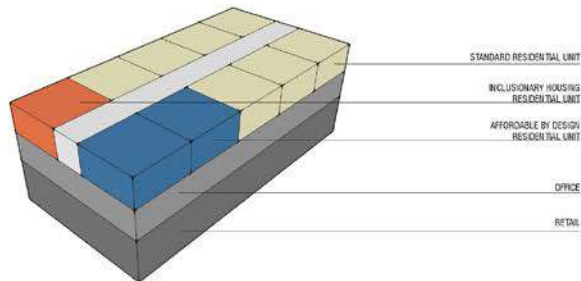
- More certainty for those proposing to make a long term investment in San Luis Obispo
- Decreased delays in seeing projects to the finish line
- Less use of city resources due to longer processing times
- More housing

With an affordable and workforce housing crisis in San Luis Obispo, we must find ways to approve quality housing projects (affordable to our employees that meet our General Plan objectives) in a timeframe that minimize risk to home builders. This height policy will simply facilitate the plan we already have in place and address a well-known barrier to the construction of the housing we need. The public will still have ample ability to comment on projects and the advisory bodies will be able to more directly focus on project review within their purview as developers are bringing projects forward.



Height for Housing

FOUR STORY BUILDING



BENEFITS OF HEIGHT FOR HOUSING

Achieves General Plan and Housing Element Objectives

- To keep Downtown's sense of place and appeal for walking, it should remain compact and be the City's most intensely developed area.
- Achieves desirable design amenities not available outside of downtown, and creates higher building density, by placing compact urban form where it belongs- in the downtown core.
- New structures can complement existing historical buildings with higher first floor ceiling heights allowing for expansive and light filled retail areas.
- Encourages innovative and synergistic uses for non-ground floor spaces, such as viewing decks, providing enhanced viewing areas of the surrounding open space.
- Provides additional housing options in the downtown core, encouraging multi modal transportation options and fewer vehicle trips.
- Establishes, enhances, and upgrades public spaces.

Discourages Sprawl

- Taller buildings allow higher building density, providing additional diversified housing options within the City's core, reducing the need for sprawl.
- Innovative mixed use design that provides for housing in the downtown area calls for compact urban form with taller buildings that can accommodate these uses.
- Compact development in the downtown core adds to the sense of place while reducing traffic and vehicle congestion that comes from urban sprawl.

Foster Economic Vitality

- Taller buildings provide the best and highest use of limited space within the downtown core, providing for a vital and economically vibrant downtown.
- Multi use possibilities such as dining, entertainment, commercial, shopping, civic, professional, and residential are enhanced with taller buildings creating a more diverse and adaptable economic infrastructure.
- Mixed use in the downtown creates a more vibrant, livable downtown neighborhood.

Creates a Sustainable City

- Compact development can be more efficient with regard to natural resources and existing infrastructure.
- Increased residential density and taller structures (particularly mixed-use projects) in the downtown reduce traffic and vehicle congestion and therefore reduce greenhouse gas emissions and support more efficient public transportation and ridesharing modalities.
- See LUE Policy 10.4: "The City shall encourage projects which provide for and enhance active and environmentally sustainable modes of transportation, such as pedestrian movement, bicycle access, and transit services."

Thoughtful Evolution

- Carefully considered taller buildings ensure that downtown continues to evolve while remaining the community's urban center serving as the cultural, social, entertainment, and political center of the city.



Height for Housing



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WORKSHOP 1

Crunching the Numbers

AFFORDABLE BY DESIGN

Chris Texter, Principal & Board of Directors, KTG Architecture + Planning



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The Goal: Better ATTAINABILITY

The VARIABLES

Land
NIMBY

Cost of land not in control
Manageable

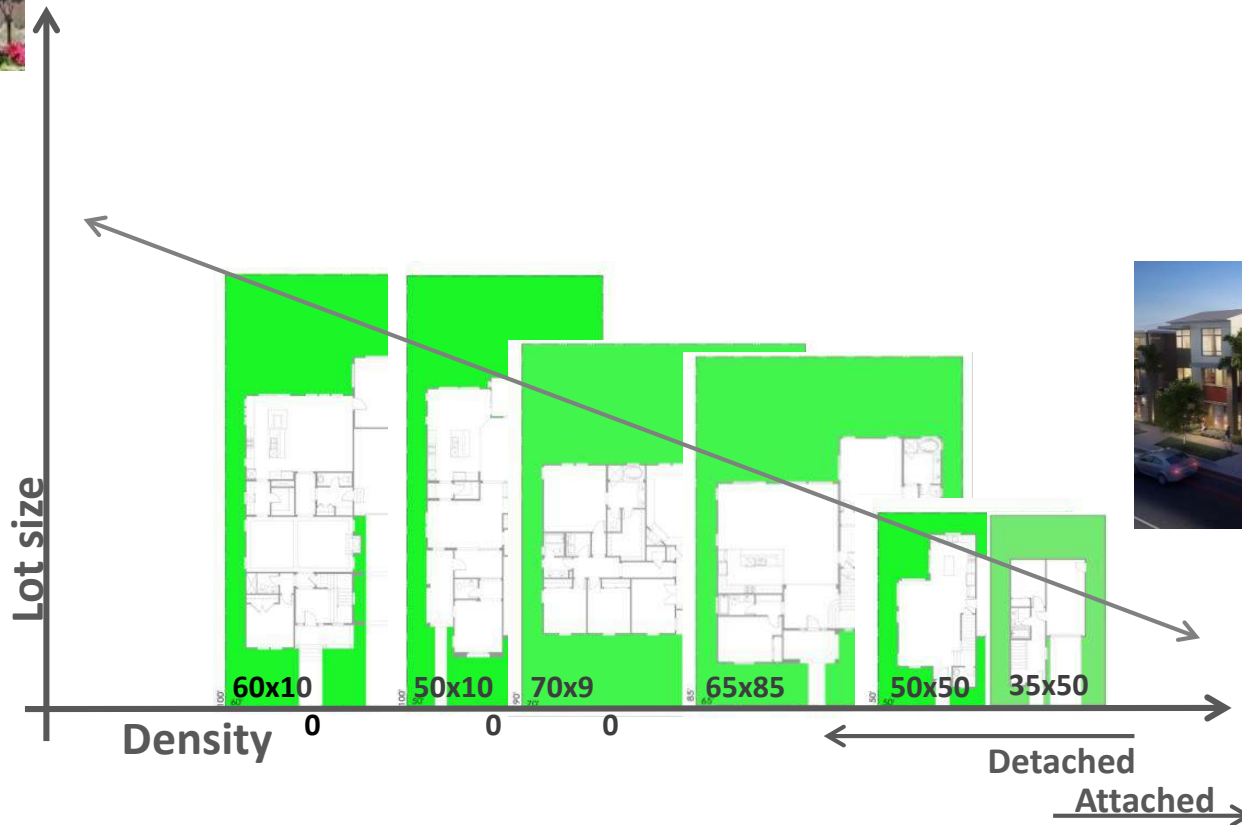
Density/Zoning
Height/Stories
Parking

In Control

Creative Partnerships

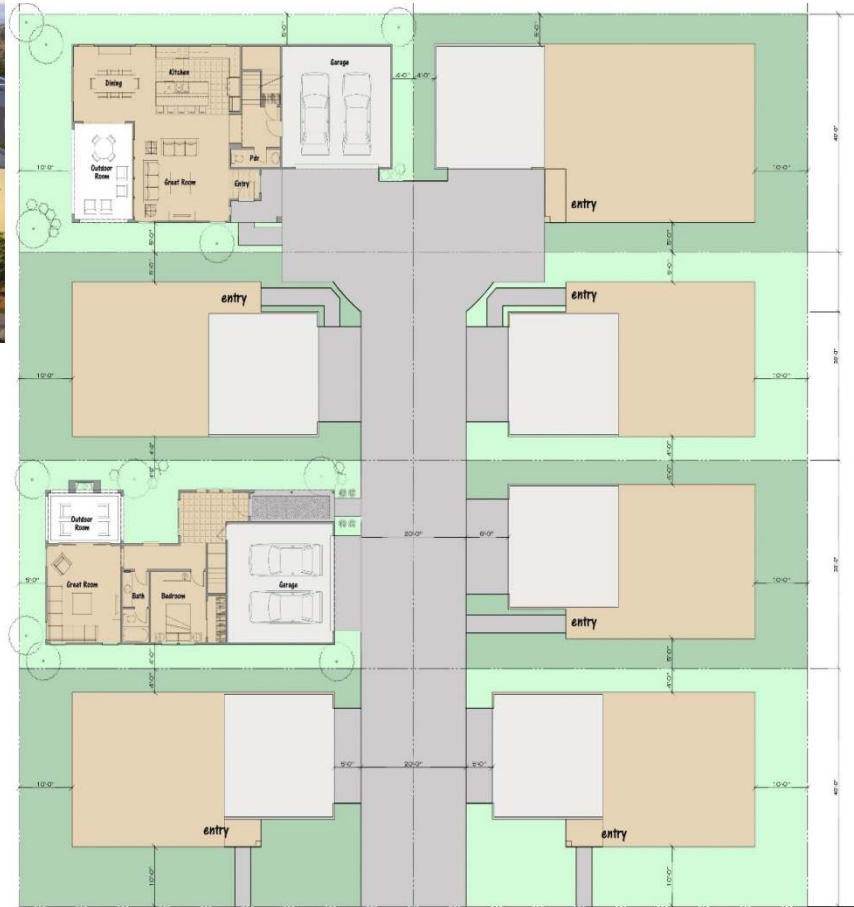


Reaching for Attainable SFD



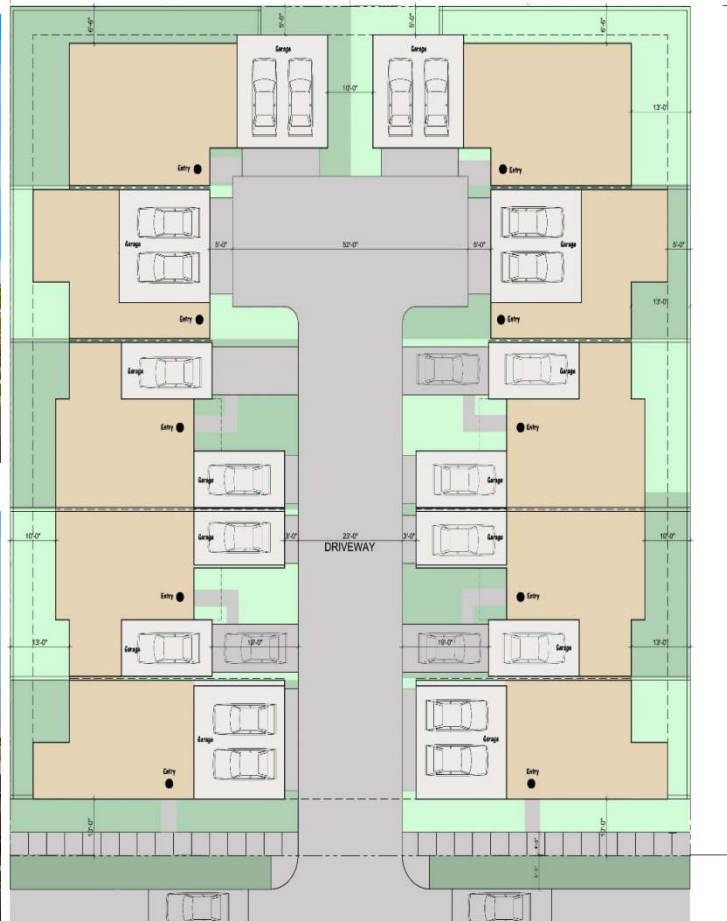
150' x 150' 13 DUA

Two Story SFD



150' x 150' 15 DUA

Two Front Loaded – Private Backyards



Pocket Community

A Grouping of 7 45' x 120's

R & D Designs



WORKSHOP 1

Crunching the Numbers

MULTI-FAMILY RENTALS VS. SINGLE FAMILY RESIDENCES

Craig Zimmerman, President, The Towbes Group



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Multi-Family Rental Development Challenges

- High land costs – competing alternative uses - \$200 psf vs. \$500 psf
- Impact fees
- Infrastructure costs (public and private)
- Processing costs and time
- Tax reform
- Rent tied to AMI growth
- Opposition to density
- Design review – additional costs
- Parking requirements

Rental Housing Feasibility Analysis - Non Profit Unit		
Category		Per Unit
Improvements		\$ 285,000
Prevailing Wage Factor		20%
Market Rate Cost		\$ 237,500
Land		\$ 35,000
Total Cost		\$ 272,500
Market Financing		
	Leverage	70%
	Amount Financed	\$ 190,750
	Interest Rate	5.50%
	Amortization	30
	Monthly Payment	\$1,094
Equity Requirement (cost minus financing)		\$ 81,750
Monthly Rent		\$ 1,900
Operating Expenses (35%)		(665)
Net Income		\$ 1,235
Less Debt Service		(\$1,094)
Cash Flow after Debt Service		\$ 141
Return on Equity Invested		2.07%

BREAK

Actual Café

**GRAB SOME COFFEE AND
RELAX FOR 15 MINUTES**



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WORKSHOP 2

Moving Beyond the Problem

- **Best Practices from a Neighboring Community**
- **Employer Sponsored Housing**
- **Housing Policy Reform in San Luis Obispo County**
- **Removing Regulatory Barriers to Encourage Housing**

WORKSHOP 2

Moving Beyond the Problem

BEST PRACTICES FROM A NEIGHBORING COMMUNITY

Peter Brown, Senior Planner, City of Santa Barbara



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City of SB Land Use/Trans Nexus



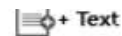
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Local

Opponents say:

*Too much growth, too little parking,
not enough affordability*

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Council may revise housing program

By EMILY LESLIE, NEWS-PRESS STAFF WRITER

February 26, 2017 12:39 AM

New projects under the Average Unit-Size Density Incentive Program could come to a halt as the Santa Barbara City Council on Tuesday considers a six-month moratorium on new development applications.

The council approved the AUD program in 2013 for construction of smaller, more affordable rental units in town to help support Santa Barbara's workforce.

But concerns residents have raised about the impacts hundreds of already-approved units could have on the city have pushed the council to consider not accepting new applications as a recently convened task force looks into possible changes to the program.

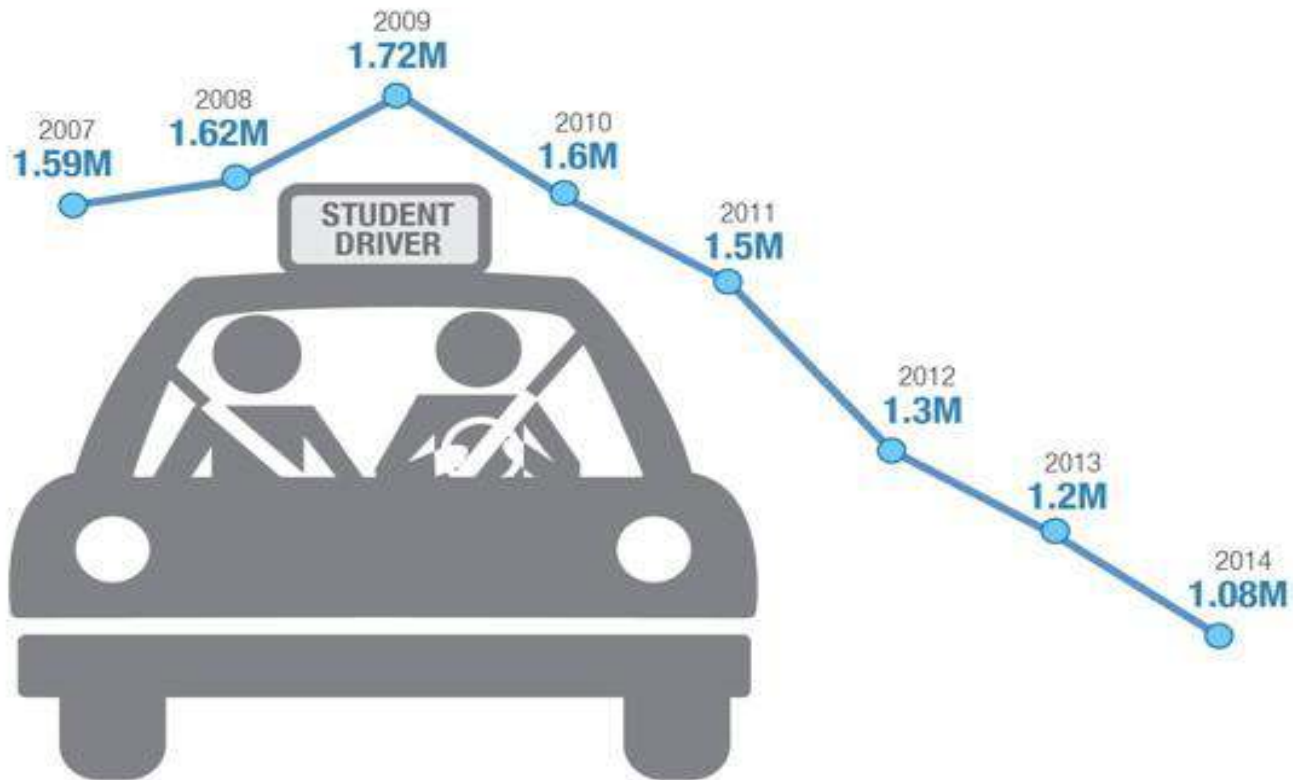
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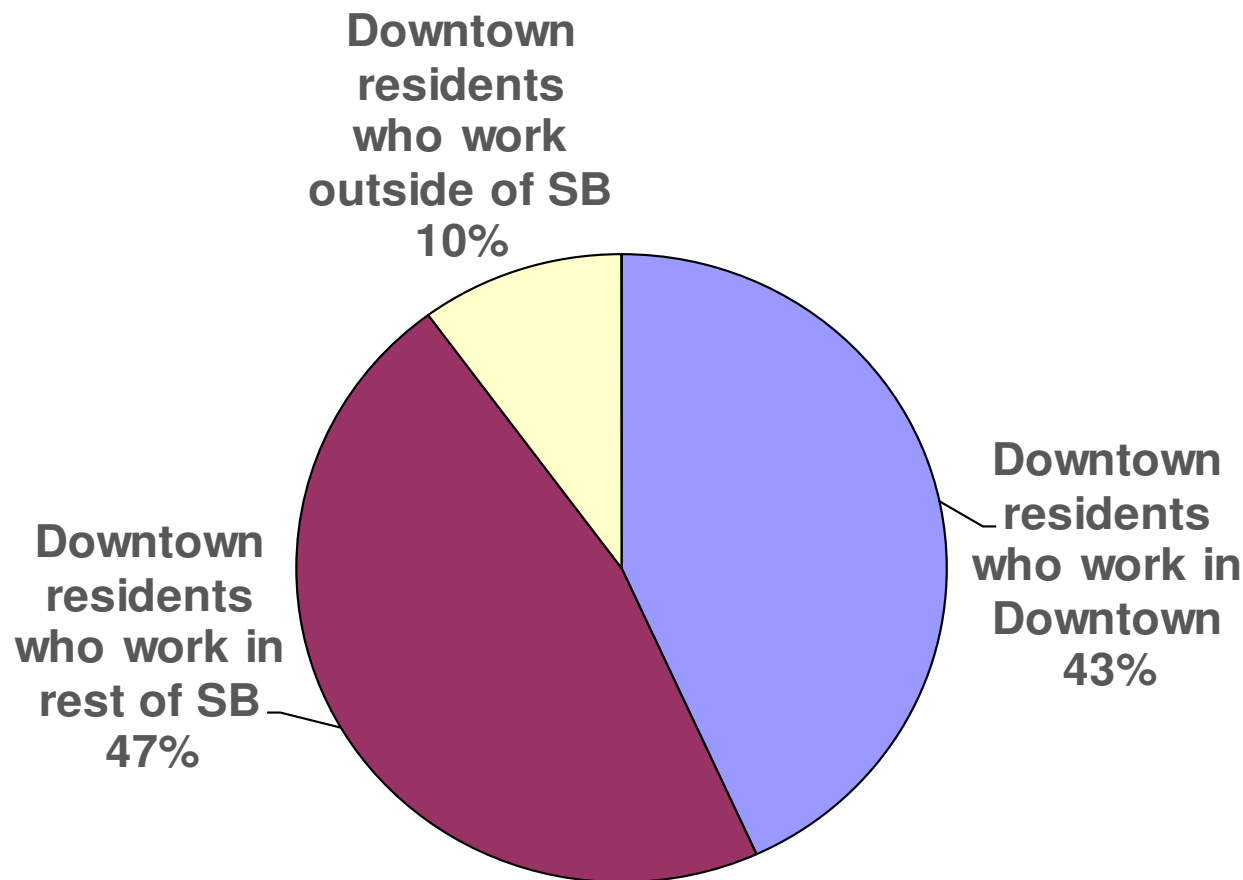
AMERICA HAS THE FEWEST 16-YEAR-OLD DRIVERS THAN AT ANY TIME SINCE THE 1960's

The Federal Highway Administration (FHWA) published new data today showing a record-low 8.49 million teenaged licensed drivers in the U.S., including 1.08 million who were 16 or younger in 2014.

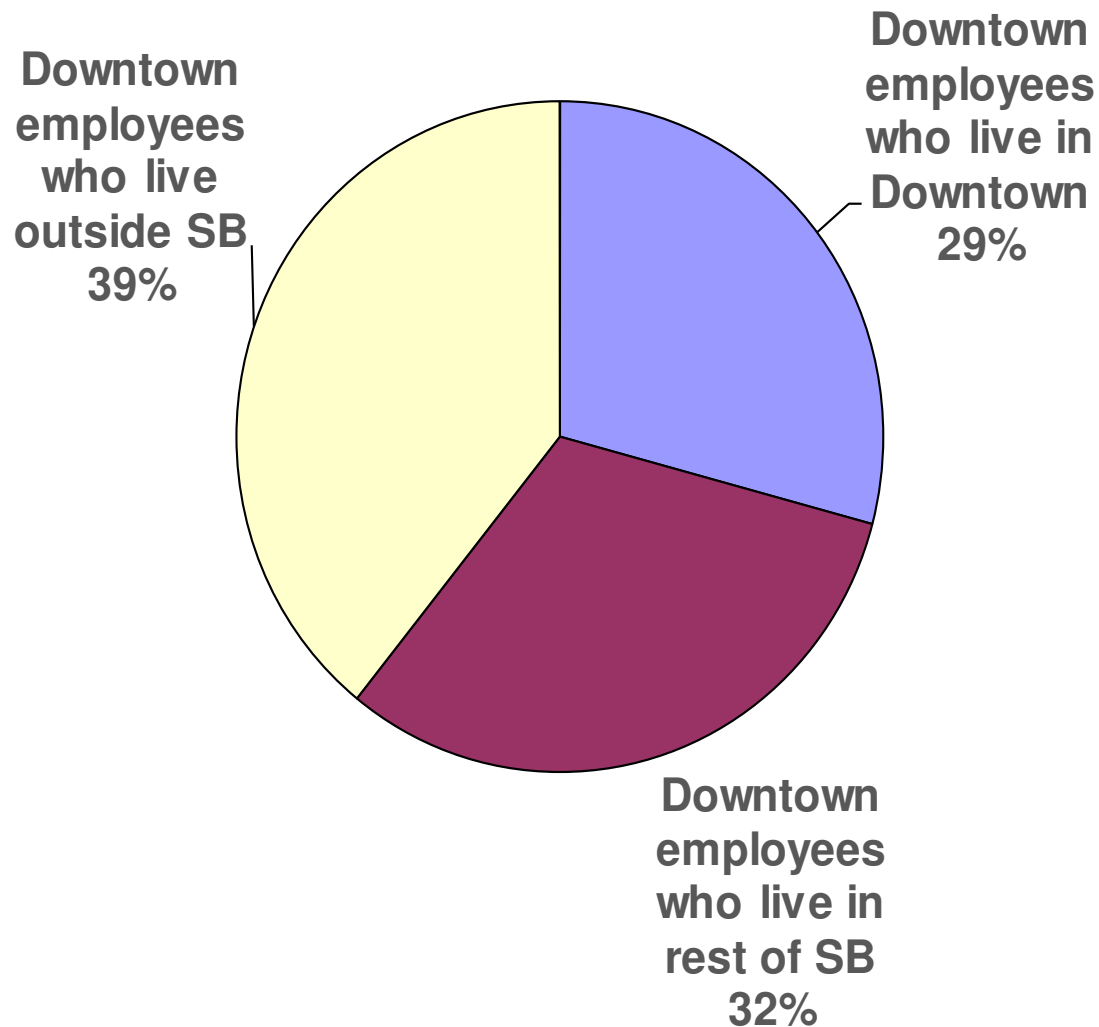


Source: FHWA, Highway Statistics Table DL-22 <http://www.fhwa.dot.gov/policyinformation/statistics/2014/dl22.ctm>
For More Information: <http://www.fhwa.dot.gov/policyinformation/statistics/2014/>

Where Downtown Residents Work

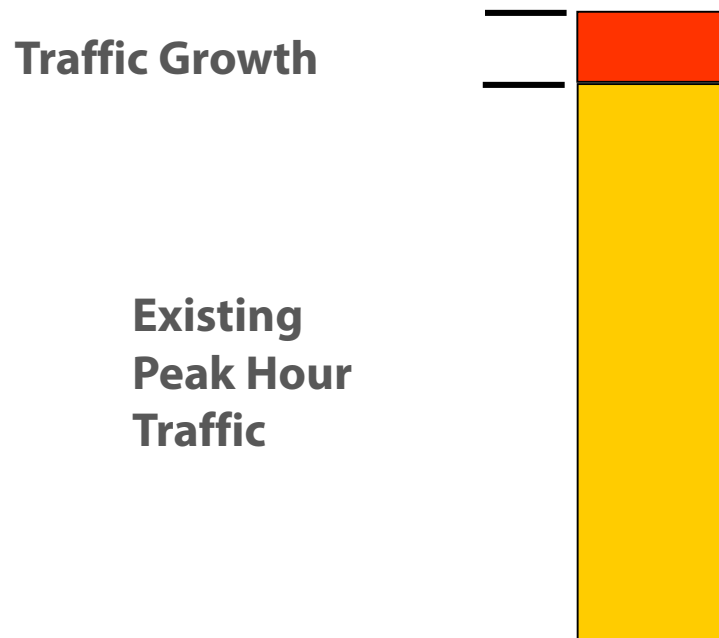


Where Downtown Employees Live



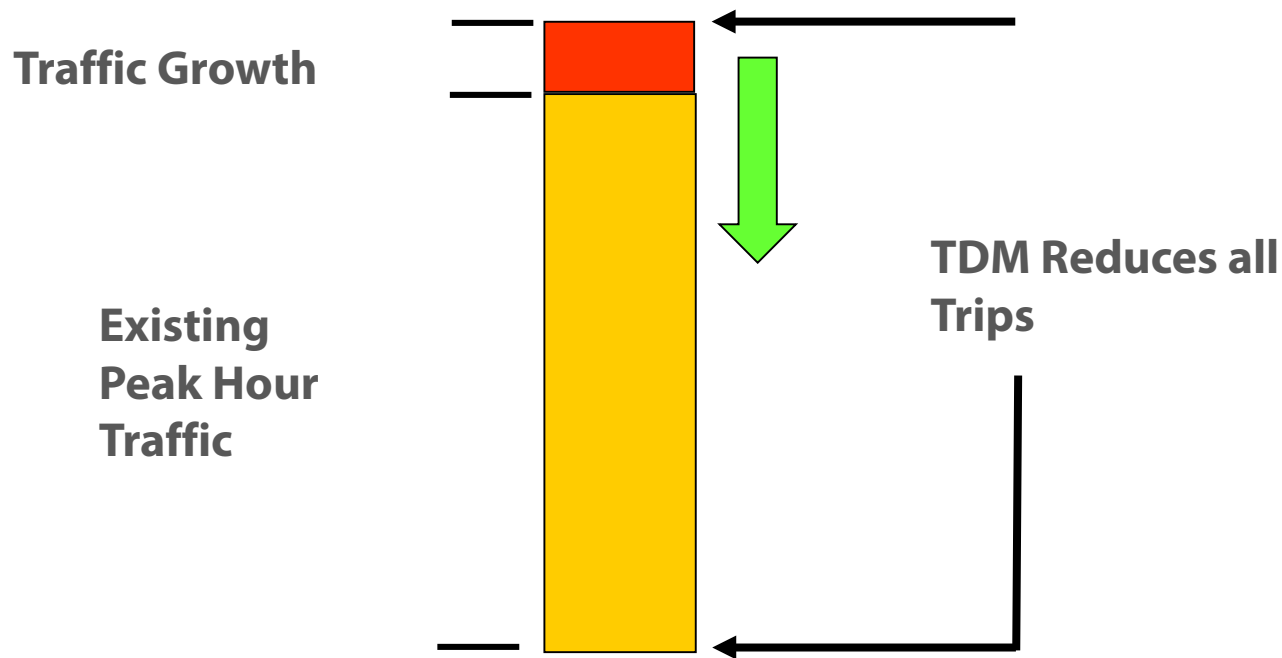
Transportation Demand Management

Less Growth vs. TDM



Transportation Demand Management

Less Growth vs. TDM



Housing, Travel and Parking Demand?

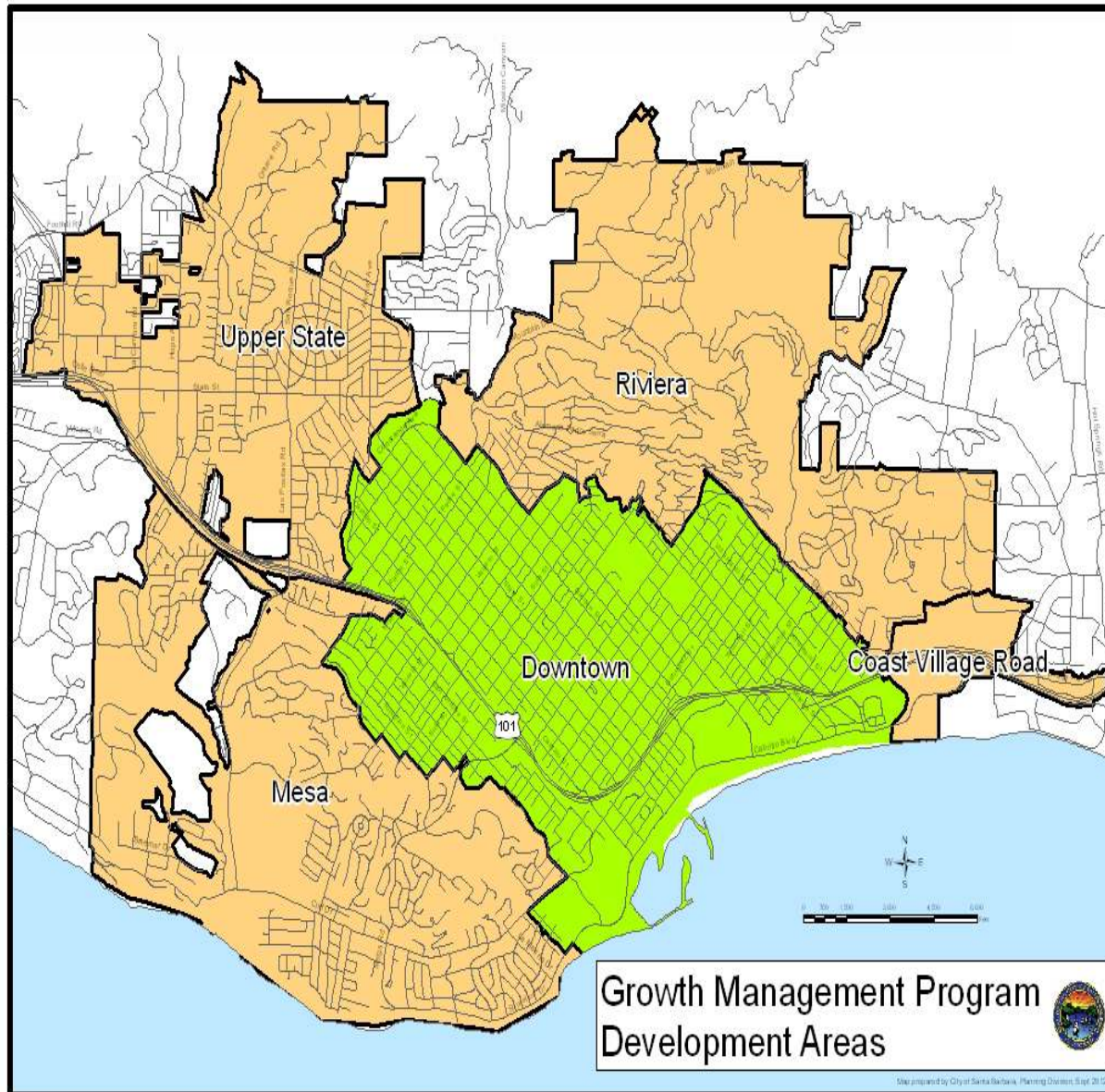
- 1) Transportation Demand Management (SB Gen Plan)
- 2) Strategically placed growth (Infill, Mixed Use, MF)
- 3) Average Unit Density Incentives
 - Local workforce housing
 - Proformas that work (add a floor, 2x density)
 - Locate people in the downtown who want to be there
 - Discover sustainable trans. users (1 space per unit)

Housing Units in SB in 2014 and 2017

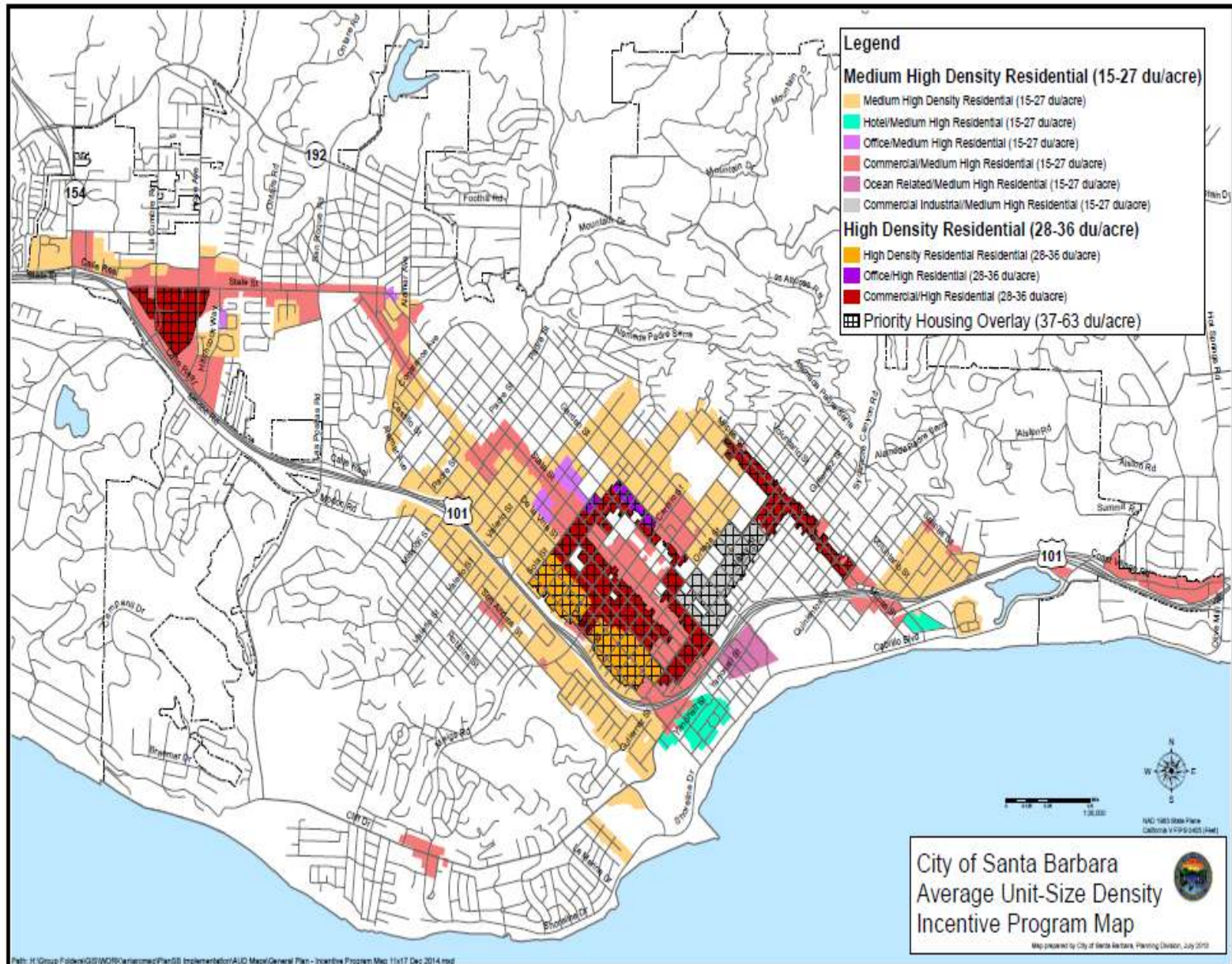
- Housing units, July 1, 2014 37,820
- Owner-occupied, 2010-2014 = 40.0%
- 2014 Median value owner-occupied units, \$837,200
- Feb 2017: \$1,059,000 value (\$1,249,000 median listed).
- Median monthly owner costs -with a mortgage, \$2,991

Source: ACS 2014 5 year average data

Strategically Placed Growth



AUD Eligible Growth



AUD Unit-Size Density Incentive

The AUD Program is intended to encourage smaller, more affordable housing units through the application of increased densities and development incentives

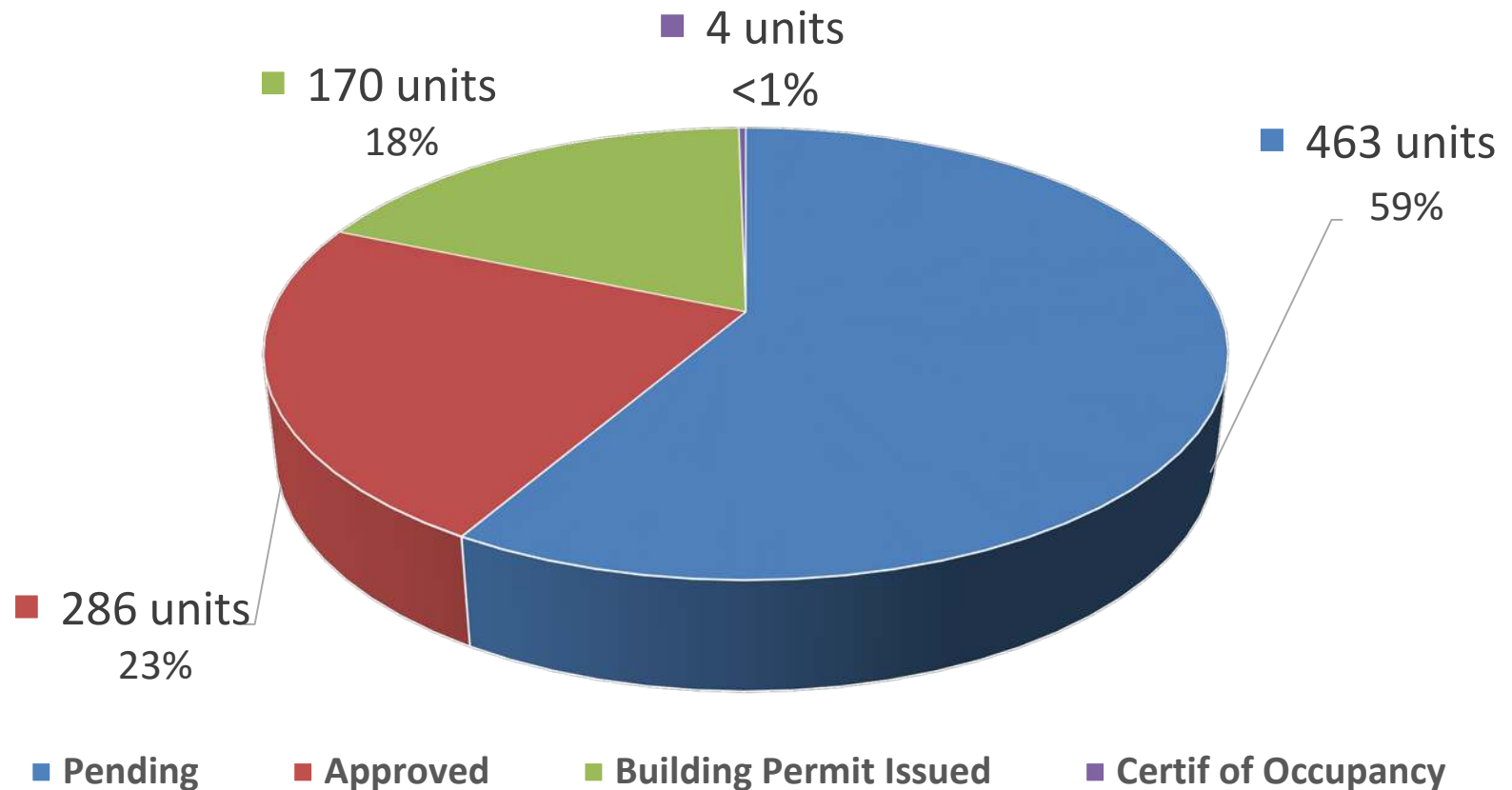
- Medium-High: 15-27 DUA, 905-1,450 sq ft
- High: 28-36 DUA, 970-1,245 sq ft
- Priority Overlay: 37-63 DUA, 811-970 sq ft
- What about “underparked” development?

Residential units that are pending, or have been approved or constructed under the AUD Program.




	Pending 42	Approved 83	Constructed 4
Medium-High Density Area ³	18 421	61 203	2 0
High Density/Priority Overlay	382	197	0

AUD Housing Development Activity

Applications Feb 1, 2017 Total = 923 units



Concluding Solutions

- SB wants workforce housing w/o traffic increases
- AUD = If Rental Housing ,  Just. Trans needs to 
- General Plan Trade offs: higher density/affordability
- means  parking to get there. (secret sauce)
- AUD Self-Selection means all SB residents in 40,000 units will benefit; if they let it work.
- Autonomous Vehicles, Carshare will change landscape

WORKSHOP 2

Moving Beyond the Problem

EMPLOYER SPONSORED HOUSING

John Fowler, President & CEO, Peoples' Self-Help Housing



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Broad Street Workforce Housing Project Summary

- **42 New Homes in San Luis Obispo:** 100% Deed Restricted
- **Target Market:**
 - 26 units Affordable (80% to 120% AMI)
 - 16 units Workforce (120% to 160% AMI)
- **Income levels served:** \$43,200 to \$133,200
- **Type:** Local Employee Ownership Housing
- **Household sizes served:** 1 to 5 persons
- **Unit Type:** Planned Unit Development Townhomes

Broad Street Project Objectives

- Deliver below market rate (BMR) priced housing
- Serve workforce housing income levels 80 % to 160 % of Area Median Income (AMI)
- Reduce Vehicle Miles Traveled (VMT) through housing near existing amenities/emerging employment centers
- Create perpetually affordable workforce housing at each resale
- Provide employer investment that directly benefits their employees
- Collaborate with local employers to provide workforce housing
- Create a simple and replicable model for workforce housing

Six Reasons Employers Should Participate

1. Ability to recruit and retain new employees
2. Increase Employer Benefit Package (recruitment tool)
3. Grow operations by expanding management level workforce positions
4. Increases stability and reduce workforce turnover
5. Reduces absenteeism, tardiness and stress through decreased commuting times
6. Raises morale and loyalty which in turn increases productivity

WORKSHOP 2

Moving Beyond the Problem

HOUSING POLICY REFORM IN SAN LUIS OBISPO COUNTY

Ryan Hostetter, Supervising Planner, Housing Section, County of San Luis Obispo



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Housing Element

“Achieve an adequate supply of safe and decent housing that is affordable to **all residents** of San Luis Obispo County”

Policies in the Element govern *workforce* housing direction

- Policy HE1.4 Offer incentives to encourage development of housing affordable to extremely low income, very low income, low income, moderate income, and workforce housing
- Policy HE1.5 Identify and eliminate or reduce regulatory barriers to development of housing affordable to households of all income levels

Workforce Housing Ordinance

- Collaboration between EVC Design and Building Cluster with County Staff
- Adopted November 2016
- Incentivize workforce housing subdivisions
 - Flexible standards for projects which qualify
 - Standard Inclusionary fees can be reduced by 50%
 - Allow secondary residences to count toward inclusionary housing
 - Allow residential in commercial and office under certain criteria
- Obligations
 - Owner-occupants only
 - 'First sale' affordability standard

Housing Policy Priorities

Item	Timing	Status
Matrix	Near	Initiated by staff
First Time Homebuyer Program	Intermediate	Initiated by staff
Golden State Finance Authority	Intermediate	Research by staff
Fee Deferral Waiver Scale to unit size	Intermediate	Research by staff
Farmworker Housing – Ordinance Amendment	Long	Initiated by staff (budget request)
Accessory Dwellings in more zones (Phase I – clean up/ Phase II Ordinance Amendment)	Long	Initiated by staff (budget request)
Designate more land for residential uses – County Constraints Mapping	Long	Initiated by staff (budget request)

WORKSHOP 2

Moving Beyond the Problem

REMOVING REGULATORY BARRIERS TO ENCOURAGE HOUSING

Detty Peikert, Principal, RRM Design Group



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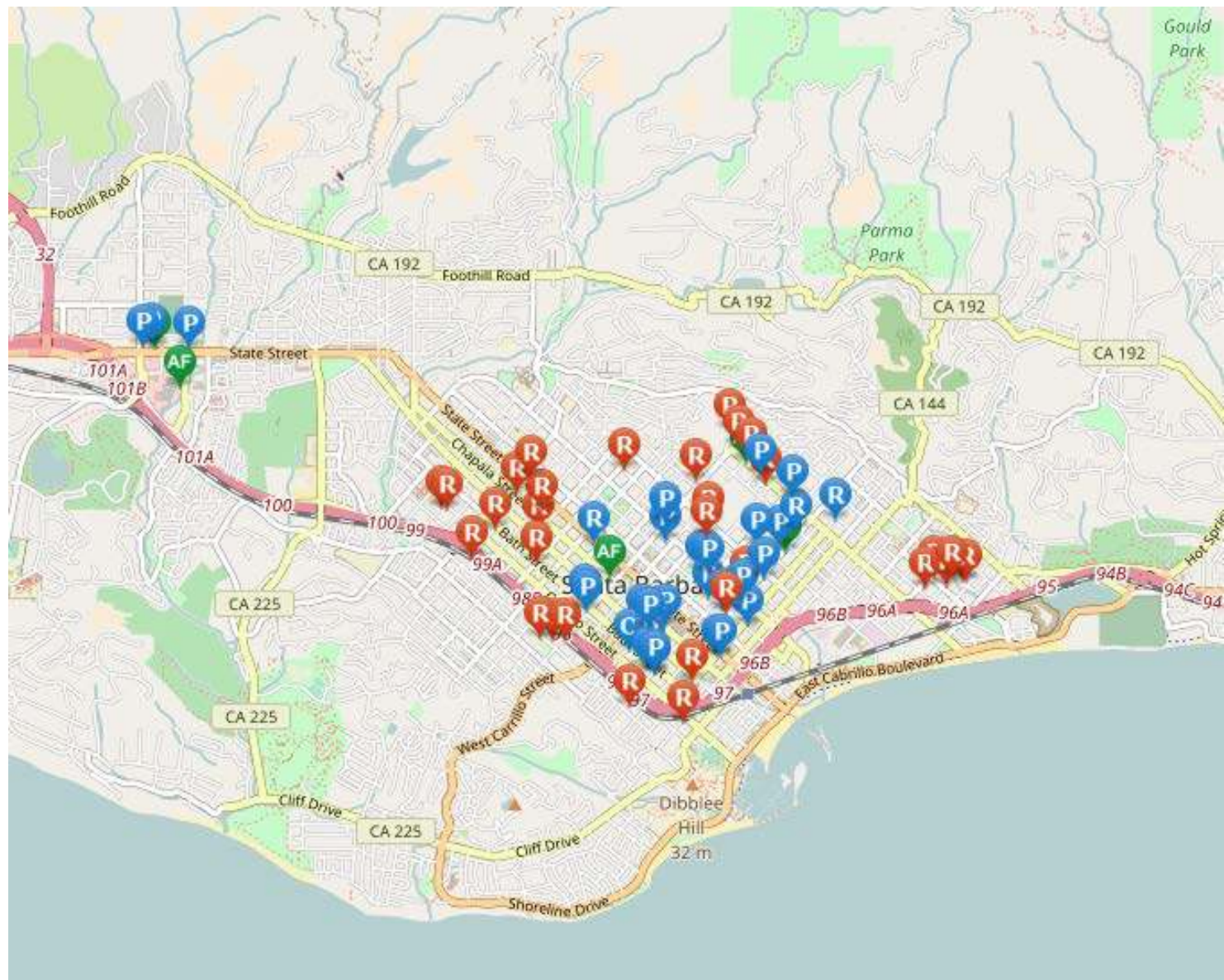
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AUD Development Incentives

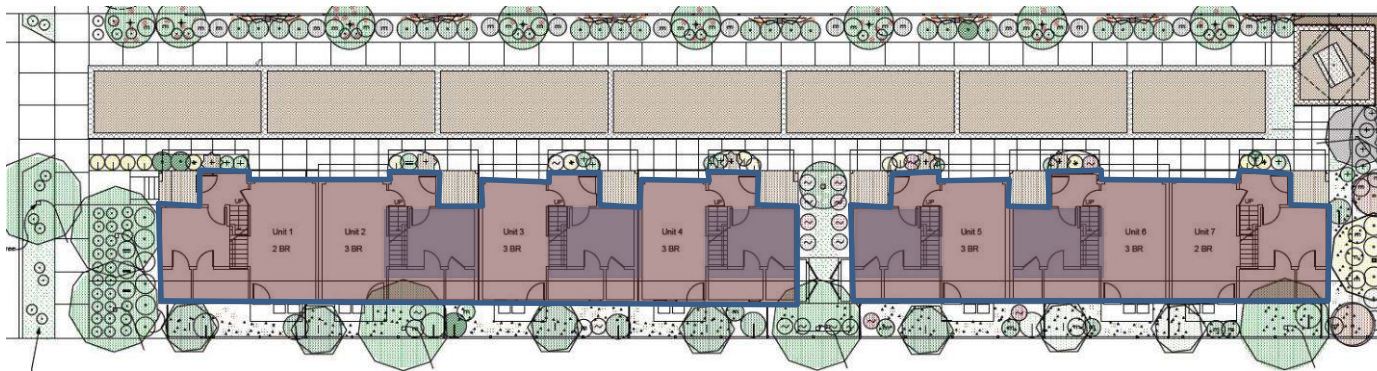
Prior to July 2013 (before AUD)		After July 2013 (after AUD)	
Minimum Parking			
Multi-Unit Residential Development (regardless of zone)			
Studio = 1.25 spaces/unit 1-bed = 1.5 spaces/unit 2+ bed = 2 spaces/unit 6+ units = 1 space/4 units for guest parking		1 space/unit No guest parking required	
Mixed-Use Development (regardless of zone)			
Residential Use exceeds 50% of development	Studio = 1.25 spaces/unit 1-bed = 1.5 spaces/unit 2+ bed = 2 spaces/unit 6+ units = 1 space/4 units for guest parking	Residential Use exceeds 50% of development	1 space/unit No guest parking required
Residential Use is up to 50% of development	Above parking requirements are reduced by 50%	Residential Use is up to 50% of development	1 space/unit No guest parking required
In the Central Business District	1 space/unit No guest parking required	In the Central Business District	1 space/unit No guest parking required

AVERAGE UNIT-SIZE DENSITY (AUD) INCENTIVE PROGRAM TABLE

Medium-High Density (15-27 du/ac)		High Density (28-36 du/ac)		Priority Housing Overlay (37-63 du/ac)	
Maximum Average Unit Size SF	Density du/ac	Maximum Average Unit Size SF	Density du/ac	Maximum Average Unit Size SF	Density du/ac
1,450	15	1,245	28	970	37
1,360	16	1,200	29	970	38
1,280	17	1,160	30	970	39
1,210	18	1,125	31	970	40
1,145	19	1,090	32	970	41
1,090	20	1,055	33	970	42
1,040	21	1,025	34	970	43
1,005	22	995	35	970	44
985	23	970	36	970	45
965	24			970	46
945	25			970	47
925	26			970	48
905	27			969	49
				960	50
				941	51
				935	52
				917	53
				901	54
				896	55
				880	56
				874	57
				859	58
				845	59
				840	60
				827	61
				825	62
811	63				



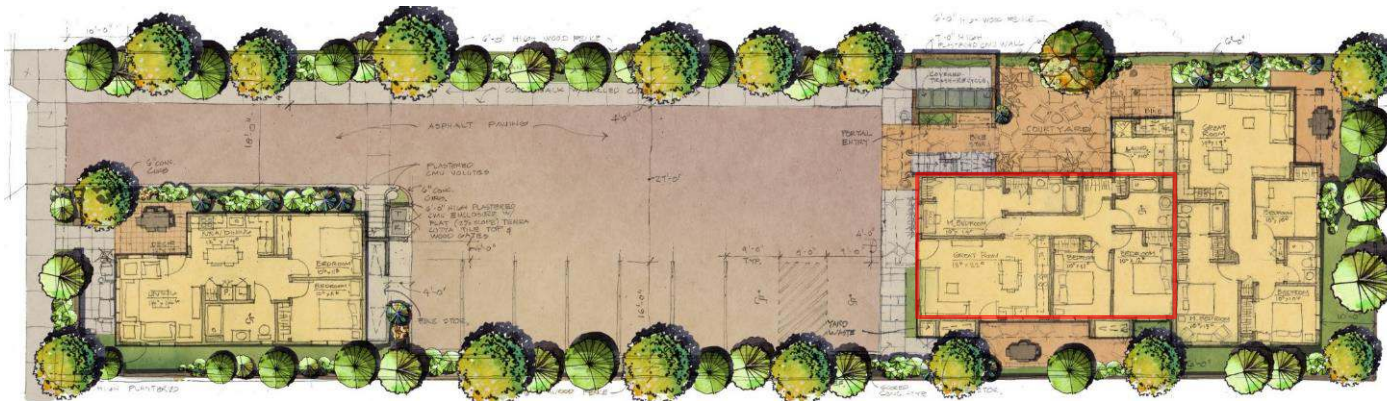
Project Comparison



Previous Project - Townhomes

- 3rd Story
1,600 Net

SF



Redesigned Project - Flats

- 3rd Story
1,011 Net

SF

Previous Project



Redesigned Project



HOUSING DISCUSSION

- **What?**

- What happened today? Just the facts.

- **So What?**

- Why is it important? Inferences, observations, hypotheses.

- **Now What?**

- What actions make sense? Next steps.

- **15% Solutions**

- What is your 15%? Where do you have discretion or the freedom to act? What can you do without more resources or authority?

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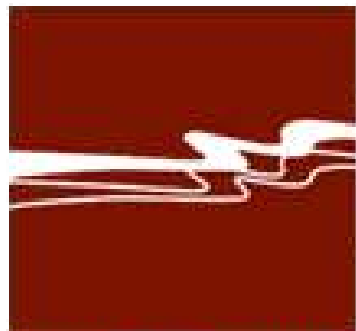
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