



SAN LUIS OBISPO

Downtown Flexible Density Program

Public Engagement Summary

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INTRODUCTION

California is amid a housing crisis. Communities throughout the State are challenged with accommodating their fair share of housing production, many of which are exploring innovative solutions to that challenge. Housing is an essential element to a healthy downtown district. Providing for housing in the commercial core of a community generates a constant flow of foot traffic to support nearby retailers, services, restaurants, and other businesses. The concentrated mix of retail, office, and entertainment typical of a downtown locates residents within walking distance of most daily activities.

The 2020 Housing Element Update identified a flexible density program as an opportunity to incentivize housing production within the city's urban core and support the production of smaller residential units (Program 2.15).

Housing Element Program 2.15: Evaluate a flexible density pilot program and initiate an update of the Zoning Regulations and Community Design Guidelines to incorporate flexible density development options in Downtown Core and portions of Upper Monterey and Mid-Higuera Special Focus Areas to support the production of 50 smaller residential units (150 to 600 square feet) per year during the planning period.

As part of the 2021-23 Financial Plan the City Council established four [Major City Goals](#) for the City to address within the two year financial plan cycle. One of the Major City Goals that was established was for Housing and Homelessness which states:

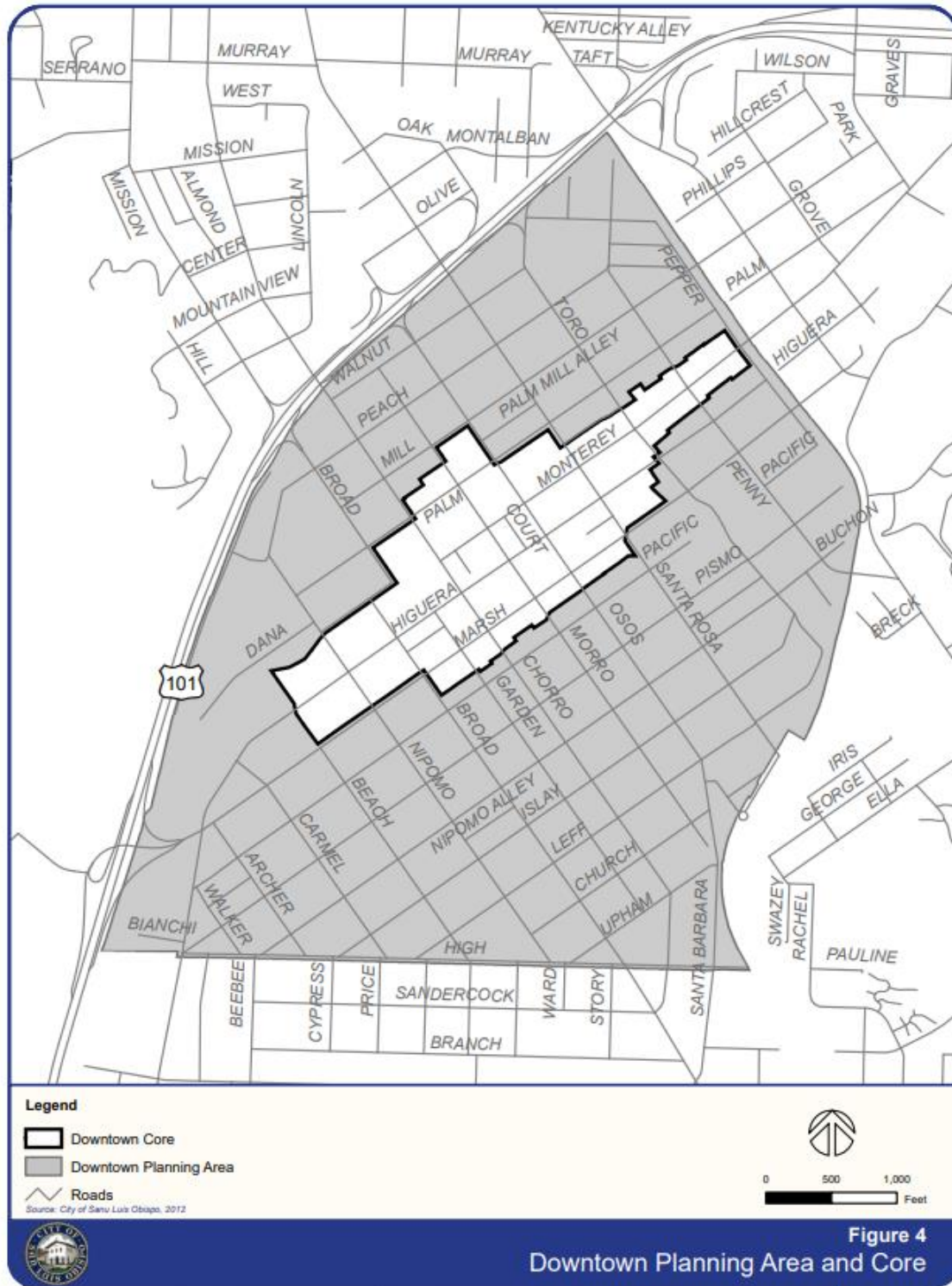
"In order to expand housing options for all, continue to facilitate the production of housing, including the necessary supporting infrastructure, with an emphasis on affordable and workforce housing..."

The Downtown Flexible Density Program, along with several other important initiatives to increase housing production, are included in Community Development's work program in support of the Major City Goal for Housing and Homelessness;

"Implement the Housing Element by continuing ongoing programs and by completing new programs such as achieving more "by-right" non-discretionary review with Objective Standards, update the Inclusionary Housing Ordinance, and by establishing a Flexible Density program and "Missing Middle" housing program to expand housing opportunities downtown and in single-family neighborhoods."

The main goals of the Program are to help address the local housing demand by facilitating increased higher density residential infill development in the downtown area (Figure 1) near employment centers, incentivizing smaller units, and diversifying the city's housing stock. The Program is intended to incorporate a higher density of residential uses that creates a more vibrant, desirable downtown economy.

Figure 1. Downtown Core and Downtown Planning Area





BACKGROUND

The early work of the Downtown Flexible Density Program first began under the public outreach efforts for the 2014 Circulation and Land Use Element Update ([Community Survey Results](#)) that resulted in the adoption of Land Use Element Program 2.15¹ which directed City staff to consider alternative methods to evaluating density within Downtown.

During the public outreach efforts of the 2017 [Downtown Concept Plan](#) Update (Downtown Concept Plan, Appendix 1), the concept of increasing density and promoting housing units within downtown was identified as key area of interest by various stakeholders, and was incorporated into the Downtown Concept Plan under Planning Principal 3 (Variety in Form and Function) and Planning Principal 7 (Compatible Design).

In 2018, the City conducted significant public outreach efforts for the Comprehensive Zoning Regulations Update (Municipal Code Title 17), a consistent theme of public testimony was focused on removing barriers towards developing housing throughout the community ([Workshop Summary](#) / [Stakeholder Interview Summary](#)). The City's consultant working on the update (MIG Consultants) provided a White Paper detailing the concept of [Flexible Density](#) and how it could work within the community. However, the final adoption of the 2018 Zoning Regulations Update did not include any specific changes to standards related to flexible density.

The 2020 6th Cycle Housing Element Update also included a significant public outreach effort (Housing Element Appendix G), resulting in the adoption of Housing Element Policy 6.6², and Program 2.15, which memorialized the concept of Flexible Density into the City's General Plan, as described earlier.

The public engagement approach for the Downtown Flexible Density Program was designed to complement the previous public engagement efforts related to this concept and allow the community to provide insight on the key components of draft Ordinance. The early phases of public outreach helped the City determine the feasibility and potential success of the concept of the Program. The outreach indicated that the program had potential because it would offer a desirable location for housing that is walkable and in close proximity to jobs, recreation, and other downtown amenities.

¹ **General Plan Land Use Element Program 2.15: Residential Densities.** *The City will evaluate alternatives to the current maximum number of dwelling units per acre (based on bedroom count) and height, parking, and setback standards, to regulate residential building intensity, and bulk and mass. Floor area limits will be considered.*

² **General Plan Housing Element Policy 6.6:** *Consistent with the City's goal to stimulate higher density infill where appropriate in the Downtown, Upper Monterey, and Mid-Higuera Special Focus Areas, the City shall consider changes to the Zoning Regulations that would allow for flexible density standards that support the development of smaller apartments and efficiency units.*



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PEN MANUAL COMPLIANCE

According to the [Public Engagement and Noticing \(PEN\) manual](#), the process for the ordinance adoption would typically fall under inform/consult since flexible density is specifically identified in the Housing Element as a Program, and the Council's Major City Goal for Housing and Homelessness specifically identified flexible density as a work program for within the 2021-23 Financial Plan. However, the public engagement approach for this Program followed the consult/collaborate approach due to the sensitivity of downtown and interest in housing needs for the community.

OVERVIEW OF OUTREACH APPROACH

The public engagement effort consisted of several stakeholder interviews and presentations, as well as an Open City Hall Public Forum, as discussed in more detail below.

News Release: A news release was published on January 23, 2023. City staff conducted interviews with several news outlets throughout the community, including: The Tribune, Cal Poly Mustang News, New Times, KSBY, and the Agenda Breakdown podcast.

Stakeholder Focus Groups: On January 26 and through February 17, 2023, the project team conducted a series of roundtable discussions with 14 stakeholder groups. Stakeholders represented a broad cross section of interested parties, including downtown businesses owners, residents, students, property owners and developers, nonprofit organizations, special interest groups, and organizations representing Diversity Equity and Inclusion (DEI) groups.

Online Community Forum Survey: The City received 304 survey responses on Open City Hall, the City's online engagement tool, which equals 15.2 hours of public comment. Participants were asked to provide feedback on the key components of the Downtown Flexible Density Program.

Community Presentations: In addition to the Stakeholder Focus Groups, City staff conducted several community presentations on February 14 through March 2, 2023, for various community groups, such as the Downtown Association Board of Directors, Chamber of Commerce, the Regional Housing Action Team, and the Developer's Roundtable.

News Release

To inform the public of the [Downtown Flexible Density Program](#) City staff conducted interviews with the following news outlets:

- [KSBY News](#)
- [San Luis Obispo Tribune](#)
- [Mustang News](#)
- [New Times San Luis Obispo](#)
- [Agenda Breakdown podcast](#)



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The purpose of providing a news release was to educate the community of the incoming program and encourage community input. The City explained the necessity of such a program and what the intended effects would look like within the downtown core. By informing the public through various news outlets the City was able to facilitate additional community feedback through the Open City Hall Community Forum. After receiving feedback on the key features of the program the City was able to analyze public sentiment and consider recommendations for amendments to the program.

Stakeholder Focus Groups

On Friday, January 20, 2023, Staff contacted 15 interest groups from various organizations around the city to attend a stakeholder focus group meeting. The focus groups were provided to facilitate a conversation around the key components of the Downtown Flexible Density Program and included a presentation on the background of the origins of the Program. The various stakeholder interest groups that were invited to a Focus Group discussion included:



Each stakeholder group assigned a representative to attend one of the scheduled Focus Group discussions. Although, the Chamber of Commerce opted to participate in a Community Presentation rather than attend one of the Focus Group discussions. Due to scheduling conflicts, representatives from Cuesta opted to provide feedback through the Online Community Forum, rather than attend one of the Focus Group discussions.



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The Focus Group discussions were not assigned to any specific representatives, and the attendance of each discussion was based on the organization's availability. The intent of this approach was to provide the opportunity for organizations from different backgrounds to collaborate together to discuss the Program's key components as it relates to the specific interests of each different organization.

Focus Group 1 – January 26, 2023

Attendees: YIMBY and Downtown Association

General Comments: Attendees conveyed support of program, based on goals of providing a more diverse, welcoming, cultural, and inclusive downtown community.

Suggestions:

- Add additional parking districts, increase parking permit costs, and expand the DROP Program to mitigate parking issues.
- Calculate the average capacity of parking structures and overnight parking.
- Expand the boundary of the program beyond the Downtown Core to include properties further down Monterey Street.
- Amend ordinance to allow developments to qualify through average unit size.
- Amend ordinance to 1 parking space for every 3 housing units.
- Providing on-site parking typically results in higher housing rents under open market conditions, reducing parking or establishing parking maximums may help in keeping housing prices more attainable for the community.

Focus Group 2 – January 30, 2023

Attendees: Transitions Mental Health, HASLO, People's Self-Help Housing, Cal Poly

General Comments: Attendees conveyed support of program, based on the appeal to current demographics of the community, and opportunity to convert unused office space to housing. However, the group took exception to the exemption of the Inclusionary Housing Requirement.

Suggestions:

- Expand the DROP Program and provide discounts for low-income residents.
- Reduce impact fees for projects that include affordable housing.
- Provide priority to downtown employees that do not own a car.
- Provide bike share program.
- Monitor pricing of units to verify level of affordability.
- Include requirements to comply with Inclusionary Housing Requirements.
- Gather information from major city employers to verify whether this housing typology is in demand for the city's workforce.



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Focus Group 3 – January 31, 2023

Attendees: GALA Pride and Diversity Center, Save Our Downtown, Building a Better SLO, and Healthy Communities Working Group

General Comments: Majority of attendees conveyed support of program, with one group expressing opposition. Attendees who expressed support of the program noted benefits related to active transportation, commute reductions, and increased economic vitality of the downtown. Attendees who expressed opposition of the program noted concerns towards the small size of the units as unfit for families, and pandemic concerns for over-crowding. All attendees expressed support of incentivizes housing supportive infrastructure such as grocery stores.

Suggestions:

- Require open air stairs, positive air pressure systems, and freight elevators to plan for higher density living during future pandemics.
- Remove the sunset clause or allow for more than 500 units before the deadline.
- Require communal/rooftop green space.

Focus Group 4 – February 7, 2023

Attendees: Home Builders Association

General Comments: Attendees conveyed support of program, as a positive method to increase housing production in the community.

Suggestions:

- Expand the boundary of the program beyond the Downtown Core to include the entire Downtown Planning Area.

Focus Group 5 – February 17, 2023

Attendees: Race Matter's SLO and Diversity Coalition of SLO County

General Comments: Attendees conveyed support of the program as a positive approach in promoting economic vitality and increasing the supply of housing in the downtown community. The group shared that the increase of housing in downtown will also help with enhancing downtown as a cultural center with more opportunities for residential amenities such as bodegas and grocery stores and other cultural hubs. The group suggested providing a visual aid to showcase an example of a 600 square foot unit or 300 square foot unit, to help the community gain perspective of these types of units under the program.

Suggestions:

- Attendees indicated that they would reflect on the Program and meet with their organizations before providing any recommendations to the Planning Commission or City Council.



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Online Community Forum

Open City Hall is an online tool for community engagement. Open City Hall can be used as an online alternative to in-person community outreach events like Workshops, Road Shows and Open Houses. Use of this tool allows those who can't attend meetings to receive the same information and provide feedback.

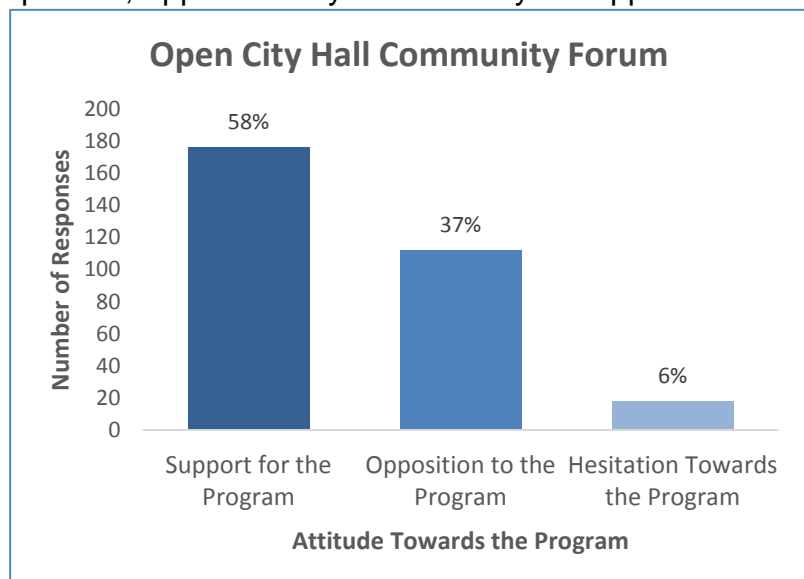
A Community Forum was provided through Open City Hall for members of the public to provide input on the various components of the Downtown Flexible Density Program. The forum was designed to facilitate an open discussion regarding the needs of housing within the Downtown area. Participants were asked to provide their feedback on the key components of the program to meet the needs of the community.

Open City Hall Community Forum:

https://www.opentownhall.com/portals/189/Issue_12545

Response Summary

The Community Forum received 304 survey responses, which equals 15.2 hours of public comment. Of the 304 survey responses, approximately 58% conveyed support towards the proposed program, however, 37% expressed direct opposition to the program. The remaining 6% of the responses expressed hesitation toward the proposed program, a few of these responses indicated that they may have supported the program if it wasn't a specific key component of the Ordinance (the two main areas concerns were in regard to the inclusionary housing exemption, and the parking reduction).



Community Presentations

In addition to the Stakeholder Focus Groups, City staff conducted several community presentations on February 14 through March 2, 2023, for various community groups, such as the Downtown Association Board of Directors, Chamber of Commerce, the Regional Housing Action Team, and the Developer's Roundtable. The presentations consisted of an overview of the Downtown Flexible Density Program, followed by opportunity for feedback on any of the key components of the Program.



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Downtown Association: Board of Directors – February 14, 2023

Attendees asked for clarification on how many residential units exist downtown (214) and how many more units are planned in the pipeline (~300 residential units). The group expressed support for incentivizing relevant infrastructure such as grocery stores.

Suggestions:

- Provide information on where the existing residents within downtown currently park their vehicles.

Chamber of Commerce – February 16, 2023

Attendees conveyed support of the program although they would like to see the program go even further. Attendees asked for clarification on existing and proposed parking requirements, the group expressed concerns about the 500-unit cap could result in a 'land grab'. There was also a concern that the unit cap based on permit entitlement or issuance may not result in the units actually being built within the Housing Cycle. The group also expressed support for expanding the boundaries of the program beyond the Downtown Core.

Suggestions:

- Provide a streamlined process for projects that have received entitlements to be modified under the program.
- Expand the program boundaries to include more properties north and south of downtown.
- Eliminate parking requirements for qualifying units under the program.
- Eliminate the 500-unit cap, or change program based on occupancy rather than entitlement, to ensure the units get built.

Regional Housing Action Team – February 16, 2023

The Regional Housing Action Team is a group of representatives from each municipality within SLO County to discuss Housing initiatives and programs and provide a platform for collaboration and information sharing.

Attendees asked questions related to processing and public outreach efforts. The group also asked for clarification on how the program works with Density Bonus Law and other State Law initiatives. The purpose of the meeting was limited to information sharing, the group did not convey any notions of support or opposition.

Suggestions: No suggestions were provided.

Developer's Roundtable – March 2, 2023

The Developer's Roundtable is a group of representatives from various private development groups that operate within the City of SLO.



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Attendees asked questions related to the applicability of Building Codes for life safety regarding the conversion of existing upper story offices into housing projects under the program. Attendees also asked a series of clarifying questions related to the City's Parking In-lieu Fee District, to better understand the implications of existing and proposed parking requirements under the program.

Suggestions: No suggestions were provided.

TAKEAWAYS

Some of the overall themes from the extensive engagement activities are highlighted below.

What Participants Value

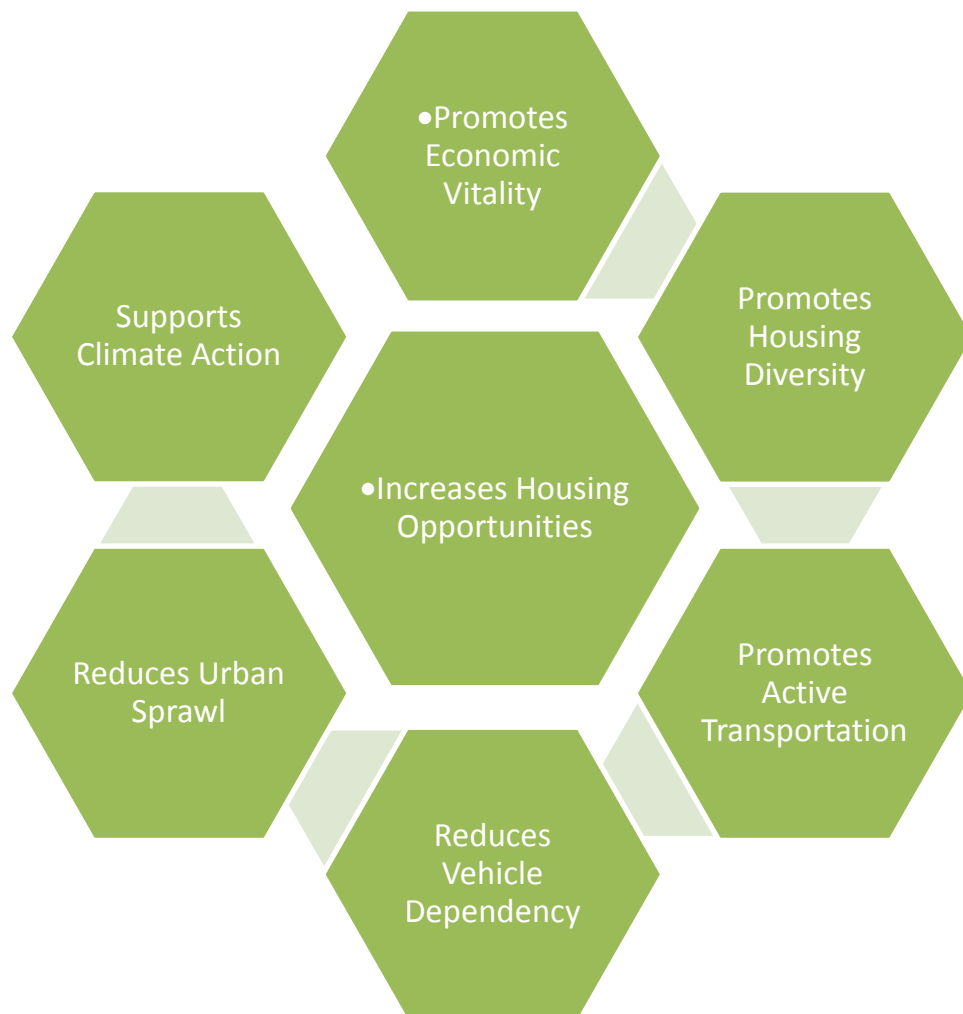
From the input gathered throughout the Downtown Flexible Density Program outreach process to date, we have learned that the majority of participants value the following things about the proposed program:

- Increases the supply of housing within downtown.
- Promotes community goals for economic vitality for downtown businesses.
- Provides more options for single household living within downtown.
- Promotes community goals for active transportation such as bicycle and transit infrastructure and reduces vehicle dependency.
- Prevents urban sprawl and preserves the city's green belt by focusing development within the urban core rather than expanding out.
- Supports Climate Action initiatives that may help in reducing greenhouse gas emissions throughout the community.



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Common Concerns

"If the Flexible Density ordinance didn't ease the IHO, you'd get a yes vote from me, but for now it's a no." – Quote from Open City Hall Community Forum

During the public engagement activities, public stakeholders and community members provided hundreds of comments that help us better understand concerns related to the implementation of the Program. Comments from those who expressed opposition or hesitancy toward the proposed Program, identified the following prevailing themes:



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Parking

- There is already a deficiency of parking downtown, more housing with parking reductions may exacerbate the downtown parking problem.

Affordability

- The exemption from the Inclusionary Housing Requirements will further increase the disparity of housing that would be attainable for the community's workforce.

Overcrowding

- Adding more housing downtown will result in overcrowding, which may have a correlation to an increase in crime and noise in the community.

Traffic

- Additional housing downtown will increase traffic throughout the community.

Unit Size

- The 600 square foot unit size does not accommodate housing for families

Water

- Water availability needs to be assured for the existing residences before increasing opportunities for more housing.

Views

- The Program may result in taller buildings throughout the downtown area, which may block views towards the surrounding hills.

Ideas and Suggestions

A list of public recommendations has been provided below for consideration by the Planning Commission.

1. Affordable Housing: The Program should require compliance with Inclusionary Housing Requirements or increase affordable housing requirements – design for existing residents/workforce.



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2. Active Transportation: Enhance existing bicycle and transit infrastructure, ensure readily available bicycle parking is provided for residents, consider Bike Share Program.
3. Unit Sizes: Increase the size of the units within the Program and allow for more unit type configurations such as two-bedroom units.
4. More Parking: Do not provide for any parking reductions associated with the program.
5. Less Parking: Reduce parking requirements further or eliminate minimum parking requirements altogether.
6. Expand the Downtown Residential Overnight Parking Program and provide discounts for low-income households.
7. Remove the 500-unit limit within the program, or change program based on occupancy rather than entitlement, to ensure the units get built.
8. Consider expanding the program boundaries beyond the Downtown Core.
9. Reduce fees associated with development of housing projects, provide opportunities for permit streamlining.
10. Require open air stairs, positive air pressure systems, communal open spaces, and freight elevators to plan for higher density living during future pandemics.

Next Steps

These suggestions will be provided in the final draft of the Downtown Flexible Density Program, as part of the City Council Agenda Report. A hearing with the City Council is tentatively scheduled for Tuesday, March 21, 2023.