



**COUNTY OF SAN LUIS OBISPO
BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Administrative Office	(2) MEETING DATE 8/13/2019	(3) CONTACT/PHONE Zachary A. Lute, Administrative Analyst 805-781-5011	
(4) SUBJECT Request to 1) approve responses to the FY 2018-19 Grand Jury report titled "'Affordable Housing' An Urgent Problem for Our Community"; and 2) forward the responses to the Presiding Judge of the Superior Court by August 20, 2019. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board: • Adopt the recommended responses from County Planning and Building, the County Administrative Office, and the County Board of Supervisors to the FY 2018-19 San Luis Obispo County Grand Jury report titled "'Affordable Housing' an Urgent Problem for Our Community"; and • Direct the Clerk of the Board to forward the responses to the Presiding Judge and the Grand Jury by August 20, 2019.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? N/A
(10) AGENDA PLACEMENT ☒ Consent ☐ Presentation ☐ Hearing (Time Est. _____) ☐ Board Business (Time Est. _____)			
(11) EXECUTED DOCUMENTS ☐ Resolutions ☐ Contracts ☐ Ordinances ☒ N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: ☐ 4/5th's Vote Required ☒ N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY ☒ N/A Date _____	
(17) ADMINISTRATIVE OFFICE REVIEW The Administrative Office prepared this item.			
(18) SUPERVISOR DISTRICT(S) All Districts			



COUNTY OF SAN LUIS OBISPO

TO: Board of Supervisors

FROM: Zachary A. Lute, Administrative Analyst

DATE: 8/13/2019

SUBJECT: Request to 1) approve responses to the FY 2018-19 Grand Jury report titled "'Affordable Housing' An Urgent Problem for Our Community"; and 2) forward the responses to the Presiding Judge of the Superior Court by August 20, 2019. All Districts.

RECOMMENDATION

It is recommended that the Board:

- Adopt the recommended responses from County Planning and Building, the County Administrative Office, and the County Board of Supervisors to the FY 2018-19 San Luis Obispo County Grand Jury report titled "'Affordable Housing' an Urgent Problem for Our Community"; and
- Direct the Clerk of the Board to forward the responses to the Presiding Judge and the Grand Jury by August 20, 2019.

DISCUSSION

On June 20, 2019, the San Luis Obispo County Grand Jury (Grand Jury) issued a report titled "'Affordable Housing' An Urgent Problem for Our Community." The report investigated the causes of the unmet housing needs throughout San Luis Obispo County and what local governments are doing to address the issue. The Grand Jury report included 11 findings and 6 recommendations. Responses were required as follows:

Department	Findings	Recommendations
County Board of Supervisors	F6, F7	R1, R2, R5, R6
County Administrative Office	F6, F7	R2, R4, R5, R6
County Planning and Building	F6, F7	R1, R2, R3, R5, R6

All responses must conform to the response language and timelines required under Penal Code section 933. Under this section, Board adopted responses from County departments must be submitted to the presiding judge of the superior court within 90 days of the date the report is released.

The responses from Planning and Building, the Administrative Office, and the Board of Supervisors are scheduled to be transmitted to the Presiding Judge and the Grand Jury by August 20, 2019. The responses from the Administrative Office and the Board are below. The responses from Planning and Building can be found as Attachment 1 of this

eport.

Recommended Responses from the Administrative Office:

Finding 6: Most of the required annual housing element updates are difficult to access by the public.

The Administrative Office partially disagrees with the finding. The County's Housing Element can be found on the County's website at <https://www.slocounty.ca.gov/Departments/Planning-Building/Forms-Documents/Plans/Elements.aspx>. The 5th Cycle (2014 – 2019) Housing Element Annual Progress Report Permit Summary Table can be found on the State Department of Housing and Community Development's website at: http://www.hcd.ca.gov/community-development/housing-element/docs/Annual_Progress_Report_Permit_Summary.xls.

The public can also review these documents in person at the County Department of Planning and Building at 976 Osos Street Room 300, San Luis Obispo, CA 93408 between the hours of 8:30 a.m. and 3:00 p.m., Monday through Friday. The Administrative Office agrees that it would be beneficial to add the Housing Element Update annual reports to the County Planning and Building webpage. This is addressed in the response to Recommendation 2.

Cities' Housing Elements and annual progress reports are the responsibility of the cities. However, the County and cities are currently working together on a regional strategic plan to consider coordinated actions and initiatives that work towards addressing critical regional infrastructure and affordable housing needs (e.g. considering development of a housing hub webpage that links to all eight local agencies housing webpages, increasing transparency and public access to information).

Finding 7: The length and cost of the building permitting process is a major barrier to the construction of all housing, especially low income housing.

The Administrative Office partially disagrees with the finding. The length of time that it takes to obtain a building permit depends upon the complexity of the project. It should be noted that there are several external factors that often lead to significant impacts to project timelines such as: the ability for an applicant to obtain funding, outside agency review and approval, public response to the project, etc. The County has taken various actions to reduce barriers to the construction of housing through a Housing Initiatives Package and will continue to evaluate and consider additional actions in the future. Initiatives that have already been implemented include the waiver, deferral, or reduction of permit fees for affordable housing, clarification and definition of projects that can be approved with a reduced review process, elimination of certain requirements for Accessory Dwelling Units, and amendments to the County's California Environmental Quality Act (CEQA) Guidelines to streamline processes for applicants. The Planning and Building Department must comply with all Federal and State laws before issuing a permit.

The length and cost of the Cities' building permitting process is the responsibility of each city. However, the County and cities are currently working together on a regional strategic plan to consider coordinated actions and initiatives, which includes sharing each agency's processes and initiatives, in order to learn from one another and potentially pursue similar initiatives throughout the region.

Recommendation 2: Create, file, and publish the required housing element documents and reports on time and in a form easily accessible to the public. This should be done by the next report cycle.

Part of this recommendation has been implemented and part will be implemented within six months. County Planning and Building Department transmits the required Housing Element documents and annual reports to the State within mandated timelines. The State makes the County's annual report information available online. After transmission to the State, the

Housing Element is also made available on the County Planning and Building webpage at <https://www.slocounty.ca.gov/Departments/Planning-Building/Forms-Documents/Plans/Elements.aspx> or can be accessed in person at the County Planning and Building Department at 976 Osos Street Room 300, San Luis Obispo, CA 93408 between the hours of 8:30 a.m. and 3:00 p.m., Monday through Friday. County Housing Element Update annual reports will be added to the County Planning and Building Department webpage within six months of the date of publication of this report.

The County does not have the authority to determine the way in which the cities make this information available to the public. The Administrative Office is currently analyzing strategies and initiatives to better coordinate among the County and Cities, which includes considering the potential for creation of a regional webpage that links to the County's and Cities' Housing Elements and annual reports (as briefly mentioned under F6).

Recommendation 4: The cities and County should concentrate on promoting rentals for families earning below moderate incomes by increasing the percentage of required inclusionary housing units.

This recommendation will not be implemented because it is not warranted. The Inclusionary Housing Ordinance, Title 29, was updated and adopted by the County Board of Supervisors on March 12, 2019, founded on a consultant's analysis in a 2017 nexus study. With this adoption, the Board decided not to increase the required percentage of affordable housing units and instead altered the in-lieu fee structure to generate more funding for affordable housing. The updated ordinance requires new housing projects to include 8% of the units constructed to be considered affordable for incomes that are very low, low, moderate, or workforce. If the developers choose not to construct these units, they can alternatively pay an "in-lieu" fee. The updated Inclusionary Housing Ordinance took effect on July 1, 2019—making revenues generated available starting in FY 2019-20. This change is anticipated to increase funding for affordable housing by approximately \$500,000 to \$1,000,000 per year; however, it is important to note that the annual funding generated under this ordinance will vary depending on the number of eligible building permits issued each year. This will be primarily used to finance future affordable housing projects that build units affordable to extremely low, very low, and low incomes.

Recommendation 5: Increase the opportunities through re-zoning for non-traditional housing options, such as modular homes, pre-fabricated homes, and mobile home parks. This should be accomplished within FY 2020-2021.

The recommendation will not be implemented because it is not warranted. Mobile homes are already allowed in any zone in which permanent housing structures are allowed and subject to equivalent standards. It is not reasonable to consider zoning to be a barrier to increased modular homes, pre-fabricated homes, or mobile homes. The way in which the cities' zoning regulations incorporate these housing types is within the purview of the cities.

Recommendation 6: The cities and County should detail their specific plans to engage the public in the formulation of the 2020-2028 Housing Plan Update.

This recommendation has not yet been implemented, but will be implemented in the future, within three months of the publication of this report. The County engages the public in a number of ways during the development of the Housing Element and will continue this practice throughout development of the County's 2020-2028 Housing Element.

The way in which the cities engage with the public in development of their Housing Element is within the purview of the cities. However, the Administrative Office is leading an effort to coordinate efforts across all eight local agencies (i.e. the Cities and County) throughout the Housing Element development processes being conducted within each jurisdiction. Part of this

Coordination may include aligning communication strategies in order to help the public understand how each of the eight Housing Elements all relate to one another.

Recommended Responses from the Board of Supervisors:

Finding 6: Most of the required annual housing element updates are difficult to access by the public.

The Board adopts the response of the County Administrative Office.

Finding 7: The length and cost of the building permitting process is a major barrier to the construction of all housing, especially low income housing.

The Board adopts the response of the County Administrative Office.

Recommendation 1: Reassess and improve processes to fast-track building and planning permit approvals within 12 months from date of application. This should be implemented within FY 2019-2020.

This recommendation will not be implemented because it is not reasonable. The length of time that it takes to obtain a building permit depends upon the project scope. Land use permits are issued within the required timeframes as dictated by the California Permit Streamlining Act and CEQA. The Planning and Building Department's performance measure for the initial review of building permit applications is 20 days. The timing of building permit issuance will depend on the completeness of the initial application and construction plans. Planning and Building must comply with all Federal and State laws before issuing a permit. This includes any required CEQA review, noticing requirements, traffic impact studies, public review processes, etc. Given the various strictures and required processes, the County cannot guarantee any specific timeframe for permitting.

The County Board of Supervisors adopted amendments to the County's CEQA guidelines on March 12, 2019, and on July 16, 2019, in an effort to streamline the permitting process. The Board also directed staff to investigate additional improvements to the CEQA guidelines at the July 16, 2019, Board meeting. The County has created a matrix to make clear which projects can proceed with a lesser review process and is working to reduce permitting requirements for agricultural worker housing by early 2020. Additionally, the County is required by the State to develop Housing Element updates at regular intervals, which plan for the State's designated regional housing needs allocation to the unincorporated areas of the County and must identify and establish programs to remove regulatory barriers to housing production.

The Cities' planning permit processes are within the purview of the cities. However, the County and cities are currently working together on a regional strategic plan to consider coordinated actions and initiatives, which includes sharing each agency's processes and initiatives, in order to learn from one another and potentially pursue similar initiatives throughout the region.

Recommendation 2: Create, file, and publish the required housing element documents and reports on time and in a form easily accessible to the public. This should be done by the next report cycle.

The Board adopts the response of the County Administrative Office.

Recommendation 5: Increase the opportunities through re-zoning for non-traditional housing options, such as modular homes, pre-fabricated homes, and mobile home parks. This should be accomplished within FY 2020-2021.

The Board adopts the response of the County Administrative Office.

Recommendation 6: The cities and County should detail their specific plans to engage the public in the formulation of the 2020-2028 Housing Plan Update.

The Board adopts the response of the County Administrative Office.

OTHER AGENCY INVOLVEMENT/IMPACT

County Planning and Building and the County Administrative Office drafted the recommended responses to the Grand Jury report.

FINANCIAL CONSIDERATIONS

Costs for preparing this response are included in current department budgets. There are no significant anticipated financial impacts to the County budget that will result either directly or indirectly from the recommended action. Any future financial impacts associated with the recommended action will be considered as they arise.

RESULTS

Adoption of the responses will make it possible for the County to meet the legal requirements and time frames for responding to a Grand Jury report with findings and recommendations. The responses from Planning and Building, the Administrative Office, and the Board to the FY 2018-19 Grand Jury report titled "'Affordable Housing' An Urgent Problem for Our Community" will be adopted and transmitted to the Presiding Judge and the Grand Jury as required. This action is consistent with the County's goal to promote a well-governed community.

ATTACHMENTS

- 1 Attachment 1 - Responses to FY 2018-19 Grand Jury Report on Affordable Housing - Planning and Building
- 2 Attachment 2 - FY 2018-19 Grand Jury Report on Affordable Housing



COUNTY OF SAN LUIS OBISPO
DEPARTMENT OF PLANNING & BUILDING
TREVOR KEITH, *DIRECTOR*

TO: Wade Horton, Administrative Office

FROM: Trevor Keith, Planning and Building Director

DATE: July 11, 2019

SUBJECT: Department Response to the 2018-2019 Grand Jury Report "Affordable Housing, An Urgent Problem for Our Community"

On June 18, 2019 the Department of Planning and Building received the Grand Jury's report regarding affordable housing and the County's efforts to address the issue.

The Grand Jury requires the Planning and Building Department to respond to Findings F6, F7, R1, R2, R3, R5, and R6. The following are the required responses:

FINDINGS

F6. *Most of the required annual housing element updates are difficult to access by the public.*

Response: The respondent partially disagrees with this finding. The Planning and Building Department shares the Housing Element annual progress reports with the public upon request. The County's progress in meeting its regional housing production targets is also available to the public on HCD's website:

http://www.hcd.ca.gov/community-development/housing-element/docs/Annual_Progress_Report_Permit_Summary.xls

The Planning and Building Department is in the process of developing a comprehensive Annual Housing Report that will consolidate various reporting requirements into a single user-friendly document that is presented to the Board of Supervisors and published online.



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DEPARTMENT OF PLANNING & BUILDING
TREVOR KEITH, DIRECTOR

F7. *The length and cost of the building permitting process is a major barrier to the construction of all housing, especially low-income housing.*

Response: The respondent partially disagrees with this finding. In recognition of the construction industry's expressed concern with the time and cost of the permitting and environmental review process, starting in October 2016 (and through a series of subsequent actions) the Board of Supervisors authorized the Planning and Building Department to work on various policy revisions to streamline the permitting process. Collectively known as the County Housing Initiatives Package, these policy revisions are described in the table below.

Initiative	Goal	Timing
1. Waive, Defer, and Reduce Fees	Waive all permit fees for affordable housing and provide option to defer public facility fees	Complete; Adopted by the Board on August 21, 2017
2. Ministerial vs. Discretionary Permit Matrix	Describe the types of projects that do not require discretionary approval, environmental review, or public noticing	Complete; Presented to the Board on August 21, 2017
3. Accessory Dwelling Unit (ADU) Ordinance Phase 1	Eliminate road paving and owner-occupancy requirements for ADUs	Complete; Adopted by the Board on July 18, 2017
4. Update County CEQA Guidelines	Streamline environmental review process	Complete; Adopted by the Board on March 12 and July 16, 2019
5. ADU Ordinance Phase 2	Eliminate multiple ADU exclusion areas and ease development standards	Board to consider adoption in Winter 2020
6. Update Agricultural Worker Housing Ordinance	Reduce permitting requirements and ease standards for farmworker housing	Board to consider adoption in Winter 2020



RECOMMENDATIONS

- R1.** *Reassess and improve processes to fast-track building and planning permit approvals with 12 months from date of application. This should be implemented within FY 2019-2020.*

Response: This recommendation will not be implemented because it is not reasonable. It is the Planning and Building Department's internal policy to prioritize and expedite the application process within its purview for affordable housing projects. It should be noted that there are several external factors that often lead to significant impacts to project timelines such as: the ability for an applicant to obtain funding, outside agency review and approval, public response to the project, etc. While the Planning and Building Department will continue to prioritize the approval process for affordable housing projects, the many variables of any given project make it difficult to guarantee project approval within a 12-month timeframe. As described in response to F7, the County's Housing Initiatives Package includes several policy changes aimed at reducing the length of time and fees associated with the permitting process.

- R2.** *Create, file, and publish the required housing element documents and reports on time and in a form easily accessible to the public. This should be done by the next report cycle.*

Response: Part of this recommendation has been implemented and part will be implemented in the fall of 2019. The County's 2014-2019 Housing Element is available on the Planning and Building Department's website at the link below:

<https://www.slocounty.ca.gov/getattachment/f98b8501-5194-49b4-bf20-f51feb6359ab/Housing-Element.aspx>

The County submitted all 5th Cycle (2014 – 2019) Housing Element annual progress reports to the State Department of Housing and Community Development (HCD) by the April 1st deadline. As referenced in response to F6, the Planning and Building Department is currently developing an Annual Housing Report that will consolidate the following existing reporting requirements into a single user-friendly report that is presented to the Board of Supervisors and published on the County's website each year: Housing Elements, annual progress reports, housing production components of the annual General Plan progress report, and the County's Affordable Housing Fund annual report. The Planning and Building Department will implement this change in the fall of 2019.



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TREVOR KEITH, DIRECTOR

R3. *Either increase in-lieu fees to realistically support the construction cost of inclusionary housing units or eliminate fees altogether and require low-income housing construction. This should be accomplished within FY 2019-2020.*

Response: This recommendation has been implemented. On March 12, 2019, the County amended the Inclusionary Housing Ordinance to apply a tiered rate fee structure to all new homes over 2,200 square feet in size. The Inclusionary Housing Ordinance took effect on July 1, 2019, making revenues generated available starting in FY 2019-20. This change is anticipated to increase funding for affordable housing by approximately \$500,000 to \$1,000,000 per year; however, it is important to note that the annual funding generated under this ordinance will vary depending on the number of eligible building permits issued each year.

R5. *Increase the opportunities through re-zoning for non-traditional housing options, such as modular homes, pre-fabricated homes, and mobile home parks. This should be accomplished within FY 2020-2021.*

Response: This recommendation will not be implemented because it is not warranted. While the County allows modular homes and pre-fabricated homes wherever traditional “stick built” homes are allowed (i.e. in all residentially zoned areas), they are subject to site constraints, adopted Covenants, Conditions and Restrictions (CC&Rs) for planned communities, and standards as defined in the California Code of Regulations Title 25 – Housing and Community Development. The County allows for new mobile home parks in the following land use categories: Residential Rural, Residential Suburban, Residential Single Family, Residential Multi-Family, and Recreation. The County is also evaluating options to allow for the habitation of movable tiny houses, a type of non-traditional housing type generally defined as dwellings of less than 400 square feet on a chassis, subject to health, safety, and neighborhood compatibility considerations.



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TREVOR KEITH, DIRECTOR

R6. ***The cities and County should detail their specific plans to engage the public in the formulation of the 2020-2028 Housing Plan Update.***

Response: This recommendation has not yet been implemented but will be implemented within the next three (3) months. The Planning and Building Department has initiated the process for the 2020-2028 Housing Element Update and will be selecting a consultant familiar with State of California housing-element law within the next two (2) months. Following execution of the contract, the selected consultant and County staff will develop a project work plan, which will detail public outreach tasks and timeframes.

It is anticipated that County staff will hold advertised public workshops and seek input from various advisory councils/commissions, housing-related associations/coalitions, and advocacy groups. The public and aforementioned entities will have ample time and opportunities to comment on the public drafts of the 2020-2028 Housing Element prior to public hearings for recommendation for adoption and submittal to the State. Leading up to and at the public hearings before the Planning Commission and the Board of Supervisors, revised drafts will be available for the public to review and comment. Furthermore, the public will be able to join an email list for the 2020-2028 Housing Element Update to receive news and updates throughout the process.