



Department: Community Development
Cost Center: 4008
For Agenda of: 7/11/2023
Placement: Business
Estimated Time: 30 minutes

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SUBJECT: REGIONAL HOUSING AND INFRASTRUCTURE PLAN

RECOMMENDATION

It is recommended that the City Council provide support and receive and file Regional Housing and Infrastructure Plan (HIP) as an ongoing commitment to be engaged in the 2020 San Luis Obispo Countywide Regional Compact previously referenced as part of the City's General Plan 6th Cycle Housing Element.

REPORT-IN-BRIEF

The Regional Housing and Infrastructure Plan (HIP) (Attachment A, Summary; Attachment B, Full Text) is intended to help accelerate housing development where it makes the most sense given regional conditions and community readiness. The HIP creates an inventory of infrastructure projects needed to enable housing, identifies funding opportunities to implement infrastructure priorities, studies housing affordability in the region, and develops foundational information for the future 2027 Regional Housing Needs Assessment (RHNA) and other future regional programs. The HIP is the next necessary collaborative action between the seven Cities, County and SLOCOG along the region's path to addressing the region's growing housing and infrastructure needs.

POLICY CONTEXT

The proposed Regional Housing Infrastructure Plan (HIP) is in alignment with the City's Major City Goal for Housing and Homelessness in that it promotes accessibly connected housing production and the expansion of housing options:

Housing and Homelessness - Support the expansion of housing options for all, and continue to facilitate the production of housing, including the necessary supporting infrastructure, with an emphasis on affordable and workforce housing as well as accessibly connected development. Collaborate with local non-profit partners, non-governmental agencies, the county, the state, and federal governments to advocate for increased funding and implementation of comprehensive and effective strategies to prevent and reduce homelessness.

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Additionally, chapter four of the City's 6th Cycle General Plan Housing Element includes the San Luis Obispo Countywide Regional Compact adopted by each jurisdiction in the county in 2020. It includes a series of regional goals to unlock potential for an adequate supply of housing and infrastructure that supports economic prosperity of the region.

The regional compact (also included in Attachment B4) includes eight policies from which to choose to support the Regional Compact vision and goals in a way that works for its jurisdiction and community:

R-1: Promote awareness and support of regional efforts that further housing and infrastructure resiliency by utilizing community engagement, and consistent and transparent communication.

R-2: Encourage an adequate housing supply and resilient infrastructure, services, and resources to improve the balance of jobs and housing throughout the Region.

R-3: Develop inter-agency partnerships as appropriate to implement goals and policies related to housing and infrastructure.

R-4: Coordinate State, Federal, and other funding opportunities for housing and infrastructure development throughout the Region.

R-5: Encourage developers to sell newly constructed housing units to individuals residing or employed within the area of the development (a city or the County) first before selling to individuals from outside the County, to promote local preference.

R-6: Encourage rental units be prioritized for long term residents rather than short term users or vacation rentals.

R-7: Support housing development that is located within existing communities and strategically planned areas.

R-8: Encourage regional collaboration on a menu of housing types, models, and efforts to support streamlined approvals for such developments (i.e. Accessory Dwelling Units, etc.).

The HIP is intended to signify another milestone on a path to regional collaboration and fulfilling the Regional Compact that's included in the City's General Plan 6th Cycle Housing Element.

DISCUSSION

Background

Meeting the housing needs of the San Luis Obispo region is a challenge shared by all eight local land use jurisdictions (the seven Cities and County of San Luis Obispo (County), San Luis Obispo Council of Governments (SLOCOG), organizations who develop and build housing, as well as local community members. This challenge is larger than any one entity can solve alone and will require the collective actions of all local partners. With this great challenge also comes an opportunity for regional collaboration. Regional partners recognized the need to work collaboratively to solve the critical shortage of infrastructure resources and housing attainability in the region. And so, in 2019, the County allocated resources to launch a new regional collaborative initiative. Since its inception, the Regional Housing & Infrastructure Plan (HIP) has been part of a phased approach intended to address three major goals:

- Foster regional collaboration (*action taken in 2020*);
- Align land use planning documents that support the City’s General Plan (*action taken in 2020*); and
- Create the HIP (*draft under review via today’s item*).

Components of the Regional Housing Infrastructure Plan (HIP)

The full summary of the process and components of the HIP are included in Attachments A and B. Table 1 below includes what each component is and potential uses for agencies depending on individualized budgets and goals. The HIP data included in components 1-4 in Attachments A and B, include Housing Highlights, Project Inventories, a mapping tool and Housing Efficiency Analysis, and demonstrate that for the City of San Luis Obispo, significant progress in housing projection continues, balancing access, and water and wastewater capacity for the community and in satisfying state RHNA goals.

Table 1 HIP Components

HIP Components	What Each Component Is	Possible Individual Agency Use
1. Housing Highlights	Communication tool: Understanding the need for housing, affordability, and opportunities	<i>Voluntary</i> use of a communication tool to convey housing challenge and community call to action
2. Data and Project Inventory	Infrastructure barriers to housing	Recognizes community’s needs and connects to regional inventory
3. HIP Mapping Tool	Living strategic analysis tool used to show the interrelation between housing and infrastructure	Visual tool connecting each community’s plans to overall regional scale

HIP Components	What Each Component Is	Possible Individual Agency Use
4. Housing Efficiency Analysis	Housing Efficient Areas in HIP	Recognizes community's plans and serves as leverage for future infrastructure funding sources
5. Infrastructure Prioritization	Region's highest priority projects to unlock housing	Identify importance of community's needs in supporting regional housing supply
6. Funding Strategies Assessment	Funding the region could pursue for priority infrastructure projects	Identifies <i>possible</i> funding sources that each community or partners could pursue to cover funding gaps
7. Affordable-by-Design Study	Menu of possible policies to increase housing attainability	<i>Voluntary</i> use of menu of options for possible policies to implement

Significantly, HIP Component 5 provides a comprehensive prioritization of regional infrastructure projects (transportation and water and wastewater capacity projects) that would accelerate new housing development. Eighty infrastructure projects are identified and ranked as high, medium or low priority throughout the region based on three factors:

- 1) If the project is needed for new housing;
- 2) Benefit/cost (i.e., investment cost per additional potential housing units served);
- 3) Whether there are significant barriers to development.

Notably, a total of 26 projects are included and ranked for the City of San Luis Obispo to promote housing supply: 23 projects are prioritized as High, and an additional 3 projects are ranked as Medium given the regional criteria as shown in Attachment B1. None of the City's listed projects are ranked as Low. All of the projects are transportation related except for one water/wastewater project ranked High: addressing capacity constraints on sewer conveyance network, additional water storage tanks and water transmission main needed.

HIP component 6 describes a funding strategies assessment underway that would identify funding sources that would reasonably implement the prioritized projects. Agencies are encouraged to review the assessment and consider the project's benefit for housing production and contribution to regional housing efforts.

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Finally, HIP component 7 includes preliminary findings of an Affordable-by-Design study that was undertaken to evaluate housing affordability characteristics for each of the seven cities and unincorporated areas to identify the persistent and prevalent question if units can be built to meet low or moderate income categories without being income or rent-restricted.

Initial findings from the study include:

- Design helps, but does not guarantee affordability.
- Market rate rental housing is close to affordability targets in some areas, but regulatory changes are necessary for most areas of the county.
- Only manufactured housing met target price points for new for-sale housing.
- Factors that make for-sale housing more affordable in other areas may not translate to this region's current market.

Each component is described in more detail in Attachments A and B.

It should be noted that while each agency can plan for housing and remove housing barriers, agencies do not build or develop housing. Nothing in the HIP mandates action by any of the jurisdictions or commits a jurisdiction to change its General Plan. However, voluntary opportunities for action that could accelerate the development of needed housing in the regional are discussed and identified, some examples of which are included below. The City, through previous and continuing implementation of the major city goal for housing and homelessness has implemented many of the actions identified and through continuing work programs (including those for missing middle housing) and the capital improvement program, additional progress is anticipated.

- Agency(ies) may consider pursuing funding opportunities (i.e. grants) identified for a priority infrastructure project to cover funding gaps.
- Agency(ies) may consider implementation of affordable-by-design policies appropriate to each unique community and its needs.
- Agency(ies) may consider programmatic changes to improve approval process timelines such as directing staff to identify ways to improve response time for housing project approval or coordinating with other agencies to align and streamline processes.
- Agency(ies) may consider updating its analysis approach to prioritizing the community's needed infrastructure projects in order to most impactfully increase housing supply.
- Agency(ies) may consider using the HIP to help justify the benefit of a community's priority infrastructure project towards increasing the region's future housing supply, making it more competitive in a number of State and Federal funding programs.
- SLOCOG and agencies may consider using the HIP as a foundation for negotiating where the region's housing needs are best met (e.g. future RHNA cycle allocations).

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Importantly, the last two bullets listed above relate to use of the HIP for increasing the competitiveness of projects for state and federal funding, and in proactively planning for the next RHNA allocations that will start in the next couple of years. In this way, the acknowledgement of City progress to date as well as high prioritization ranking of many projects in the City, is considered beneficial going forward as the City continues to implement City goals for housing and homelessness in response to the housing crisis.

Previous Council or Advisory Body Action

On March 17, 2000, City Council adopted [Resolution No. 11100 \(2020 Series\)](#) endorsing the San Luis Obispo Countywide Regional Compact.

On November 17, 2020, the City Council adopted [Resolution No. 11190 \(2020 Series\)](#) approving and adopting a Negative Declaration of Environmental Impact and the [General Plan 6th Cycle Housing Element](#).

Public Engagement

Public Engagement for the HIP is described in detail in Attachment C that describes the Stakeholder Process implemented for the HIP.

CONCURRENCE

On June 13, 2023, a presentation was made by the REACH/Koble Collaborative, Inc. team to the City's staff leadership team who received the presentation, who had the opportunity to ask questions and make comments on the plan. While staff assessment of the HIP, including the currently ranked projects, is underway, Public Works, Parks and Recreation Community Development and Utilities staff concur with recommending City Council's support of the HIP and its objectives.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act does not apply to the recommended action in this report because the action does not constitute a "Project" under CEQA Guidelines Sec. 15378.

FISCAL IMPACT

Budgeted: Yes/No

Budget Year: 2023-24

Funding Identified: Yes/No

Fiscal Analysis:

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund	\$	\$	\$	\$
State				
Federal				
Fees				
Other:				
Total	\$0	\$0	\$0	\$0

There is no fiscal impact for stating support of the HIP. As noted above, the City has already taken action to accelerate the production of housing. Further actions by the City may have financial impacts, and those will be considered and described in future agenda reports, as necessary.

ALTERNATIVES

1. **Receive presentation and provide comments supporting** the Regional Housing and Infrastructure Plan as a recommitment to the 2020 San Luis Obispo Countywide Regional Compact, and direct staff to return to the Council in the fall of 2023 to discuss implementation of components of the plan.
2. **Receive presentation and provide comments not in support** of the Regional Housing and Infrastructure Plan.

ATTACHMENTS

- A - Summary of Regional Housing and Infrastructure Plan
- B - Draft Regional Housing and Infrastructure Plan (HIP)
 - B1 – HIP Appendix A: Draft List of HIP Infrastructure Priorities
 - B2 – HIP Appendix B: Affordable-by-Design Study Preliminary Information
 - B3 – HIP Appendix C: Funding Strategies Assessment Preliminary Information
 - B4 – HIP Appendix D: Regional Compact and Housing Element Regional Chapter
- C - HIP Stakeholder Process