



July 10, 2022

Dear Mayor Stewart and SLO City Councilmembers,

The SLO Chamber of Commerce has appreciated the many conversations we have had with your staff over the past few weeks and are writing today to provide additional context to our [original letter regarding the proposed changes to the Inclusionary Housing Ordinance](#).

Through these conversations, it has become clear that we share the same ultimate goal of creating a regulatory framework that results in many types of housing built to serve the varied needs of our community. There are many elements of the proposed update that will work toward those ends, including:

- The shift to one standard citywide approach rather than separate standards for expansion areas.
- Creating a separate pathway for projects that choose to work within the State Density Bonus Law.
- Including all homes, not just multi-unit developments, in the Inclusionary Housing Ordinance.
- When considering for-rent units, 6% is a fair amount of affordability to require and it is appropriate that for-rent be targeted to the low and very low income levels.

However there are also elements of this ordinance that will, if not amended, result in a failure to meet the goal of creating more housing of all types, including Affordable. In light of the approximately 25% raise in impact fees on July 1, it is particularly important the the changes proposed below be considered:

- When considering for sale units, a requirement of 5% low and 5% moderate is unreasonable and gets in the way of our goal to create more housing of all types. As reflected in the City's study, very low and low income units can be produced more efficiently as rental housing or by non-profit developers - we should follow that recommendation and require 10% of for-sale units at the moderate, not low, level. Another approach could be to lower the total for-sale requirement to 7.5% with 5% moderate and 2.5% low.
- While we appreciate the proposed fractional approach to smaller developments, imposing a flat \$25/SF fee for larger developments is not feasible. Fees should be calibrated to a proportionate share of what a non-profit developer needs to secure state and federal funds - as our original proposal does.
- Table 2A has been effective. The assertion that our community has 'missed out' on a tremendous number of Affordable units because of 2A fails to consider the number of projects that would not have come to fruition at all, would have included fewer total units - and thus fewer Affordable units - or would have taken many more years to make it to market; Table 2A should be modified, not eliminated. The Planning Commission showed interest in including 2A-style modifications down the road, however, to have a complete policy, those modifications should be in the IHO from the start.

- Non-profit builders are an essential part of our housing community and, unlike market-rate developers, non-profits have access to programs that maximize output of Affordable units. The Inclusionary Housing Ordinance should be structured in a way that supports them, not tilts the balance so far in the favor of market-rate developers building Affordable units.
- The commercial linkage fee is close but based on intensity of use, \$2.50/SF for industrial and warehouse uses, and \$5/SF for all other non-residential uses makes more sense.
- To truly get the most Affordable housing built, there should be flexibility in the style and location of Affordable units if a market rate developer proposes including more than the required amount of Affordable Housing in a project.
- It is imperative that we consider additional ways to produce Affordable Housing including Enhanced Infrastructure Financing Districts, project-specific Community Financing District, a regional housing bond, and/or dedicating a portion of existing TOT- not just the Inclusionary Housing Ordinance and fees.

Thank you for your consideration. Please don't hesitate to reach out if you have any questions or would like to discuss further.

Sincerely,

SLO Chamber Inclusionary Housing Task Force

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