



# REGIONAL HOUSING & **INFRASTRUCTURE PLAN**

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## **HOUSING NEEDS & HIGHLIGHTS**

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Prepared for: San Luis Obispo Council of Governments

By REACH in association with



## SETTING THE STAGE FOR NEW PROGRESS

San Luis Obispo County has long been prized for its quality of life, but the perception is increasingly overshadowed by high, often out-of-reach housing costs.

It's an issue that ripples throughout the community, and one that holds our collective future. What's at stake is whether SLO County becomes a place where our children, friends and neighbors are forced to move elsewhere in search of housing they can afford, where our local businesses are stunted because they can't find or keep employees — or whether we work collaboratively to build a housing stock sufficient to achieve balanced communities.

There have been bright spots of success: thoughtful projects developed with engagement from the community, progress in streamlining processes and allowing new types of housing. There's been increased collaboration between cities as well as between public and private partners. Through these collaborations, projects are shifting to balance community character and ranges of affordability. These are positive steps. Meeting the scale of the need, however, requires a strategic, coordinated approach.

The seven Cities, SLO County and SLOCOG lit the path with the [2020 Regional Compact](#), a shared commitment to developing the housing and infrastructure needed to support vibrant communities and economic prosperity. The [Regional Housing and Infrastructure Plan](#) folds in the strategic framework and private-sector engagement to operationalize that commitment.

To supplement those components, here's a quick look at what's driving the effort, some highlights of progress, and the opportunities ahead.



## THE CASE FOR ACTION

### **1. Sufficient housing is a vital element of a healthy community and economy.**

This encompasses a diversity of housing types across income types.

### **2. Housing production on the Central Coast has not kept pace with community needs.**

Like many communities, the Central Coast has a severe housing shortage that has fueled an affordability crisis.

### **3. Planned well, new construction can mitigate impacts of growth.**

Increasing housing availability near jobs can reduce traffic, emissions, and other environmental impacts.

### **4. Action is needed from a spectrum of public and private sector players.**

Each is needed to play their part in a functioning housing ecosystem.

### **5. A united framework is the key to progress.**

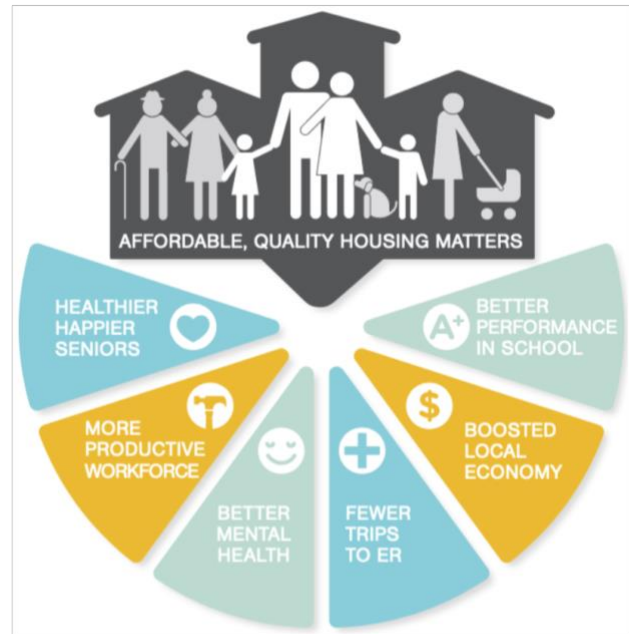
With the 2020 Regional Compact as a solid foundation, we can collectively accelerate housing production in a way that makes sense for the region.

# 1. SUFFICIENT HOUSING IS A VITAL ELEMENT OF A HEALTHY COMMUNITY AND ECONOMY.

At its core, housing is about supporting people's basic needs. It's a cornerstone of a community's quality of life.

Housing plays an outsized role in individual and community outcomes, from health and education to productivity and prosperity.

For businesses, housing is a key factor in attracting and retaining local employees, which in turn influences location and expansion decisions and ultimately, the community's economic resilience.



Source: Austin Community Foundation Housing Report

*A healthy housing supply includes a diversity of housing types across income types.*

A diversity of housing options is needed to adequately serve all residents of a community, from growing families needing more space, seniors looking to downsize and workers looking for housing near jobs.

This continuum can also be viewed as a ladder, providing opportunity to move up the rungs. When rungs are missing or broken, friends and colleagues are forced to move away or set aside dreams of attaining home ownership, which widens the gap for those below to move up, while the number of unsheltered residents swells.



[Canada Mortgage and Housing Corporation](#)

## 2. HOUSING PRODUCTION HAS NOT KEPT PACE WITH COMMUNITY NEEDS.

The contributing factors are many and the problem is not unique to SLO County, but the bottom line is our region has not produced enough housing to support our residents and jobs.

This gap has fueled an affordability crisis that reaches into every corner of our community, from young families looking to grow to seniors looking to downsize affordably.

The many impacts span longer commutes as workers seek more affordable housing, parents unable to find childcare, classroom overcrowding from lack of teachers, and up to year-long waits for rescheduled doctor visits.

Cumulatively, the undersupply of housing is the region's biggest drag on individual and community prosperity and job creation.

High housing prices widen the income disparity and push jobs that were traditionally middle class, such as nursing, teaching and public safety, down the economic ladder.

Employers struggle to attract and retain workers while workers struggle to find housing near jobs. That's led to a 6- to 8-month recruitment timeline for public safety positions and local businesses cutting back services or deciding to expand elsewhere.

**"The lack of affordable housing along the coast is the primary constraint holding back job expansion."**

— **Taner Osman**

*Research Manager at Beacon Economics and the UCR  
Center for Economic Forecasting*

### Q1 2023

#### 12%

percentage of households that can afford to purchase a median-priced, single-family home

#### \$843,500

median home price

#### \$209,200

minimum qualifying income to purchase median-priced home\*

### Pre-pandemic

#### 86%

believe the region's young people will be unable to afford to live/work here in adulthood

#### 1 in 529

believe housing is affordable

\*at 30% of income affordability standard

California Association of Realtors & REACH Poll

### 3. PLANNED WELL, NEW HOUSING CAN MITIGATE IMPACTS OF GROWTH.

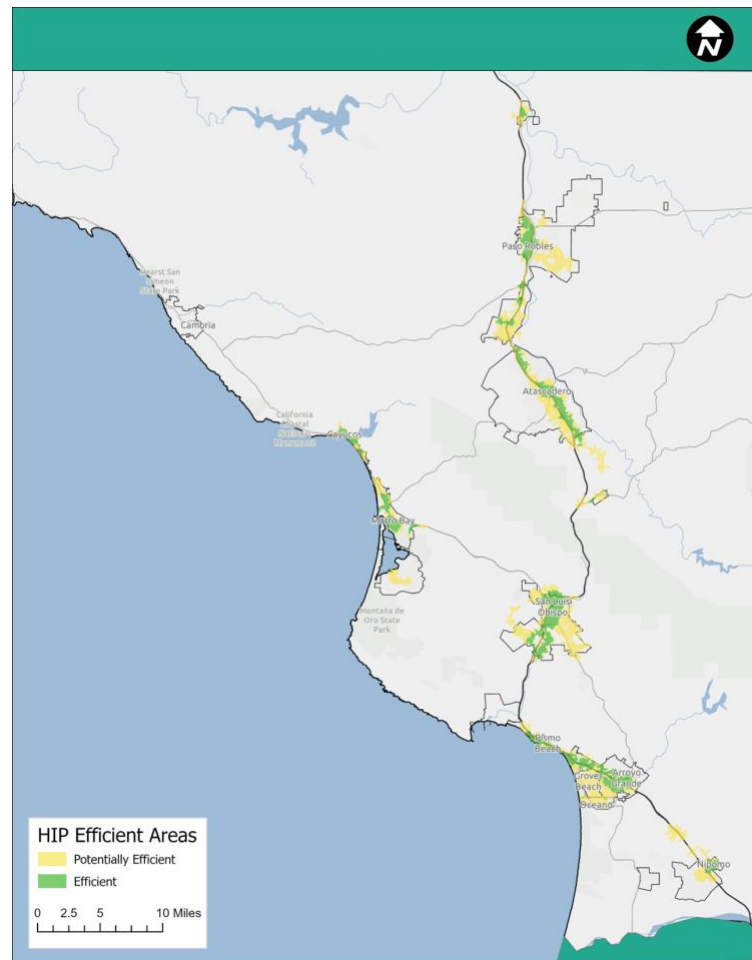
Planned and sited strategically, new housing can reduce the strains of growth rather than compound them – building more thriving and sustainable communities. This can be accomplished by building housing close to jobs in areas with the transportation, water and wastewater infrastructure to support them.

Building in [housing-efficient areas](#) closer to jobs:

- reduces air pollution from greenhouse gas emissions
- reduces road congestion and time spent sitting in traffic
- reduces sprawl and preserves agricultural land and open space

Plus, new units are almost always more energy- and water-efficient than existing housing.

The region has long worked to strike a balance between growth and preserving our natural amenities. This has led to projects that enhance our sense of place by connecting our commercial corridors, integrating walking paths through public spaces, and matching architectural lines with the shapes of the surrounding hills.



Continuing to grow in a way that makes sense for our region calls for robust analysis of existing infrastructure and resources as well as targeted investment in new infrastructure projects that can pave the way for efficient growth.

## 4. ACTION IS NEEDED FROM A SPECTRUM OF PUBLIC AND PRIVATE SECTOR PLAYERS.

An ecosystem of stakeholders contribute to the housing landscape, from the government agencies that set policy and approve projects to the developers and builders who construct them.

It follows that no single agency, jurisdiction or organization can solve our region's housing and infrastructure challenges alone. Each is needed to play its part in overcoming barriers, streamlining processes and ramping up production.



Source: REACH

Our public and private sectors have worked together on many successful projects and hold the potential to make meaningful progress on our housing shortage. To navigate that road, we must resist pointing fingers and deflecting responsibility and instead rise to the challenges of optimizing our particular role and collaborating toward a shared vision. Collective interests must rise above independent ones in pursuit of outcomes that lift the region as a whole.

## 5. A UNITED FRAMEWORK IS THE KEY TO PROGRESS.

A systems-level approach is needed to make headway on such a complex and entrenched challenge.

The [2020 Regional Compact](#) laid the foundation, with a shared regional commitment to accelerate housing production in alignment with values around quality of life, natural resources and inclusivity.

The [Regional Housing and Infrastructure Plan](#) provides the tools to put that commitment into action, including pinpointing the most efficient areas for growth, a robust analysis of infrastructure needs, affordable-by-design strategies, and potential funding sources.

These tools enable the region to direct infrastructure and housing development where it makes sense, in harmony with community plans and the need for jobs-housing balance.

The work to align resources, policies and actions lies ahead, but with the signatories committed to acting as partners, this framework holds the promise for SLO County to become a statewide leader in sustaining vibrant communities.

### Shared Goals of the Regional Compact

<b>Strengthen community quality of life</b>	We believe that our Region's quality of life depends on four cornerstones to foster a stable and healthy economy for all: resilient infrastructure, services, and resources, adequate housing supply, business opportunities, and educational pathways.
<b>Share regional prosperity</b>	We believe that our Region should share the impacts and benefits of achieving enduring quality of life among all people, sectors and interests.
<b>Create balanced communities</b>	We believe that our Region should encourage new development that helps to improve the balance of jobs and housing throughout the Region, providing more opportunities for residents to live and work in the same community.
<b>Value agricultural &amp; natural resources</b>	We believe that our Region's unique agricultural resources, open space, and natural environments play a vital role in sustaining healthy local communities and a healthy economy, and therefore should be purposefully protected.
<b>Support equitable &amp; diverse opportunities</b>	We believe that our Region should support policies, actions and incentives that increase the diversity of housing available to people at all income levels.
<b>Foster accelerated housing production</b>	We believe that our Region must achieve efficient planning and production of housing and focus on strategies that produce the greatest impact.



## PROGRESS HIGHLIGHTS

Progress can be seen across the county, from regional leadership and collaboration on housing to growing political and community support. Planners are embracing density and reducing barriers, and new projects are getting built. Here are some highlights.

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### SLO County

- The Nipomo CDS's Santa Maria water pipeline project has unlocked availability for growth in the Nipomo area
- Implementation of an on-line permit portal for digital permit submittals and improved website tools to assist with application submittals and zoning information
- The Cambria Pines Apartments is the first affordable housing project in Cambria in 30 years
- Streamlined and pre-reviewed ADU plans



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### Arroyo Grande

- 63 affordable units coming to Oak Park
- Adopted an ordinance to allow tiny homes on wheels
- Pursuing multiple water projects to meet current and future needs
- Streamlined permitting and reviews to provide some certainty for developers



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## Atascadero

- Infill sites and mixed use projects in commercial zones added density where it makes sense
- Led the County in making stock plans for ADUs available at no charge
- Small ABD cottage home community project currently in development
- Currently drafting a program that will defer the payment of impact fees for low and very low housing units



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## Grover Beach

- Rezoned “opportunity sites” for the potential development of affordable housing within the city
- \$48 million invested in improvements to local streets from Measure K-14
- Developing Objective Design Standards for all new residential and mixed-use projects
- Approved projects resulting in 104 units added to the community



## Morro Bay

- Partnership between HASLO and the City of Morro Bay fully funded a major affordable housing project
- 35-unit low income rental project at one of the primary city entryways
- Streamlined review process by increasing ministerial approvals and adding clarity in the requirements for applications and design review



## Paso Robles

- Oak Park project doubled density while providing much needed affordable housing
- Creston Corridor Project and Niblick Corridor Project will help both existing and future housing added over the next two decades
- Strong history of meeting RHNA numbers
- Community voted to approve a ½ percent sales tax measure (Measure K) and funds to be used for sidewalk and road maintenance



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## Pismo Beach

- 50-unit affordable housing project on 4th Street and senior affordable housing project on Shell Beach Road
- Adopted a Residential Very-High Density overlay that allows 50 units per acre for appropriately zone sites
- Adopted ADU regulations that balanced ADU aims with the Coastal Act



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## San Luis Obispo City

- Preserved 68 residential units for very low income levels through creative funding and partnerships
- Pro-housing culture in council and staff
- SLO Water Resource Recovery Facility (WRRF) upgrade allows recovery of resources traditionally classified as waste
- 214 affordable units under construction and another 257 affordable units entitled
- Streamlined discretionary review





## THE ROAD AHEAD: CHALLENGES AND OPPORTUNITIES.

SLO County's housing shortage will not be solved overnight. Change will take dedicated focus over years to come. But the scale of the challenge facing our residents and prosperity requires concerted action.

Challenges come in many forms, including: government workflows/process/procedures, state regulations, CEQA requirements, local ordinances or restrictions, lack of funding, lack of water resiliency or capacity to support growth, and labor costs.

But so do opportunities, from sharing and adopting best practices to collaborating on water supplies or ordinance templates.

The primary opportunities for HIP is to continue as a living strategic planning tool that helps to focus regional effort and offers tools for your agency and your community to consider in the future. More conversations will happen in the future regarding what implementation looks like but it will be important for each agency's continued commitment to making positive progress to address the challenges this county faces.

