

**Office of the City Manager**

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San Luis Obispo  
Grand Jury

September 19, 2019

Presiding Judge Ginger Garrett  
Superior Court of California  
1035 Palm Street Room 355  
San Luis Obispo, CA 93408

Re: Grand Jury Report entitled "Affordable Housing - An Urgent Problem for our County"

Dear Judge Garrett:

This letter constitutes the response of the City of San Luis Obispo to the San Luis Obispo County Grand Jury report titled "Affordable Housing - An Urgent Problem for our County" (hereinafter the "Report"). This response is submitted in compliance with Penal Code 933.05. A copy of this response is concurrently being transmitted to the Grand Jury.

The Report sets forth eleven findings and six recommendations. The City of San Luis Obispo has been required to respond to Findings 6, and 7, and Recommendations 1, 2, 4, 5, and 6.

**Response to Grand Jury Findings and Recommendations**

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

**Response:** Disagree.

The California Department of Housing and Community Development (HCD) requires local jurisdictions to submit the Housing Element Annual Progress Reports (APRs) directly to them via their online portal – which is the preferred method of submittal – or via an Excel form. HCD then publishes a report summarizing the submitted APRs from all 540 California public jurisdictions, which can be accessed on their website at [hcd.ca.gov](http://hcd.ca.gov).

AB 879 and SB 35 of the 2017 Housing Package added new data requirements for the Housing Element APRs, which went into effect for reports due for calendar year 2018. Currently, HCD is only accepting Excel forms of the APRs, while they are making the required changes to the online submittal portal.

Due to the lengthy amount of information in the APRs, the City of San Luis Obispo

summarizes and publishes information reported on in the APRs annually in the General Plan Annual Report, which can be accessed on the City website at <https://www.slocity.org/government/department-directory/community-development/planning-zoning/general-plan>.

***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.***

**Response:** Disagree.

The City of San Luis Obispo has been committed to providing timely and efficient building permit review times. Staff review submitted building plans to evaluate that proposed structures are designed in compliance with standard regulations, including the building code, planning approvals, and engineering standards. It is often the case that lengthy building permit review processes result when multiple rounds of these reviews occur. In 2018, the City took an average of 4 weeks to review the first round of submittals for new single-family units, and 5 weeks to review the second round of submittals for new multifamily units. One of the largest barriers to the production of new deed-restricted low-income housing is the obtainment of the land and various means of financial support. Land costs are extremely high in San Luis Obispo, which makes it extremely hard for non-profit affordable housing developers to acquire adequate sites. There is also a very limited amount of financial resources available for new affordable housing. In 2018, of the 286 residential housing permits issued, 26% were for affordable housing.<sup>1</sup>

***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.***

**Response:** The recommendation is constantly being looked at and the City maintains a Continuous Improvement Team that looks at any opportunities to efficiently analyze project consistently with federal, state, and local planning and building code requirements. The City of San Luis Obispo offers two different ways to expedite a permit during the plan check process. A determinate processing agreement can be developed that assigns responsibilities and deadlines for applicant submittals and for City plan check comments. This manner of expediting the issuance of a permit includes responsibilities on both sides. Also available to applicants for a fee is an expedited plan check process where time is shaved off of each round of plan check.

***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.***

**Response:** The recommendation will continue to be addressed. The City is required to submit the APR form that is created by HCD. It is anticipated that HCD will require all local jurisdictions to submit the APR form via their online portal. The

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<sup>1</sup> 2018 General Plan Annual Report at: <https://www.slocity.org/home/showdocument?id=22768>

City will continue to summarize and publish the APR information in April each year in the General Plan Annual Report.

***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.*

**Response:** The recommendation will be considered once we receive the results of our Affordable Housing Nexus Study.

The City's first Inclusionary Housing Ordinance was adopted in 1999 and since that time, the City has made great strides ensuring that a percentage of all new housing units are affordable to income eligible households. In fact, since 2000, over 23% of all units constructed in the City have been deed-restricted to guarantee affordability. Further, of the stock of deed-restricted units, 86% are rentals.

The City is currently working on an Affordable Housing Nexus Study to analyze the existing Inclusionary Housing Ordinance. Recommendations from the Study will influence policy changes in the upcoming update of the City's Housing Element, and findings from the Study will be published as an attachment in the document.

The City has made significant progress towards meeting its' 5<sup>th</sup> Cycle Regional Housing Needs Allocation (RHNA) targets. As of December 31, 2018, 58% of the target had been achieved in the Extremely Low & Very Low category, 17% complete in the Low category, and 6% complete in the Moderate category.

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

**Response:** The recommendation will be considered once we receive the results of our Affordable Housing Nexus Study and also considered during the development of the 2020-2028 Housing Element.

The recent update of the City's Zoning Regulations includes new provisions for tiny homes on wheels in the backyard of a site with an owner-occupied single-family residence. The City expects that the results of the Affordable Housing Nexus Study will inform any need for the addition of non-traditional housing options.

***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.*

**Response:** The recommendation will be adopted.

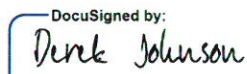
The City has included several opportunities to engage the public during the 2020-2028 Housing Element Update effort. In April 2019, staff conducted a Housing Forum that provided

the public with information about the City's housing programs, including a status report on the Housing Major City Goal for FY 2017-19 and 2019-21, State housing law, Housing Element and required update, housing production and housing affordability.

Staff also made presentations to the City Council and the Planning Commission on these topics. In July, staff met with one stakeholder group to discuss the Housing Element Update. Staff will continue to reach out to other key stakeholders and the public through public workshops, interviews and surveys during the Fall of 2019. Additionally, staff will be sharing the findings of the Nexus Study with the Planning Commission and Council in Spring 2020. Draft Housing Element policies and programs will be presented to the Planning Commission in early Spring 2020 in order for staff to receive feedback from the public and the Planning Commission.

The City has also been working with the County and other jurisdictions throughout the region on coordinating key milestones and engagement efforts. At this time, it has been discussed that a website will be created to display all relevant information regarding each jurisdictions' Housing Element Update, thus allowing for one central place for members of the public to access information during this individual, but regional effort.

Respectfully submitted,

DocuSigned by:  
  
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Derek Johnson, City Manager  
City of San Luis Obispo

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