



August 17, 2018

From: Coalition of Housing Partners

To: Board of Supervisors, County of San Luis Obispo

Subject: Recommendations on Affordable Housing, Agenda Item #29 (August 21, 2018)

Dear Supervisors:

We represent a diverse coalition of organizations concerned about the lack of affordable housing facing below moderate-income residents in our community. Collectively, we represent the diverse interests of non-profit housing developers, market rate housing developers, home builders, business, and our communities. We have a common concern that the lack of affordable housing throughout our county is adversely impacting the social and economic fabric of our community and negatively impacting approximately 80% of our county's workforce and aging population.

As you consider the options presented by staff, we ask that you advance the following recommendations:

- 1) Direct staff to work with stakeholders and the subcommittee to research and develop potential revenue projections from other local funding sources.
- 2) Direct staff to continue working with stakeholders and the subcommittee to determine the revenue needs of affordable housing in the County and establish a revised fee structure for Board consideration at a future date.

Coalition's approach and position on funding Affordable Housing:

Problem Scope:

With an eye toward actionable solutions, our group recognizes the need to agree on a definition of the problem we are attempting to solve. We started by collaborating to develop an estimate of how much equity would be required, on a recurring basis, to get at producing the needed affordable units.

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It is a simple approach, but accurate and represents the "floor" of what should be funded. To do this we used the RHNA allocations for income levels below "Moderate" income and multiplied by the affordability gap estimated by the recent SLO County sponsored nexus analysis by Keyser Marsten & Associates. In order to fund the affordability gap for the RHNA allocation of low, very low, and extremely low-income units, approximately \$2M annually is needed for the unincorporated area.

In addition, Peoples' Self-Help Housing conducted an internal analysis using actual costs of the production side of creating new affordable units for below moderate wage-earning households. The land, development and construction costs to build and meet RHNA-allocated lower income units, after applying financing from all potential subsidies and associated leveraged private investment dollars, leaves a gap of approximately \$4M annually.

Therefore, between both analytical approaches, we all agree that annual equity gap required to produce the RHNA allocated units, after maximizing all currently existing local, state and federal funding sources, is between \$2M-\$4M annually.

In closing, we recommend that you direct staff to explore the feasibility of providing \$2-4M for affordable housing annually by evaluating a wide array of options. We also recommend that in the interim, you retain the Inclusionary Housing Ordinance as part of the funding stream and consider important fixes on the square foot exemption and inclusion of custom homes.

Thank you for your consideration.

Respectfully,



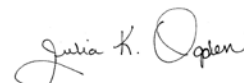
Scott Smith
HASLO



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SLO Housing Trust Fund



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SLO County Habitat for Humanity



Melissa James
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