



CITY OF ATASCADERO CITY COUNCIL AGENDA

HYBRID MEETING INFORMATION:

The City Council meeting will be available via teleconference for those who wish to participate remotely. The City Council meeting will also be held in the City Council Chambers and in-person attendance will be available at that location.

HOW TO OBSERVE THE MEETING REMOTELY:

To participate remotely, residents can livestream the meeting on [Zoom](#), SLO-SPAN.org, on Spectrum cable Channel 20 in Atascadero, and listen live on KPRL Radio 1230AM and 99.3FM. The video recording of the meeting will repeat daily on Channel 20 at 1:00 am, 9:00 am, and 6:00 pm and will be available through the City's website and on the City's YouTube Channel. To participate remotely using the Zoom platform please visit https://us02web.zoom.us/webinar/register/WN_ZwJ7a031S3KXauEym9ehaA.

HOW TO SUBMIT PUBLIC COMMENT:

Individuals who wish to provide public comment in-person may attend the meeting in the City Council Chambers. Individuals who wish to participate remotely may call **(669) 900-6833** (Meeting ID: 889 2347 9018) to listen and provide public comment via phone or via the [Zoom](#) platform using the link above.

If you wish to comment but not via a live platform, please email public comments to cityclerk@atascadero.org. Such email **comments must identify the Agenda Item Number in the subject line of the email**. The comments will be forwarded to the City Council and made a part of the administrative record. ***To ensure distribution to the City Council prior to consideration of the agenda, the public is encouraged to submit comments no later than 12:00 p.m. the day of the meeting.*** Those comments, as well as any comments received after that time, but before the close of the item, will be distributed to the City Council, posted on the City's website, and will be made part of the official public record of the meeting. ***Please note, email comments will not be read into the record.***

AMERICAN DISABILITY ACT ACCOMMODATIONS:

Any member of the public who needs accommodations should contact the City Clerk's Office at cityclerk@atascadero.org or by calling 805-470-3400 at least 48 hours prior to the meeting or time when services are needed. The City will use their best efforts to provide reasonable accommodations to afford as much accessibility as possible while also maintaining public safety in accordance with the City procedure for resolving reasonable accommodation requests.

City Council agendas and minutes may be viewed on the City's website: www.atascadero.org/agendas.

Copies of the staff reports or other documentation relating to each item of business referred to on the Agenda are on file in the office of the City Clerk and are available for public inspection on our website, www.atascadero.org. Contracts, Resolutions and Ordinances will be allocated a number once they are approved by the City Council. The Minutes of this meeting will reflect these numbers. All documents submitted by the public during Council meetings that are made a part of the record or referred to in their statement will be noted in the Minutes and available for review by contacting the City Clerk's office. All documents will be available for public inspection by appointment during City Hall business hours.



CITY OF ATASCADERO CITY COUNCIL

AGENDA

Tuesday, July 11, 2023

City Hall Council Chambers, 4th Floor
6500 Palma Avenue, Atascadero, California

<u>City Council Regular Session:</u>	6:00 P.M.
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REGULAR SESSION – CALL TO ORDER: 6:00 P.M.

PLEDGE OF ALLEGIANCE: Council Member Newsom

ROLL CALL:
Mayor Moreno
Mayor Pro Tem Funk
Council Member Bourbeau
Council Member Dariz
Council Member Newsom

APPROVAL OF AGENDA: Roll Call

Recommendation: Council:

1. Approve this agenda; and
2. Waive the reading in full of all ordinances appearing on this agenda, and the titles of the ordinances will be read aloud by the City Clerk at the first reading, after the motion and before the City Council votes.

PRESENTATIONS:

- 1. Commendation in Recognition of Retiring City Manager Rachelle Rickard's 26 Years of Dedicated Service to the City of Atascadero.**

A. CONSENT CALENDAR: (All items on the consent calendar are considered to be routine and non-controversial by City staff and will be approved by one motion if no member of the Council or public wishes to comment or ask questions. If comment or discussion is desired by anyone, the item will be removed from the Consent Calendar and will be considered in the listed sequence with an opportunity for any member of the public to address the Council concerning the item before action is taken.)

- 1. City Council Draft Action Minutes – June 27, 2023**

- Recommendation: Council approve the June 27, 2023 Draft City Council Regular Meeting Minutes. [City Clerk]

2. March 2023 Investment Report

- Fiscal Impact: None.
- Recommendation: Council receive and file the City Treasurer's report for quarter ending March 31, 2023. [City Treasurer]

3. Community Facilities District 2005-1 Annexation No. 25

- Fiscal Impact: Assessments for the Marketplace annexation are estimated to be between \$0 to \$71,680 annually beginning in fiscal year 2023-2024, and adjusted each year for inflation.
- Recommendation: Council adopt, on second reading, by title only, Draft Ordinance authorizing the levy of special taxes in Community Facilities District 2005-1 for certain annexation territory identified as Annexation No. 25. [Community Development]

4. 2023 Measure F-14 Pavement Rehabilitation Construction Award

- Fiscal Impact: \$4,000,000.
- Recommendation: Council:
 1. Award a construction contract for \$2,851,397 to Souza Construction for the 2023 Measure F-14 Pavement Rehabilitation Project (Project No. C2022R01); and
 2. Authorize the City Manager to execute a contract with Cannon Corp. for \$449,872 for Construction Management and Materials Testing Services for the 2023 Measure F-14 Pavement Rehabilitation Project (Phase I) and the Downtown Paving Project (Phase II). [Public Works]

5. Structure Fire Engine Replacement

- Fiscal Impact: \$1,003,524.
- Recommendation: Council authorize the City Manager to execute a contract with South Coast Fire Equipment, Inc. for a total cost of \$1,003,524 to build and deliver a Pierce Enforcer 2000 GPM Fire Engine. [Fire Department]

UPDATES FROM THE CITY MANAGER: (The City Manager will give an oral report on any current issues of concern to the City Council.)

COMMUNITY FORUM: (This portion of the meeting is reserved for persons wanting to address the Council on any matter not on this agenda and over which the Council has jurisdiction. Speakers are limited to three minutes. Please state your name for the record before making your presentation. Comments made during Community Forum will not be a subject of discussion. A maximum of 30 minutes will be allowed for Community Forum, unless changed by the Council. Comments will be allowed for the entire 30-minute period so if the final speaker has finished before the 30 minute period has ended and a member of the public wishes to make a comment after the Council has commenced another item, the member should alert the Clerk within the 30 minute period of their desire to make a comment and the Council will take up that comment upon completion of the item which was commenced. Any members of the public who have questions or need information may contact the City Clerk's Office, between the hours of 8:30 a.m. and 5:00 p.m. at (805) 470-3400, or cityclerk@atascadero.org.)

B. PUBLIC HEARINGS: None

C. MANAGEMENT REPORTS:

1. Draft Regional Housing & Infrastructure Plan

- Fiscal Impact: None.
- Recommendation: Council:
 1. Discuss and consider support for the Regional Housing & Infrastructure Plan, as a recommitment to the 2020 San Luis Obispo Countywide Regional Compact; and
 2. Provide staff general direction on future actions relating to implementation of the Regional Housing & Infrastructure Plan. [Community Development]

2. Development Process Streamlining

- Fiscal Impact: None.
- Recommendation: Council review and provide preliminary direction on the development of standards that will streamline the CEQA process. [Community Development]

D. COUNCIL ANNOUNCEMENTS AND COMMITTEE REPORTS: (On their own initiative, Council Members may make a brief announcement or a brief report on their own activities. The following represent standing committees. Informative status reports will be given, as felt necessary):

Mayor Moreno

1. City Selection Committee
2. County Mayors Round Table
3. Regional Economic Action Coalition (REACH)
4. SLO Council of Governments (SLOCOG)
5. SLO Regional Transit Authority (RTA)

Mayor Pro Tem Funk

1. Atascadero Basin Ground Water Sustainability Agency (GSA)
2. Design Review Committee
3. Homeless Services Oversight Council

Council Member Bourbeau

1. City of Atascadero Finance Committee
2. City / Schools Committee
3. Integrated Waste Management Authority (IWMA)
4. SLO County Water Resources Advisory Committee (WRAC)

Council Member Dariz

1. Air Pollution Control District
2. California Joint Powers Insurance Authority (CJPIA) Board
3. Community Action Partnership of San Luis Obispo (CAPSLO)
4. Design Review Committee
5. Visit SLO CAL Advisory Committee

Council Member Newsom

1. City of Atascadero Finance Committee
2. City / Schools Committee
3. League of California Cities – Council Liaison

E. INDIVIDUAL DETERMINATION AND / OR ACTION: (Council Members may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda. The Council may take action on items listed on the Agenda.)

1. City Council
2. City Clerk
3. City Treasurer
4. City Attorney
5. City Manager

ADJOURNMENT



CITY OF ATASCADERO CITY COUNCIL

DRAFT MINUTES

Tuesday, June 27, 2023

City Hall Council Chambers, 4th Floor
6500 Palma Avenue, Atascadero, California

City Council Regular Session:

6:00 P.M.

REGULAR SESSION – CALL TO ORDER: 6:00 P.M.

Mayor Moreno called the meeting to order at 6:00 p.m. and Council Member Dariz led the Pledge of Allegiance.

ROLL CALL:

Present: Council Members Bourbeau, Dariz, Newsom, Mayor Pro Tem Funk, and Mayor Moreno

Absent: None

Others Present: None

Staff Present: City Manager Rachelle Rickard, Administrative Services Director Jeri Rangel, Community Development Director Phil Dunsmore, Interim Police Chief Joe Allen, Public Works Director Nick DeBar, City Attorney Brian Pierik, Deputy City Manager/City Clerk Lara Christensen, Deputy City Manager – IT Luke Knight, and Deputy Economic and Community Development Director Loreli Cappel.

APPROVAL OF AGENDA:

Deputy City Manager/City Clerk Christensen noted that an updated Exhibit A to the Draft Resolution for Item #B-1 had been provided to the City Council at the dais, was posted to the Agenda page on the website and added to the Public Review book in the Council Chambers.

- MOTION:** By Council Member Bourbeau and seconded by Mayor Pro Tem Funk to:
1. Approve this agenda; and
 2. Waive the reading in full of all ordinances appearing on this agenda, and the titles of the ordinances will be read aloud by the City Clerk at the first reading, after the motion and before the City Council votes.

Motion passed 5:0 by a roll-call vote.

A. CONSENT CALENDAR:

1. City Council Draft Action Minutes – June 13, 2023

- Recommendation: Council approve the June 13, 2023 Draft City Council Regular Meeting Minutes. [City Clerk]

2. May 2023 Accounts Payable and Payroll

- Fiscal Impact: \$2,260,980.41.
- Recommendation: Council approve certified City accounts payable, payroll and payroll vendor checks for May 2023. [Administrative Services]

3. Cooperation Agreement with the County of San Luis Obispo for Department of Housing and Urban Development Community Development Programs for Fiscal Years 2024 through 2026

- Fiscal Impact: Continued availability of CDBG funding for CDBG eligible programs over the next three years, including approximately \$122,000 in funding for Fiscal Year 2024.
- Recommendation: Council approve the Cooperation Agreement with the County of San Luis Obispo for joint participation in the Community Development Block Grant Program, the Home Investment Partnerships Program, and the Emergency Solutions Grant Program for Fiscal Years 2024 through 2026. [Public Works]

Consent Calendar Item #A-4 was removed by Mayor Moreno for separate discussion and vote.

MOTION: By Council Member Bourbeau and seconded by Council Member Newsom to approve Consent Calendar Items #A-1 through #A-3 (#A-3: Contract No. 2023-016)

Motion passed 5:0 by a roll-call vote.

4. Reject Construction Bid and Re-evaluate Design Options for Downtown District Pavement Rehabilitation Project

- Fiscal Impact: Approximately \$20,000 of budgeted Local Transportation Funds for engineering consultant fees and staff time for plan revisions, phasing, and re-advertising the project.
- Recommendation: Council:
 1. Reject the bid received from Papich Construction Company, Inc. for \$3,371,786 for the Downtown District Pavement Rehabilitation Project (Project No. C2021R02); and
 2. Direct the City Engineer to evaluate and implement measures to reduce project costs and resolicit construction bids for the Downtown District Pavement Rehabilitation Project. [Public Works]

Mayor Moreno noted that due to campaign contribution rules for donations of \$250 or more, she would need to excuse herself from voting on this item. Mayor Moreno then stepped down from the dais and left the room.

PUBLIC COMMENT:

The following persons spoke on this item: None

Mayor Pro Tem Funk closed the Public Comment period.

MOTION: By Council Member Bourbeau and seconded by Council Member Newsom to:

1. Reject the bid received from Papich Construction Company, Inc. for \$3,371,786 for the Downtown District Pavement Rehabilitation Project (Project No. C2021R02); and
2. Direct the City Engineer to evaluate and implement measures to reduce project costs and resolicit construction bids for the Downtown District Pavement Rehabilitation Project.

Motion passed 4:0 by a roll-call vote. Mayor Moreno recused.

Mayor Moreno returned to the dais.

UPDATES FROM THE CITY MANAGER:

City Manager Rickard gave an update on projects and events within the City.

Public Works Director DeBar gave a brief update on upcoming construction in the Downtown.

COMMUNITY FORUM:

The following persons spoke in-person by telephone or through the webinar: Heather Branton.

B. PUBLIC HEARINGS:

1. Adopting Sewer Service Charges to be Added to the 2023-2024 Property Tax Rolls

- Fiscal Impact: Approximately \$4,702,570 in sewer service charges for Fiscal Year 2023-2024.
- Recommendation: Council:
 1. Conduct a public hearing to receive verbal testimony regarding the proposed sewer service charges to be levied onto property tax rolls; and
 2. Adopt Draft Resolution, approving sewer service charges to be added to the 2023-2024 property tax rolls. [Public Works]

Ex Parte: None

Public Works Director DeBar gave the report and answered questions from the Council. Director DeBar noted that Exhibit A to the Draft Resolution had been updated to include several missing APNs.

PUBLIC COMMENT:

The following persons spoke on this item: None

Mayor Moreno closed the Public Comment period.

MOTION: By Council Member Bourbeau and seconded by Council Member Funk to adopt Resolution No. 2023-062, with the updated Exhibit

A, approving sewer service charges to be added to the 2023-2024 property tax rolls.

Motion passed 5:0 by a roll-call vote.

2. Community Facilities District 2005-1 Annexation No. 25

- Fiscal Impact: Assessments for the Marketplace annexation are estimated to be between \$0-\$71,680 annually beginning in fiscal year 2023-2024, and adjusted each year for inflation.
- Recommendation: Council:
 1. Conduct the public hearing for the proposed annexation; and
 2. Adopt Draft Resolution A, authorizing the territory identified in City Council Resolution 2023-035 to be annexed into Community Facilities District No. 2005-1, authorizing the levy of a special tax and submitting the levy of a special tax to qualified electors; and
 3. Direct the City Clerk to conduct a landowner vote of annexations and collect and count the ballots.

Council to recess until ballots are counted.

4. Adopt Draft Resolution B, declaring the results of a special annexation landowner election for Annexation No. 25, determining the validity of prior proceedings and directing the recording of an amendment to the notice of special tax lien; and
5. Introduce, for first reading, by title only, Draft Ordinance, authorizing the levy of special taxes in Community Facilities District 2005-1 for certain annexation territory identified as Annexation No. 25.
[Community Development]

Ex Parte: None

Community Development Director Dunsmore gave the report and answered questions from the Council.

PUBLIC COMMENT:

The following persons spoke on this item: None

Mayor Moreno closed the Public Comment period.

MOTION: By Council Member Bourbeau and seconded by Mayor Pro Tem Funk to:

1. **Adopt Resolution No. 2023-063, authorizing the territory identified in City Council Resolution 2023-035 to be annexed into Community Facilities District No. 2005-1, authorizing the levy of a special tax and submitting the levy of a special tax to qualified electors; and**
2. **Direct the City Clerk to conduct a landowner vote of annexation and collect and count the ballots.**

Motion passed 5:0 by a roll-call vote.

Deputy City Manager/City Clerk Christensen announced that thirteen votes (one ballot) were received and were all in favor.

MOTION: By Council Member Bourbeau and seconded by Council Member Dariz to:

1. Adopt Resolution No. 2023-064, declaring the results of a special annexation landowner election for Annexation No. 25, determining the validity of prior proceedings and directing the recording of an amendment to the notice of special tax lien; and
2. Introduce for first reading, by title only, Draft Ordinance, authorizing the levy of special taxes in Community Facilities District 2005-1 for certain annexation territory identified as Annexation No. 25.

Deputy City Manager/City Clerk Christensen read the title of the Ordinance:

**AN ORDINANCE OF THE CITY COUNCIL
OF THE CITY OF ATASCADERO, CALIFORNIA, AUTHORIZING THE LEVY OF
SPECIAL TAXES IN COMMUNITY FACILITIES DISTRICT NO. 2005-1 (PUBLIC
SERVICES), INCLUDING CERTAIN ANNEXATION TERRITORY**

Motion passed 5:0 by a roll-call vote.

C. MANAGEMENT REPORTS:

1. Irrevocable Right to Use Agreement for Broadband Infrastructure

- Fiscal Impact: \$1,300,000 of one-time budgeted General Fund and SB 1090 monies, plus \$5,000 annual expenditure toward broadband service.
- Recommendation: Council authorize the City Manager to execute an agreement with Astound Broadband for the Irrevocable Right to Use (IRU) a fiber network for broadband infrastructure with 10 Gb/s internet access connection maintained by Astound. [Community Development]

Deputy Economic and Community Development Director Cappel gave the report and answered questions from the Council.

PUBLIC COMMENT:

The following persons spoke on this item: Michael Thomas, Maria Kelly, Jeff Buckingham, Ryan Erbstoesser, and Tim Williams.

Mayor Moreno closed the Public Comment period.

MOTION: By Mayor Moreno and seconded by Mayor Pro Tem Funk to authorize the City Manager to execute an agreement, substantially in the form accompanying the Staff Report as Attachment 1, with Astound Broadband for the Irrevocable Right to Use (IRU) a fiber network for broadband infrastructure with 10 Gb/s internet access connection maintained by Astound. (Contract No. 2023-017).

Motion passed 5:0 by a roll-call vote.

2. Atascadero Transit System Modification

- Fiscal Impact: Filing for transit funding under Article 8 will eliminate future Local Transportation Fund penalties due to farebox ratio noncompliance.
- Recommendation: Council approve Atascadero Transit service modifications, providing service to populations requiring special transportation assistance, and to file claims for funding through Local Transportation Funds under Article 8. [Public Works]

Public Works Director DeBar gave the report and answered questions from the Council.

PUBLIC COMMENT:

The following persons spoke on this item: None

Mayor Moreno closed the Public Comment period.

**MOTION: By Council Member Bourbeau and seconded by Council Member Newsom to approve Atascadero Transit service modifications, providing service to populations requiring special transportation assistance, and to file claims for funding through Local Transportation Funds under Article 8.
*Motion passed 5:0 by a roll-call vote.***

D. COUNCIL ANNOUNCEMENTS AND COMMITTEE REPORTS:

Mayor Moreno

1. County Mayors Round Table

Mayor Pro Tem Funk

1. Homeless Services Oversight Council

Council Member Bourbeau

1. Integrated Waste Management Authority (IWMA)

Council Member Dariz

3. Community Action Partnership of San Luis Obispo (CAPSLO)
4. Visit SLO CAL Advisory Committee

Council Member Newsom

1. League of California Cities – Council Liaison

E. INDIVIDUAL DETERMINATION AND / OR ACTION: None

F. ADJOURN

Mayor Moreno adjourned the meeting at 7:19 p.m.

MINUTES PREPARED BY:

Lara K. Christensen
Deputy City Manager / City Clerk

APPROVED:



Atascadero City Council

March 2023

Staff Report - City Treasurer

March 2023 Investment Report

RECOMMENDATION:

Council receive and file the City Treasurer's report for quarter ending March 31, 2023.

REPORT IN BRIEF:

Cash and Investments

Checking	\$ 4,584,116	
Zoo Credit Card Deposit Account	3,213	
Certificates of Deposit	15,440,238	
Government Securities	18,536,760	
Supranational Securities	3,012,941	
Municipal Securities	5,769,439	
LAIF	22,831,336	
Cash with Fiscal Agents	<u>2,648,996</u>	
Cash in Banks at March 31, 2023		\$ 72,827,039
Deposits in Transit		92,006
Timing Differences		<u>(413,159)</u>
Cash and Investments at March 31, 2023		<u>\$ 72,505,886</u>

Investment Activity

Securities Purchased:

Purchase Date	Description	Type	Cost	Maturity Date
01/18/23	US Treasury Notes CUSIP # 91282CEN7	Government Security	\$ 964,906	04/30/27
01/19/23	Inter-American Dev Bank CUSIP # 4581X0EH7	Supranational Security	1,013,525	01/12/28
02/01/23	US Treasury Notes CUSIP # 9128283W8	Government Security	479,602	02/15/28
02/10/23	First National Bk of Michigan Kalamazoo, MI	Certificate of Deposit	249,000	02/10/28
02/15/23	Belmont Bank & Trust Chicago, IL	Certificate of Deposit	249,000	02/15/28
02/17/23	Vision Bank St. Louis, MN	Certificate of Deposit	249,000	02/17/28
03/15/23	Federal Home Loan Bank CUSIP # 3130ATS57	Government Security	616,200	03/10/28

Investment Activity (continued)

Securities Purchased (continued):

<u>Purchase Date</u>	<u>Description</u>	<u>Type</u>	<u>Cost</u>	<u>Maturity Date</u>
03/16/23	First United Bank & Trust Durant, OK	Certificate of Deposit	\$ 118,180	02/09/26
03/16/23	Eaglebank Bethesda, MD	Certificate of Deposit	244,000	02/24/26
03/17/23	Affinity Bank Covington, GA	Certificate of Deposit	245,000	03/17/28
03/20/23	Bank Five Nine Oconomowoc, WI	Certificate of Deposit	245,000	03/20/28

Securities Matured:

<u>Maturity Date</u>	<u>Description</u>	<u>Type</u>	<u>Original Cost</u>	<u>Amount Matured</u>
01/18/23	Int'l Amer. Development Bank CUSIP #4581X0DA3	Supranational Security	\$ 492,375	\$ 500,000
01/18/23	Int'l Amer. Development Bank CUSIP #4581X0DA3	Supranational Security	500,850	500,000
02/21/23	Merrick Bank South Jordan, UT	Certificate of Deposit	245,000	245,000
03/10/23	Federal Home Loan Bank CUSIP #3130ADMX7	Government Security	495,166	500,000
03/24/23	Bell Bank Fargo, ND	Certificate of Deposit	245,000	245,000

Securities Sold Prior to Maturity:

None

Other Reportable Activities:

None

CITY OF ATASCADERO
TREASURER'S REPORT
CASH & INVESTMENTS ACTIVITY SUMMARY
for the quarter ending March 31, 2023

ITEM NUMBER:
DATE:

A-2
07/11/23

	<u>CHECKING ACCOUNTS</u>	<u>INVESTMENTS</u>	<u>FISCAL AGENT</u>	<u>TOTALS</u>
Balance per Banks at January 1, 2023	\$ 6,459,143	\$ 58,790,659	\$ 2,284,327	\$ 67,534,129
Receipts	14,364,089	105,190	24,401	14,493,680
Recognition of Premiums & Discounts	-	11,453	-	11,453
Disbursements	(9,025,617)	-	(186,606)	(9,212,223)
Transfers In	1,990,000	8,673,412	526,874	11,190,286
Transfers Out	<u>(9,200,286)</u>	<u>(1,990,000)</u>	<u>-</u>	<u>(11,190,286)</u>
Balance per Banks at March 31, 2023	<u>\$ 4,587,329</u>	<u>\$ 65,590,714</u>	<u>\$ 2,648,996</u>	72,827,039
Deposits in Transit				92,006
Timing Differences				<u>(413,159)</u>
Adjusted Treasurer's Balance				<u><u>\$ 72,505,886</u></u>

CITY OF ATASCADERO
INVESTMENT REPORT
March 31, 2023

ITEM NUMBER:
DATE:

A-2
07/11/23

<u>MATURITY DATE</u>	<u>DESCRIPTION (ISSUER)</u>	<u>PURCHASE DATE</u>	<u>INVESTMENT TYPE</u>	<u>INVESTMENT RATING</u>	<u>STATED % RATE</u>	<u>YIELD</u>	<u>FACE VALUE</u>	<u>PREMIUM/ (DISCOUNT)</u>	<u>COST OF INVESTMENT</u>	<u>MARKET VALUE</u>	<u>UNREALIZED GAIN / (LOSS)</u>
<i>Funds Managed by City</i>											
n/a	Local Agency Invest. Fund (LAIF)	n/a	State Investment Fund	n/a	n/a	2.83%	\$ 22,831,336	n/a	\$ 22,831,336	\$ 22,523,349	\$ (307,987)
n/a	Broker Money Market	n/a	Money Fund	n/a	n/a	Vary	-	n/a	-	-	-
04/11/23	Federal Farm Credit Bank CUSIP #3133EJKN8	04/11/18	Government Security	Aaa	2.70%	2.71%	\$ 500,000	\$ (2)	\$ 499,998	\$ 499,735	\$ (263)
04/12/23	Morgan Stanley Salt Lake City, UT	04/12/18	Certificate of Deposit	n/a	2.95%	2.95%	245,000	n/a	245,000	-	(245,000)
05/08/23	Old Missouri Bank Springfield, MO	05/06/19	Certificate of Deposit	n/a	2.50%	2.50%	100,000	n/a	100,000	-	(100,000)
05/09/23	Goldman Sachs New York, NY	05/09/18	Certificate of Deposit	n/a	3.15%	3.15%	245,000	n/a	245,000	-	(245,000)
06/06/23	Citibank Sioux Falls, SD	06/06/18	Certificate of Deposit	n/a	3.25%	3.25%	245,000	n/a	245,000	244,199	(801)
06/27/23	PeopleFirst Bank Joliet, IL	03/27/20	Certificate of Deposit	n/a	1.00%	1.00%	245,000	n/a	245,000	-	(245,000)
07/31/23	Int'l Finance Corporation CUSIP #45950KCP3	09/12/18	Supranational Security	Aaa	2.88%	2.90%	500,000	(42)	499,958	-	(499,958)
07/31/23	Medallion Bank Salt Lake City, UT	07/31/18	Certificate of Deposit	n/a	3.25%	3.25%	245,000	n/a	245,000	-	(245,000)
08/01/23	Discover Bank Wilmington, DE	08/01/18	Certificate of Deposit	n/a	3.35%	3.35%	245,000	n/a	245,000	243,596	(1,404)
09/26/23	MidSouth Bank Lafayette, LA	09/26/18	Certificate of Deposit	n/a	3.10%	3.10%	245,000	n/a	245,000	-	(245,000)
09/27/23	Int'l Bank for Recon & Develop CUSIP #459058GL1	02/06/19	Supranational Security	Aaa	3.00%	2.55%	500,000	1,102	501,102	-	(501,102)
09/27/23	Nicolet National Bank Green Bay, WI	03/27/20	Certificate of Deposit	n/a	1.25%	1.25%	245,000	n/a	245,000	-	(245,000)
09/29/23	Alma Bank Astoria, NY	03/31/20	Certificate of Deposit	n/a	1.10%	1.10%	245,000	n/a	245,000	240,281	(4,719)
10/13/23	Luther Burbank Savings Santa Rosa, CA	10/14/22	Certificate of Deposit	n/a	4.05%	4.05%	240,000	n/a	240,000	-	(240,000)

**CITY OF ATASCADERO
INVESTMENT REPORT
March 31, 2023**

**ITEM NUMBER:
DATE:**

**A-2
07/11/23**

MATURITY DATE	DESCRIPTION (ISSUER)	PURCHASE DATE	INVESTMENT TYPE	INVESTMENT RATING	STATED % RATE	YIELD	FACE VALUE	PREMIUM/ (DISCOUNT)	COST OF INVESTMENT	MARKET VALUE	UNREALIZED GAIN / (LOSS)
11/06/23	Federal Farm Credit Bank CUSIP #3133EJQ85	11/06/18	Government Security	n/a	3.05%	3.06%	\$ 500,000	\$ (24)	\$ 499,976	\$ 495,070	\$ (4,906)
11/08/23	Morgan Stanley Private Bank New York, NY	11/08/18	Certificate of Deposit	n/a	3.55%	3.55%	245,000	n/a	245,000	-	(245,000)
12/08/23	Federal Home Loan Bank CUSIP #3130AAHE1	04/30/20	Government Security	n/a	2.50%	0.39%	640,000	9,327	649,327	629,792	(19,535)
01/30/24	First Premier Bank Sioux Falls, SD	01/30/19	Certificate of Deposit	n/a	2.95%	2.95%	245,000	n/a	245,000	-	(245,000)
02/22/24	Bank of Delight Delight, AR	02/22/19	Certificate of Deposit	n/a	2.85%	2.85%	245,000	n/a	245,000	240,137	(4,863)
03/08/24	Federal Home Loan Bank CUSIP #3130AB3H7	03/07/19	Government Security	Aaa	2.38%	2.58%	750,000	(1,415)	748,585	734,910	(13,675)
03/27/24	First National Bank East Lansing, MI	03/27/19	Certificate of Deposit	n/a	2.75%	2.75%	245,000	n/a	245,000	-	(245,000)
04/26/24	Mainstreet Bank Fairfax, VA	05/01/19	Certificate of Deposit	n/a	2.60%	2.60%	245,000	n/a	245,000	-	(245,000)
05/13/24	Federal Farm Credit Bank CUSIP #3133EKLB0	05/13/19	Government Security	Aaa	2.31%	2.32%	500,000	(39)	499,961	488,345	(11,616)
05/16/24	Enterprise Bank Allison Park, PA	05/16/19	Certificate of Deposit	n/a	2.60%	2.60%	245,000	n/a	245,000	-	(245,000)
06/01/24	Tulare County Pension Bond CUSIP #899154AW8	09/28/20	Municipal Security	A1	3.56%	0.79%	120,000	3,847	123,847	-	(123,847)
06/26/24	Commerce Bank Geneva, MN	06/26/19	Certificate of Deposit	n/a	2.30%	2.30%	245,000	n/a	245,000	236,864	(8,136)
07/26/24	Abacus Federal Savings New York, NY	07/26/19	Certificate of Deposit	n/a	2.00%	2.00%	245,000	n/a	245,000	235,438	(9,562)
08/01/24	Federal Farm Credit Bank CUSIP 3133EJM55	07/24/19	Government Security	Aaa	3.25%	1.92%	427,000	7,420	434,420	419,732	(14,688)
08/19/24	CF Bank Worthington, OH	08/19/19	Certificate of Deposit	n/a	1.85%	1.85%	245,000	n/a	245,000	234,534	(10,466)
08/28/24	Int'l Bank for Recon & Develop CUSIP #459056HV2	10/18/19	Supranational Security	Aaa	1.50%	1.62%	500,000	(822)	499,178	-	(499,178)
08/28/24	Genoa Banking Company Genoa, OH	08/28/19	Certificate of Deposit	n/a	1.80%	1.80%	245,000	n/a	245,000	-	(245,000)

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08/30/24	Preferred Bank Los Angeles, CA	08/30/19	Certificate of Deposit	n/a	1.85%	1.85%	\$ 245,000	n/a	\$ 245,000	\$ -	\$ (245,000)
09/10/24	Peoples Bank Rock Valley, IA	03/23/20	Certificate of Deposit	n/a	1.50%	1.50%	100,000	n/a	100,000	-	(100,000)
09/20/24	Bank Deerfield Deerfield, WI	09/20/19	Certificate of Deposit	n/a	1.70%	1.70%	245,000	n/a	245,000	233,434	(11,566)
09/25/24	Grand River Bank Grandville, MI	03/25/20	Certificate of Deposit	n/a	1.00%	1.00%	245,000	n/a	245,000	-	(245,000)
10/15/24	Federal National Mortgage Assn CUSIP #3135G0W66	03/13/20	Government Security	Aaa	1.63%	0.81%	500,000	6,252	506,252	480,450	(25,802)
11/08/24	Raymond James Bank St. Petersburg, FL	11/08/19	Certificate of Deposit	n/a	1.80%	1.80%	245,000	n/a	245,000	-	(245,000)
11/18/24	Federal Farm Credit Bank CUSIP #3133ENZ94	11/23/22	Government Security	Aaa	4.50%	4.70%	400,000	(1,268)	398,732	400,784	2,052
12/13/24	Federal Home Loan Bank CUSIP #3130A3GE8	03/13/20	Government Security	Aaa	2.75%	0.84%	500,000	16,162	516,162	486,890	(29,272)
01/15/25	Int'l Bank for Recon & Develop CUSIP #459058HT3	01/16/20	Supranational Security	Aaa	1.63%	1.66%	500,000	(345)	499,655	-	(499,655)
01/20/25	Live Oak Banking Company Wilmington, NC	01/24/20	Certificate of Deposit	n/a	1.85%	1.85%	245,000	n/a	245,000	-	(245,000)
01/24/25	Baycoast Bank Swansea, MA	01/24/20	Certificate of Deposit	n/a	1.70%	1.70%	245,000	n/a	245,000	231,182	(13,818)
02/12/25	Federal Home Loan Mtge Corp CUSIP #3137EAEP0	03/13/20	Government Security	Aaa	1.50%	0.79%	500,000	6,593	506,593	475,950	(30,643)
03/03/25	Federal Farm Credit Bank CUSIP #3133ELQY3	03/04/20	Government Security	Aaa	1.21%	0.88%	500,000	3,108	503,108	471,875	(31,233)
03/26/25	Evergreen Bank Group Oak Brook, IL	03/26/20	Certificate of Deposit	n/a	1.00%	1.00%	245,000	n/a	245,000	-	(245,000)
03/27/25	Bank of Romney Romney, WV	03/27/20	Certificate of Deposit	n/a	1.15%	1.15%	245,000	n/a	245,000	227,370	(17,630)
03/27/25	First Jackson Bank Stevenson, AL	03/27/20	Certificate of Deposit	n/a	1.15%	1.15%	245,000	n/a	245,000	-	(245,000)
04/01/25	El Cajon Taxable Pension Obl CUSIP 282659AX9	01/27/21	Municipal Security	Aa	1.18%	0.70%	650,000	6,190	656,190	-	(656,190)

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04/28/25	First National Bank McGregor, TX	04/28/20	Certificate of Deposit	n/a	1.35%	1.35%	\$ 245,000	n/a	\$ 245,000	\$ -	\$ (245,000)
04/29/25	Flagstar Bank Troy, MI	03/26/20	Certificate of Deposit	n/a	1.15%	1.15%	245,000	n/a	245,000	-	(245,000)
05/15/25	Tennessee Valley Authority CUSIP #880591EW8	11/09/22	Government Security	Aaa	0.75%	4.77%	205,000	(16,476)	188,524	189,779	1,255
06/30/25	US Treasury Notes CUSIP #912828XZ8	04/13/22	Government Security	Aaa	2.75%	2.61%	500,000	1,440	501,440	486,600	(14,840)
07/01/25	University of California CUSIP #91412GU94	10/22/20	Municipal Security	Aa2	3.06%	0.81%	300,000	15,095	315,095	-	(315,095)
07/01/25	Northern Calif Power Agency CUSIP #664845FN9	04/13/22	Municipal Security	Aa3	2.39%	3.04%	305,000	(4,290)	300,710	-	(300,710)
08/18/25	Federal National Mortgage Assn CUSIP #3136G4M75	01/09/22	Government Security	Aaa	0.52%	4.70%	280,000	(26,120)	253,880	257,768	3,888
09/01/25	San Bernardino Successor Agency Swansea, MA	10/22/20	Municipal Security	Aa	4.00%	0.71%	175,000	13,819	188,819	-	(188,819)
09/12/25	Federal Home Loan Bank CUSIP #3130A6C70	10/04/22	Government Security	Aaa	2.63%	4.13%	570,000	(19,795)	550,205	548,671	(1,534)
10/01/25	Folsom Cordova School District CUSIP #34440PCN9	11/10/20	Municipal Security	Aa-	3.00%	1.00%	400,000	19,761	419,761	-	(419,761)
11/07/25	Federal National Mortgage Assn CUSIP #3135G06G3	12/14/20	Government Security	Aaa	0.50%	0.42%	500,000	1,036	501,036	457,455	(43,581)
11/15/25	Tulare Sewer Revenue CUSIP 899124MF5	12/11/20	Municipal Security	Aa	1.46%	0.58%	400,000	9,089	409,089	-	(409,089)
12/11/25	BMW Bank North America Salt Lake City, UT	12/11/20	Certificate of Deposit	n/a	0.50%	0.50%	245,000	n/a	245,000	218,957	(26,043)
12/18/25	Third Federal Savings & Loan Cleveland, OH	12/18/20	Certificate of Deposit	n/a	1.46%	1.46%	245,000	n/a	245,000	-	(245,000)
01/15/26	First Reliance Bank Florence, SC	01/15/21	Certificate of Deposit	n/a	0.30%	0.30%	245,000	n/a	245,000	-	(245,000)
01/22/26	ConnectOne Bank Englewood Cliffs, NJ	01/22/21	Certificate of Deposit	n/a	0.45%	0.45%	245,000	n/a	245,000	216,367	(28,633)
01/22/26	Luana Savings Bank Luana, IA	01/22/21	Certificate of Deposit	n/a	0.40%	0.40%	245,000	n/a	245,000	-	(245,000)

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02/09/26	First United Bank & Trust Durant, OK	03/16/23	Certificate of Deposit	n/a	4.25%	4.81%	\$ 120,000	\$ (1,796)	\$ 118,204	\$ -	\$ (118,204)
02/11/26	Ind'l & Com'l Bank of China New York, NY	02/22/21	Certificate of Deposit	n/a	0.45%	0.45%	245,000	n/a	245,000	-	(245,000)
02/24/26	Eaglebank Bethesda, MD	03/16/23	Certificate of Deposit	n/a	4.25%	4.25%	244,000	n/a	244,000	239,713	(4,287)
03/02/26	Federal Farm Credit Bank CUSIP #3133EFH91	03/03/21	Government Security	Aaa	2.22%	0.75%	876,000	37,113	913,113	828,547	(84,566)
03/27/26	Federal Agriculture Mtge Corp CUSIP #31422XDX7	03/30/21	Government Security	n/a	0.83%	0.87%	500,000	(560)	499,440	457,640	(41,800)
04/23/26	Malaga Bank Palos Verdes Peninsula, CA	04/23/21	Certificate of Deposit	n/a	0.55%	0.55%	245,000	n/a	245,000	-	(245,000)
04/24/26	Federal National Mortgage Assn CUSIP #3135G0K36	04/26/21	Government Security	Aaa	2.13%	0.77%	500,000	20,521	520,521	474,940	(45,581)
05/19/26	Eaglemark Savings Bank Reno, NV	05/19/21	Certificate of Deposit	n/a	0.70%	0.70%	245,000	n/a	245,000	-	(245,000)
05/31/26	US Treasury Notes CUSIP #91282CCF6	11/23/22	Government Security	Aaa	0.75%	4.15%	500,000	(49,954)	450,046	454,805	4,759
06/30/26	UBS Bank USA Salt Lake City, UT	05/19/21	Certificate of Deposit	n/a	0.90%	0.90%	245,000	n/a	245,000	-	(245,000)
07/01/26	New York Community Bank Hicksville, NY	06/29/21	Certificate of Deposit	n/a	0.85%	0.85%	245,000	n/a	245,000	-	(245,000)
07/22/26	Toyota Financial Savings Bank Henderson, NV	07/22/21	Certificate of Deposit	n/a	0.95%	0.95%	245,000	n/a	245,000	-	(245,000)
08/01/26	Rancho Adobe Fire Protection CUSIP #752096AE7	10/14/21	Municipal Security	Aa	1.43%	1.25%	260,000	1,522	261,522	-	(261,522)
08/13/26	Synchrony Bank Draper, UT	08/13/21	Certificate of Deposit	n/a	0.90%	0.90%	245,000	n/a	245,000	-	(245,000)
09/24/26	Federal National Mortgage Assn CUSIP #3135G0Q22	09/24/21	Government Security	Aaa	1.88%	0.80%	500,000	18,510	518,510	467,845	(50,665)
09/29/26	First Bank Richmond Richmond, IN	09/29/21	Certificate of Deposit	n/a	0.55%	0.55%	245,000	n/a	245,000	-	(245,000)
10/01/26	California Infrastructure Bonds CUSIP #13034AL73	10/05/22	Municipal Security	AAA	1.04%	4.69%	155,000	(18,122)	136,878	-	(136,878)

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10/01/26	Manteca Redevelopment Bonds CUSIP #56453RBA1	10/05/22	Municipal Security	AA	2.04%	4.81%	\$ 115,000	\$ (10,164)	\$ 104,836	\$ -	\$ (104,836)
10/31/26	US Treasury Notes CUSIP #912828YQ7	11/23/22	Government Security	Aaa	1.63%	4.07%	250,000	(20,212)	229,788	232,238	2,450
11/17/26	Capital One Bank Glen Allen, VA	11/17/21	Certificate of Deposit	n/a	1.10%	1.10%	245,000	n/a	245,000	214,294	(30,706)
11/17/26	Capital One National McLean, VA	11/17/21	Certificate of Deposit	n/a	1.10%	1.10%	245,000	n/a	245,000	214,294	(30,706)
12/21/26	Federal Home Loan Bank CUSIP #3130AQF65	12/30/21	Government Security	Aaa	1.25%	1.26%	500,000	(135)	499,865	455,340	(44,525)
12/28/26	Federal Farm Credit Bank CUSIP #3133EJ4E6	01/18/22	Government Security	Aaa	3.13%	1.58%	200,000	11,186	211,186	194,584	(16,602)
12/31/26	Bank Kremlin Kremlin, OK	12/31/21	Certificate of Deposit	n/a	1.05%	1.05%	245,000	n/a	245,000	212,648	(32,352)
01/15/27	San Joaquin Hills Trans Agency CUSIP # 798111HF0	01/19/22	Municipal Security	A2	2.15%	1.88%	500,000	4,901	504,901	-	(504,901)
02/10/27	Federal Agriculture Mtge Corp CUSIP #31422XTX0	02/17/22	Government Security	n/a	1.60%	1.96%	550,000	(7,340)	542,660	503,949	(38,712)
02/17/27	Beal Bank USA Las Vegas, NV	02/23/22	Certificate of Deposit	n/a	1.90%	1.90%	245,000	n/a	245,000	-	(245,000)
02/23/27	Sallie Mae Bank Salt Lake City, UT	10/13/22	Certificate of Deposit	n/a	2.20%	4.17%	184,000	(12,966)	171,034	-	(171,034)
03/01/27	Sonoma Marin Area Rail Transit CUSIP #835588BA1	12/07/22	Municipal Security	AA	1.73%	4.45%	500,000	(48,447)	451,553	-	(451,553)
03/12/27	Federal Home Loan Bank CUSIP #3130A3DU5	03/17/22	Government Security	Aaa	3.00%	2.20%	500,000	15,015	515,015	484,275	(30,740)
03/16/27	American Express Nat'l Bank Sandy, UT	03/16/22	Certificate of Deposit	n/a	2.00%	2.00%	245,000	n/a	245,000	219,515	(25,485)
03/17/27	Beal Bank Plano, TX	03/23/22	Certificate of Deposit	n/a	2.00%	2.00%	245,000	n/a	245,000	218,170	(26,830)
04/14/27	Comenity Capital Bank Draper, UT	04/14/22	Certificate of Deposit	n/a	2.65%	2.65%	245,000	n/a	245,000	224,714	(20,286)
04/30/27	US Treasury Notes CUSIP # 91282CEN7	01/18/23	Government Security	Aaa	2.75%	3.64%	1,000,000	(33,659)	966,341	963,790	(2,551)

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05/01/27	LA Unified School District CUSIP # 544646A77	05/11/22	Municipal Security	Aa3	5.72%	3.81%	\$ 500,000	\$ 35,943	\$ 535,943	\$ -	\$ (535,943)
05/15/27	US Treasury Notes CUSIP #912828X88	05/24/22	Government Security	Aaa	2.38%	2.87%	500,000	(9,451)	490,549	474,905	(15,644)
06/09/27	Federal Home Loan Bank CUSIP #3130A5JU4	06/22/22	Government Security	Aaa	3.04%	3.43%	200,000	(2,997)	197,003	193,792	(3,211)
06/11/27	Federal Home Loan Bank CUSIP #3130ASGU7	06/22/22	Government Security	Aaa	3.50%	3.41%	200,000	732	200,732	197,164	(3,568)
06/15/27	Federal Farm Credit Bank CUSIP #3133EHNRO	06/22/22	Government Security	Aaa	2.58%	3.43%	480,000	(15,803)	464,197	455,539	(8,658)
07/16/27	Federal Farm Credit Bank CUSIP #3133EAXT0	07/26/22	Government Security	Aaa	2.75%	2.98%	135,000	(1,236)	133,764	128,889	(4,875)
08/01/27	Corona Norco Ca Unif Sch Dist CUSIP # 219764SB4	08/04/22	Municipal Security	AA-	2.30%	3.63%	250,000	(13,252)	236,748	-	(236,748)
08/01/27	Southwestern Comm College CUSIP # 845389LS2	08/04/22	Municipal Security	AA-	1.53%	3.53%	155,000	(12,342)	142,658	-	(142,658)
08/01/27	Martinez CA Uni Sch Dist CUSIP # 573428MN6	08/04/22	Municipal Security	AA	1.26%	3.43%	250,000	(21,653)	228,347	-	(228,347)
08/01/27	Escondido CA Unif Sch Dist CUSIP # 2963871UV7	08/05/22	Municipal Security	AA2	1.13%	3.53%	100,000	(9,565)	90,435	-	(90,435)
08/01/27	San Marcos CA Uni Sch Dist CUSIP # 798755GC2	08/05/22	Municipal Security	AA	2.31%	3.68%	185,000	(10,057)	174,943	-	(174,943)
08/26/27	Federal Agriculture Mtge Corp CUSIP #31422XF23	09/02/22	Government Security	n/a	3.20%	3.49%	500,000	(5,887)	494,113	488,885	(5,228)
09/15/27	University of Pittsburgh CUSIP # 798755GC2	09/15/22	Municipal Security	AA+	3.18%	3.81%	500,000	(12,835)	487,165	-	(487,165)
09/15/27	Luminate Bank Minnetonka, MN	09/15/22	Certificate of Deposit	n/a	3.40%	3.40%	245,000	n/a	245,000	-	(245,000)
09/15/27	Ponce de Leon Fed Bank Bronx, NY	09/15/22	Certificate of Deposit	n/a	3.50%	3.50%	245,000	n/a	245,000	-	(245,000)
10/08/27	Federal National Mortgage Assn CUSIP #3135G05Y5	10/12/22	Government Security	Aaa	0.75%	4.12%	1,000,000	(137,884)	862,116	877,280	15,164
10/31/27	US Treasury Notes CUSIP # 91282CAU5	11/09/22	Government Security	Aaa	0.50%	4.31%	600,000	(94,316)	505,684	520,638	14,954

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11/15/27	US Treasury Notes CUSIP # 9128283F5	12/07/22	Government Security	Aaa	2.25%	3.79%	\$ 500,000	\$ (32,355)	\$ 467,645	\$ 470,315	\$ 2,670
12/15/27	Forbright Bank Potomac, MD	12/15/22	Certificate of Deposit	n/a	4.00%	4.00%	245,000	n/a	245,000	-	(245,000)
12/16/27	Community West Bank NA Goleta, CA	12/16/22	Certificate of Deposit	n/a	4.00%	4.00%	245,000	n/a	245,000	236,080	(8,920)
01/12/28	Inter-American Dev Bank CUSIP # 4581X0EH7	01/19/23	Supranational Security	Aaa	4.00%	3.70%	1,000,000	13,048	1,013,048	-	(1,013,048)
02/10/28	First National Bk of Michigan Kalamazoo, MI	02/10/23	Certificate of Deposit	n/a	3.70%	3.70%	249,000	n/a	249,000	-	(249,000)
02/15/28	US Treasury Notes CUSIP # 9128283W8	02/01/23	Government Security	Aaa	2.75%	3.64%	500,000	(19,807)	480,193	480,275	82
02/15/28	Belmont Bank & Trust Chicago, IL	02/15/23	Certificate of Deposit	n/a	3.75%	3.75%	249,000	n/a	249,000	237,080	(11,920)
02/17/28	Vision Bank St. Louis, MN	02/17/23	Certificate of Deposit	n/a	3.75%	3.75%	249,000	n/a	249,000	-	(249,000)
03/10/28	Federal Home Loan Bank CUSIP # 3130ATS57	03/15/23	Government Security	Aaa	4.50%	3.90%	600,000	16,079	616,079	619,368	3,289
03/17/28	Affinity Bank Covington, GA	03/17/23	Certificate of Deposit	n/a	4.90%	4.90%	245,000	n/a	245,000	245,554	554
03/20/28	Bank Five Nine Oconomowoc, WI	03/20/23	Certificate of Deposit	n/a	4.65%	4.65%	245,000	n/a	245,000	242,859	(2,141)
Total Funds Managed by the City							<u>65,969,336</u>	<u>(378,622)</u>	<u>65,590,714</u>	<u>45,779,434</u>	<u>(19,811,280)</u>

*CITY OF ATASCADERO
INVESTMENT REPORT
March 31, 2023*

ITEM NUMBER:
DATE:

A-2
07/11/23

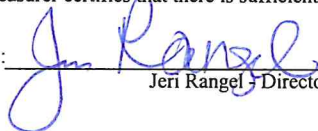
<u>MATURITY DATE</u>	<u>DESCRIPTION (ISSUER)</u>	<u>PURCHASE DATE</u>	<u>INVESTMENT TYPE</u>	<u>INVESTMENT RATING</u>	<u>STATED % RATE</u>	<u>YIELD</u>	<u>FACE VALUE</u>	<u>PREMIUM/ (DISCOUNT)</u>	<u>COST OF INVESTMENT</u>	<u>MARKET VALUE</u>	<u>UNREALIZED GAIN / (LOSS)</u>
<i>Funds Managed by Fiscal Agent</i>											
n/a	BNY Western Trust Hamilton Treas. Money	n/a	Treasury Fund	Aaa	n/a	2.80%	\$ 1,778,873	n/a	\$ 1,778,873	\$ 1,778,873	-
n/a	BNY Western Trust Hamilton Treas. Money	n/a	Treasury Fund	Aaa	n/a	2.80%	870,123	n/a	870,123	870,123	-
<i>Total Funds Managed by Fiscal Agent</i>							<u>2,648,996</u>	<u>n/a</u>	<u>2,648,996</u>	<u>2,648,996</u>	<u>-</u>
							<u>\$ 68,618,332</u>	<u>\$ (378,622)</u>	<u>\$ 68,239,710</u>	<u>\$ 48,428,430</u>	<u>\$ (19,811,280)</u>

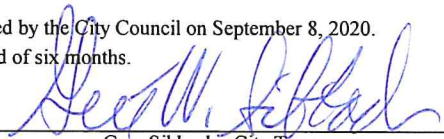
Average Maturity of Total Portfolio 748 Days

Weighted Average Yield of Total Portfolio 2.53%

Certification:

It has been verified that this investment portfolio is in conformity with the City of Atascadero's investment policy, which was approved by the City Council on September 8, 2020. The City Treasurer certifies that there is sufficient liquidity to meet the City of Atascadero's estimated future expenditures for a period of six months.

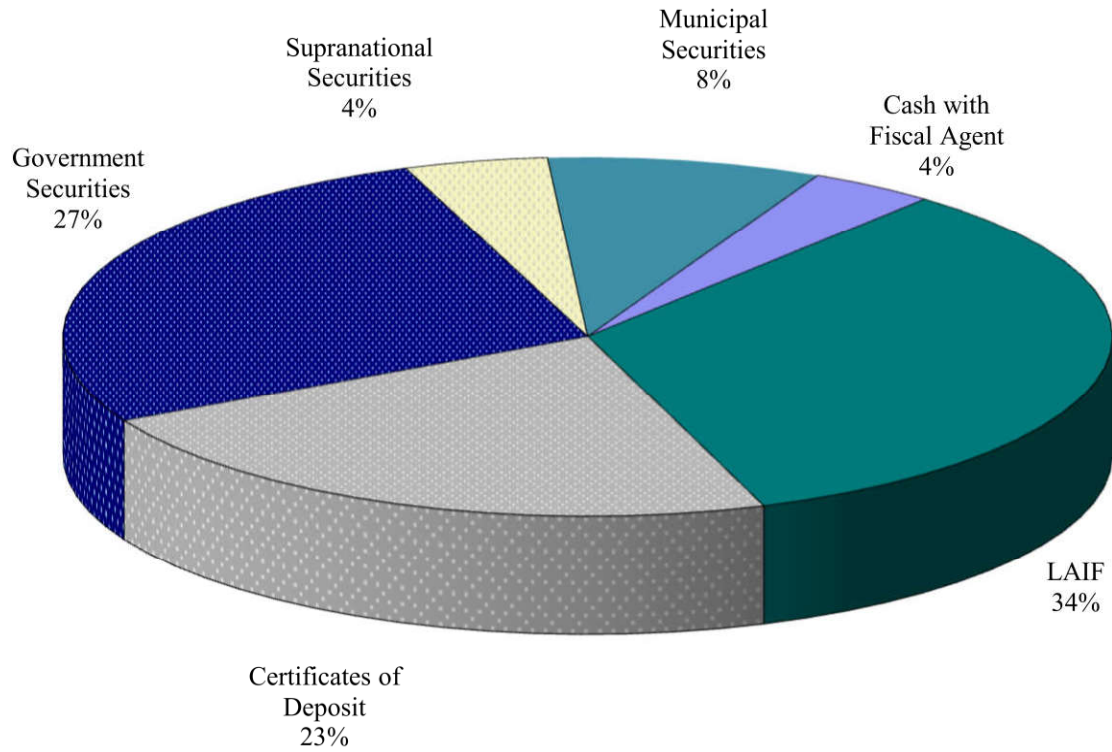
Verified by: 
Jeri Rangel - Director of Administrative Services

Approved by: 
Gere Sibbach - City Treasurer

**City of Atascadero
Investments by Type
March 2023**

ITEM NUMBER:
DATE:

A-2
07/11/23

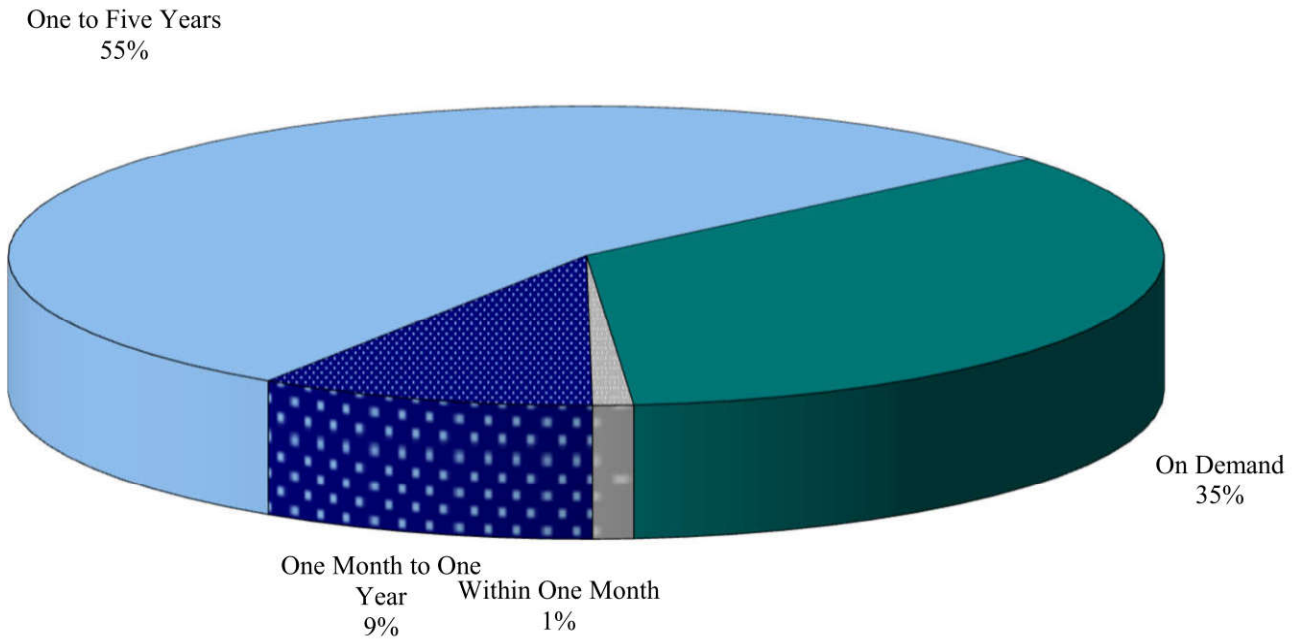


<u>Investment</u>	<u>March 2023</u>
LAIF	\$ 22,831,336
Certificates of Deposit	15,440,238
Government Securities	18,536,760
Supranational Securities	3,012,941
Municipal Securities	5,769,439
Cash with Fiscal Agent	2,648,996
	<u>\$ 68,239,710</u>

City of Atascadero
Investments by Maturity *
March 2023

ITEM NUMBER:
DATE:

A-2
07/11/23



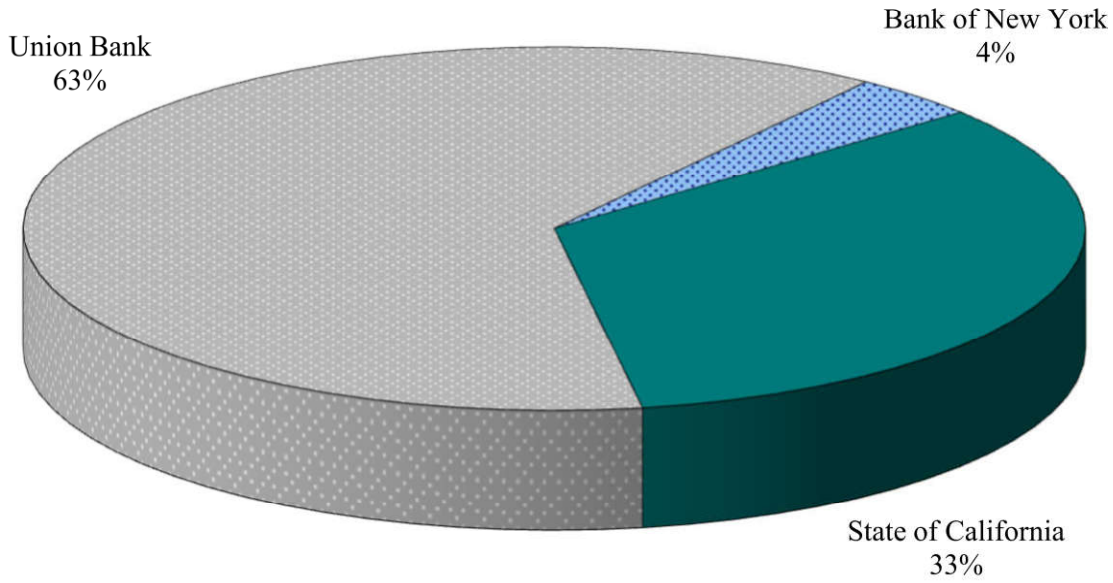
<u>Investment</u>	<u>March 2023</u>
On Demand	\$ 22,831,336
Within One Month	744,998
One Month to One Year	6,178,948
One to Five Years	35,835,432
	<u>\$ 65,590,714</u>

* Cash with fiscal agent is not included in the totals for this graph because the amounts are restricted based on bond covenants, and therefore, the City doesn't retain the option to liquefy these funds at will.

City of Atascadero
Investments by Custodial Agent
March 2023

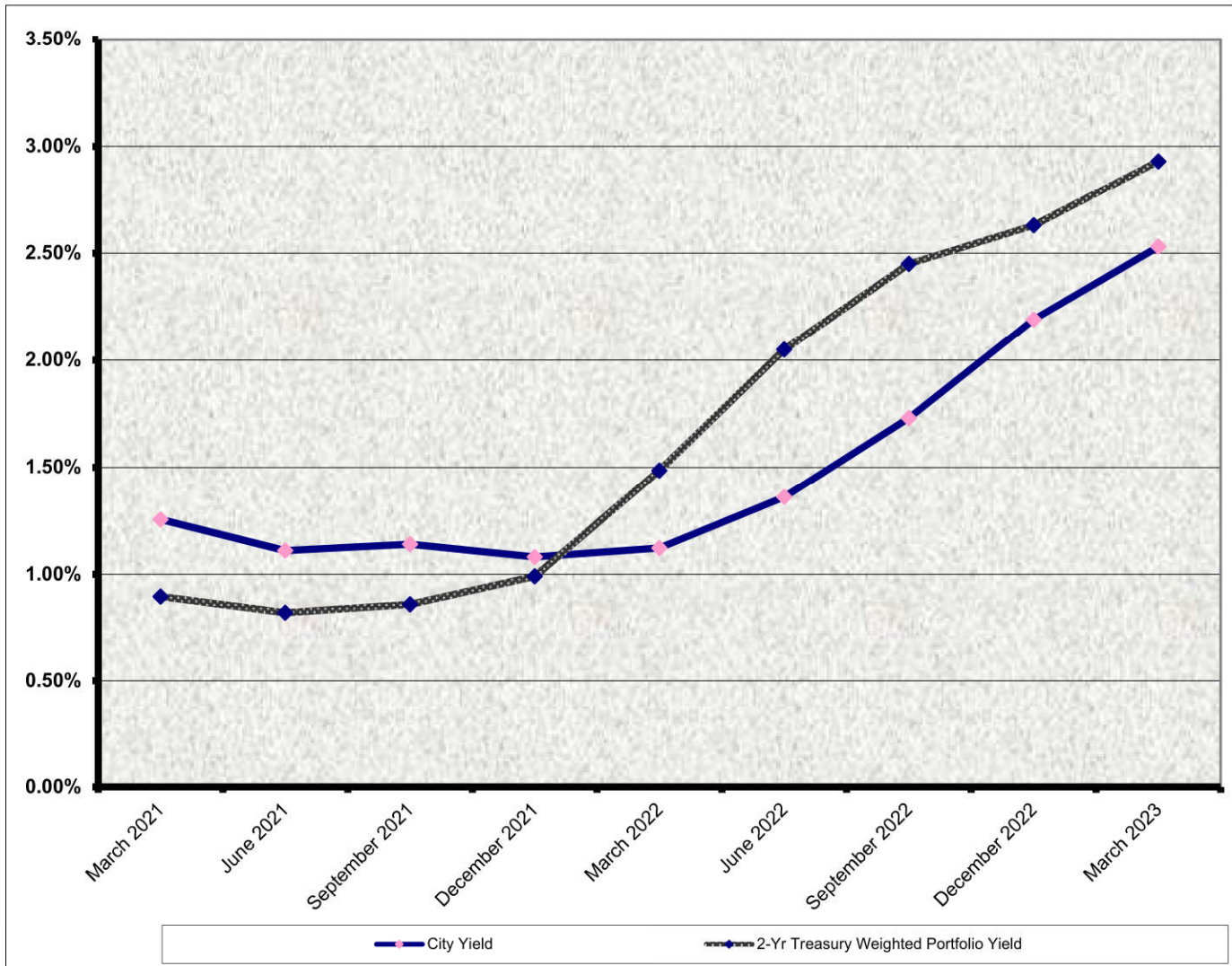
ITEM NUMBER:
DATE:

A-2
07/11/23



<u>Custodial Agent</u>	<u>March 2023</u>
State of California	\$ 22,831,336
Union Bank	42,759,378
Bank of New York	2,648,996
	<u>\$ 68,239,710</u>

**Investment Yield vs. 2-Year Treasury Yield
For the Quarter Ended March 31, 2023**



	<u>City Yield</u>	<u>2-Yr Treasury Weighted Portfolio Yield</u>
March 2021	1.26%	0.90%
June 2021	1.11%	0.82%
September 2021	1.14%	0.86%
December 2021	1.08%	0.99%
March 2022	1.12%	1.49%
June 2022	1.36%	2.05%
September 2022	1.73%	2.45%
December 2022	2.19%	2.63%
March 2023	2.53%	2.93%



Atascadero City Council

Staff Report – Community Development Department

Community Facilities District 2005-1 Annexation No. 25

RECOMMENDATIONS:

Council adopt, on second reading, by title only, Draft Ordinance authorizing the levy of special taxes in Community Facilities District 2005-1 for certain annexation territory identified as Annexation No. 25.

DISCUSSION:

This action consists of authorizing the levy of special taxes in Community Facilities District 2005-1 to a newly annexed area for a 7-lot commercial subdivision with the potential for mixed-use development known as the marketplace project (Annexation No. 25). This is a second reading of the proposed Ordinance and is required to formalize the annexation.

On June 27, 2023, the City Council held a public hearing on annexing the territory identified as Annexation No. 25 into the City's Community Facilities District (CFD) 2005-1. After the close of the public hearing, the City Council adopted Resolution No. 2023-063 (presented as Draft Resolution A as part of the June 27, 2023 staff report). This annexation was authorized by Council on a 5-0 vote. A landowner election was then held, and the landowner(s) elected to authorize a special CFD tax and approved the annexation. This Draft Ordinance (Attachment 1) that was introduced for first reading at the June 27, 2023 meeting to authorize the levy of a CFD fee to all future property owners residing in Annexation No. 25 territory is before the Council for final approval tonight.

The Special Tax levied against residential units for Fiscal Year 2022-2023 was \$779.10 per parcel, which is subject to an annual escalator to pay for the service expansion needed to serve these additional residential units. The money collected can only be used to fund new public services authorized to be funded by the State Mello-Roos Act and identified within the Rate and Method of Apportionment, and cannot be used to support existing services. Adoption of this Ordinance, on second reading, will complete the CFD process and allow for the Final Map to be recorded.

FISCAL IMPACT:

Assessments for the Marketplace annexation are estimated to be between \$0 - \$71,680 annually beginning in fiscal year 2023-2024, and adjusted each year for inflation.

ATTACHMENTS:

1. Draft Ordinance

DRAFT ORDINANCE

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ATASCADERO, CALIFORNIA, AUTHORIZING THE LEVY OF SPECIAL TAXES IN COMMUNITY FACILITIES DISTRICT NO. 2005-1 (PUBLIC SERVICES), INCLUDING CERTAIN ANNEXATION TERRITORY

WHEREAS, the City of Atascadero (the “City”) has conducted proceedings pursuant to the “Mello-Roos Community Facilities Act of 1982”, being Chapter 2.5, Part 1 Division 2, Title 5 of the Government Code of the State of California (the “Act”) and the City of Atascadero Community Facilities District No. 2005-1 (Public Services) Ordinance enacted pursuant to the powers reserved by the City of Atascadero under Sections 3, 5, and 7 of Article XI of the Constitution of the State of California (the “CFD Ordinance”) (the Act and the CFD Ordinance may be referred to collectively as the “Community Facilities District Law”), to establish the City of Atascadero Community Facilities District No. 2005-1 (Public Services) (the “District”) for the purpose of financing police services, fire protection and suppression services, and park services (the “Services”) as provided in the Act; and,

WHEREAS, the rate and method of apportionment of special tax for the District is set forth in Exhibit B to the City Council Resolution entitled “A Resolution of the City Council of the City of Atascadero, California, For the Formation of Community Facilities District No. 2005-1 (Public Services) (the “Resolution of Formation”), which was adopted on May 24, 2005; and,

WHEREAS, the City has conducted proceedings to annex territory into the District and, with respect to the proceedings, following an election of the qualified electors in the territory proposed for annexation (the “Annexation Territory”), the City Council, on June 27, 2023, adopted a Resolution entitled “Resolution of the City Council of the City of Atascadero, California, Declaring the Results of Special Annexation Landowner Election, Determining Validity of Prior Proceedings, and Directing the Recording of an Amendment to Notice of Special Tax Lien.”

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF ATASCADERO HEREBY ORDAINS AS FOLLOWS:

SECTION 1. The above recitals are true and correct.

SECTION 2. By the passage of this Ordinance, the City Council hereby authorizes and levies the special tax within the District, including the Annexation Territory, pursuant to the Community Facilities District Law, at the rate and in accordance with the rate and method of apportionment of special tax set forth in the Resolution of Formation, which rate and method is by this reference incorporated herein. The special tax has previously been levied in the original territory of the District beginning in Fiscal Year 2006-07 pursuant to Ordinance No. 478 passed and adopted by the City Council on July 12, 2005 and the special tax is hereby levied commencing in Fiscal Year 2022-23 in the District, including the Annexation Territory, and in each fiscal year thereafter to pay for the Services for the District and all costs of administering the District.

SECTION 3. The City’s Finance Director or designee or employee or consultant of the City is hereby authorized and directed each fiscal year to determine the specific special tax to be levied for the next ensuing fiscal year for each parcel of real property within the District, including the Annexation Territory, in the manner and as provided in the Resolution of Formation.

SECTION 4. Exemptions from the levy of the special tax shall be as provided in the Resolution of Formation and the applicable provisions of the Community Facilities District Law. In no event shall the special tax be levied on any parcel within the District in excess of the maximum special tax specified in the Resolution of Formation.

SECTION 5. All of the collections of the special tax shall be used as provided in the Community Facilities District Law and in the Resolution of Formation, including, but not limited to, the payment of the costs of the Services, the payment of the costs of the City in administering the District, and the costs of collecting and administering the special tax.

SECTION 6. The special tax shall be collected in the same manner as ordinary ad valorem taxes are collected and shall have the same lien priority, and be subject to the same penalties and the same procedure and sale in cases of delinquency as provided for ad valorem taxes; provided, however, that the City Council may provide for other appropriate methods of collection by resolution(s) of the City Council. The Finance Director of the City is hereby authorized and directed to provide all necessary information to the auditor/tax collector of the County of San Luis Obispo in order to effect proper billing and collection of the special tax, so that the special tax shall be included on the secured property tax roll of the County of San Luis Obispo for Fiscal Year 2023-24 and for each fiscal year thereafter until no longer required to pay for the Services or until otherwise terminated by the City.

SECTION 7. If for any reason any portion of this Ordinance is found to be invalid, or if the special tax is found inapplicable to any particular parcel within the District, including the Annexation Territory, by a court of competent jurisdiction, the balance of this Ordinance and the application of the special tax to the remaining parcels within the District, including the Annexation Territory, shall not be affected.

SECTION 8. A summary of this ordinance, approved by the City Attorney, together with the ayes and noes, shall be published twice: at least five days prior to its final passage in the San Luis Obispo Tribune, a newspaper published and circulated in the City of Atascadero, and; before the expiration of fifteen (15) days after its final passage, in the Atascadero News, a newspaper published and circulated in the City of Atascadero. A copy of the full text of this ordinance shall be on file in the City Clerk’s Office on and after the date following introduction and passage and shall be available to any interested member of the public.

SECTION 9. This Ordinance shall take effect 30 days from the date of final passage.

ITEM NUMBER: A-3
DATE: 07/11/23
ATTACHMENT: 1

INTRODUCED at a regular meeting of the City Council held on _____, 2023 and **PASSED APPROVED** and **ADOPTED** by the City Council of the City of Atascadero, State of California, on _____, 2023.

CITY OF ATASCADERO:

Heather Moreno, Mayor

ATTEST:

Lara K. Christensen, City Clerk

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney

EXHIBIT A

City of Atascadero
 Community Facilities District No. 2005-1
 (Public Services)
 Annexation No. 25

CANVASS AND STATEMENT OF RESULT OF ELECTION

I hereby certify that on June 27, 2023, I canvassed the returns of the election held on June 27, 2023, for the City of Atascadero Community Facilities District No. 2005-1 (Public Services) Annexation No. 25 and the total number of votes cast in such election and the total number of votes cast for and against the measure are as follows and the totals as shown for and against the measure are full, true and correct:

	Qualified Landowner Votes	Votes Cast	Votes YES	Votes NO
City of Atascadero Community Facilities District No. 2005-1 (Public Services) Annexation No. 25 Special Tax Election, June 27, 2023	<u>13</u>	<u>13</u>	<u>13</u>	<u>0</u>

BALLOT MEASURE: Shall the City Council of the City of Atascadero be authorized to levy a special tax on an annual basis at the rates and apportioned as described in Resolution No. 2023-035 adopted by the City Council on May 23, 2023 (the "Resolution"), which is incorporated herein by this reference, within the territory identified on the map entitled "Annexation Boundary Map No. 25 of Community Facilities District No. 2005-1 (Public Services) City of Atascadero, County of San Luis Obispo, State of California" to finance certain services as set forth in Section 4 to the Resolution (including incidental expenses).

YES: _____

NO: _____

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND on June 27, 2023.

By: _____
 Lara K. Christensen, City Clerk
 City of Atascadero



Atascadero City Council

Staff Report – Public Works Department

2023 Measure F-14 Pavement Rehabilitation Construction Contract Award

RECOMMENDATIONS:

Council:

1. Award a construction contract for \$2,851,397 to Souza Construction for the 2023 Measure F-14 Pavement Rehabilitation Project (Project No. C2022R01); and
2. Authorize the City Manager to execute a contract with Cannon Corp. for \$449,872 for Construction Management and Materials Testing Services for the 2023 Measure F-14 Pavement Rehabilitation Project (Phase I) and the Downtown Paving Project (Phase II).

DISCUSSION:

Background

Sales Tax Measure F-14 was approved by voters in November 2014 to fund the repair, maintenance, and rehabilitation of City-maintained local roadways with a one-half cent sales tax over twelve years. A list of projects to be funded with Measure F-14 revenue is developed each budget cycle by employing the Critical Point Management technique with the City's Pavement Management Program. The roadway segments in the chart below are part of the 2023 Measure F-14 Pavement Rehabilitation Project and included in the current Budget and 5-Year Capital Improvement Program (CIP). This project has a total of 3.16 centerline road miles, or 6.32 lane miles. A map showing these segments is also attached for reference (Attachment 1).

Road Segments in Measure F-14 2023 Rehabilitation Project

Road Segment	From	To	Length (ft.)	Area (sq. ft.)	2019 PCI
Cabrillo Ave	Ensenada Ave	Capistrano Ave	1,695	38,985	38
Capistrano Ave	West Mall	Lewis Ave	1,719	53,289	48
Dolores Ave	San Anselmo Rd	San Jacinto Ave	2,700	56,700	23
Ensenada Ave	North End	Capistrano Ave	1,669	35,049	14
Ensenada Ave	Via Ave	Capistrano Ave	540	11,340	33
Magdalena Ave	Mercedes Ave	End	1,175	22,325	29
Magnolia Ave	Capistrano Ave	End	1,400	29,400	20
Mercedes Ave	Capistrano Ave	Highway 41	835	19,205	50
Navidad Ave	El Verano Ave	San Jacinto Ave	1,300	27,300	18
Palma Ave	Traffic Way	Rosario Ave	880	17,600	37
San Ardo Ave	Arena Ave	Dolores Ave	1,240	24,800	20
Sycamore Rd	Miramonte Ave	Capistrano Ave	475	11,875	43
Valentina Ave	Dolores Ave	Alamo Ave	1,080	21,600	31

Total: 16,708 369,468

Design Analysis

Earth Systems Pacific (ESP) performed pavement testing services and preliminary design recommendations, which were then coordinated with Wallace Group in final design work and preparing construction plans and specifications for the project. Cabrillo Avenue, Dolores Avenue, and Ensenada Avenue are proposed to be reconstructed using a traditional base/asphalt section, while Magdalena Avenue, Magnolia Avenue, Palma Avenue, Navidad Avenue, San Ardo Avenue and Valentina Avenue will be reconstructed using a full-depth reclamation (FDR) process, then recompacting and asphalt paving. FDR is a cost-effective reconstruction method that was selected for use on these roadways after evaluation of subgrade soil stabilities and traffic volumes. Capistrano Avenue, Mercedes Avenue and Sycamore Road will be rehabilitated with a combination of digouts and deep lift paving in specific locations, crack sealing, and microsurfacing. All treatment options were based on an assessment of subgrade quality, current roadway conditions, and traffic volumes.

Staff was heavily involved in value engineering during the design process and worked closely with the consultants (Wallace Group and Earth Systems Pacific) to determine the appropriate level of treatment on each roadway. As part of the design process, each roadway segment was analyzed to determine if and where underlying structural issues existed, and where the pavement degradation was confined to the surface courses and could be remedied with a less costly treatment (microsurfacing). The design team worked together to pinpoint the worst areas, determine the causes of failure, (drainage issues, poorly compacted subgrade fill, insufficient structural section, etc.), and focus repair solutions tailored to the expected causes of failures.

Bid Analysis

The project was publicly bid starting May 19, 2023 for a minimum of 30 days in accordance with State Contracting Laws and Atascadero Purchasing Policies. A public

bid opening occurred on June 22, 2023, and three bids were received ranging from \$2,851,397 to \$4,283,177. The bids were reviewed for accuracy and compliance with project bidding requirements, and the City Engineer has determined that Souza Construction of San Luis Obispo is the lowest responsive bidder at \$2,851,397.

Bidding was competitive for this project, and Souza's bid is considered a very fair price for this project scope, particularly given the rapid recent escalation of construction costs starting in 2021 and the 2023 bidding environment. Specifically, while there is some indication they are stabilizing, costs for asphalt and trucking increased by approximately 20-30% from 2021 to 2023. Costs to off-haul excavated soils and import Class 2 base and other construction materials have risen similarly. Additionally, the current bidding environment across the Central Coast has seen multiple recent projects with a low number of bidders (due to current workload and a limited number of contractors), and bid submissions much higher than typical bid costs.

The recently adopted 2023-2025 budget includes \$4,000,000 in Measure F-14 monies for project funding. This total was adjusted during the current budget process to reflect the realities of rising construction costs as noted above. To date, there has been approximately \$285,000 spent for the design and bid phases of the project. State Law requires the City to maintain or re-establish existing survey monuments during road construction. The City will contract directly with a licensed land surveyor for survey monument perpetuation/preservation work, which is estimated at \$60,000. Other non-construction costs remaining include material testing, coordination, and inspection fees that are estimated to be around \$285,000, or about 10% of construction costs. Staff is recommending contracting with a construction management firm for construction inspection services and materials testing Quality Assurance (QA). See section below for discussion of construction management services.

A standard contingency of 20% is customarily used for capital projects as a safeguard for quantity over-runs and if unknown conditions arise which require a change in plans. The risk for unknowns drops significantly on roadway projects if excavation is not a part of construction. In addition, estimated quantities for projects such as this are based upon known pavement surface areas and identifiable item quantities, therefore the risk for actual versus estimated quantity deviation drops significantly. Given the thorough fieldwork performed during design, staff is comfortable recommending a slightly lower construction contingency of 18%, or \$518,600, of the construction contract amount. While every project is different, and staff agrees that a healthy contingency is prudent, it should be noted that the average contingency use over the previous five F-14 projects has been less than 5%.

During construction, some inconvenience is expected to vehicular and pedestrian traffic along the roadway segments. The contractor will be required to prepare a traffic control plan, and City staff and the contracted construction manager will work with the contractor to minimize travel delays and impediments to driveways on all roadway segments. Since the majority of the pavement rehabilitation will match existing grades, the number of driveways that will need to be removed and replaced is reduced. This will limit impacts to individual property owners. Property owners on each roadway segment will be notified of the construction schedule prior to work beginning.

Construction Engineering Analysis

Staff solicited proposals in May 2023 from qualified consultants to provide construction engineering and materials testing services for the two large paving projects. Since the 2023 F-14 Pavement Rehabilitation and Downtown District Pavement Rehabilitation projects consist of similar pavement rehabilitation methods, are within close proximity, and may have overlapping construction schedules (pending re-bid of the Downtown District Paving Project), it was determined it would be most efficient and productive to have a single consultant provide comprehensive construction engineering services for both projects under one contract. The scope of services includes full construction management, construction inspection and construction administration services, as well as geotechnical and materials sampling and acceptance testing.

Staff received three proposals from qualified consultants including Wallace Group, Filippin Engineering, and Cannon Corp. Proposals were individually reviewed and scored based upon experience with similar projects, responsiveness to City needs, experience of key personnel, and other factors. The City was fortunate to receive excellent proposals and determined that Cannon submitted the most qualified proposal, with staff available for the scope of work. Their experience working on similar projects for other public agencies was extensive, and their resident engineer and construction inspector are well qualified and well regarded.

Cannon provided a detailed fee estimate worksheet with their proposal that included labor hours/costs, reimbursable expenses, and subconsultant fees for the work scope identified in the City's request for proposals. Cannon's proposal included a detailed work scope and fee estimate of \$256,036 for the 2023 Measure F-14 project and \$193,836 for the Downtown Paving Project. Staff reviewed Cannon's work scope and fee and believes that the proposal is reasonable for full time construction management, inspection, and materials testing. It is anticipated that the contract will authorize the work under two phases. The first Phase will be for the F-14 Paving Project. Because the Downtown Paving Project is being restructured before going back out to bid, it is likely that the Cannon scope of work and fee may change for the Downtown Paving Project, Phase II of the contract. Even though the Downtown Paving Project scope is not final at this time, awarding both phases will save staff time and eliminate the need to re-issue RFP's for this work.

ENVIRONMENTAL REVIEW:

The proposed project is Categorically Exempt (Class 1) from the provisions of the California Environmental Quality Act (California Public Resources Code §§ 21000, et seq., "CEQA") and CEQA Guidelines (Title 14 California Code of Regulations §§ 15000, et seq.) pursuant to CEQA Guidelines Section 15301, because it is limited to repair and maintenance of existing facilities. A finding of exemption is on file in the project records

FISCAL IMPACT:

The recently adopted 2023-2024 budget has \$4,000,000 in Measure F-14 Funds included for this project. The following tables summarize the estimated project expenditures and funding sources:

ESTIMATED EXPENDITURES	
Design and Bid Phase	\$ 285,000
Construction Contract	2,851,400
Survey Monument Perpetuation	60,000
Contracted Construction Inspection / Testing / Administration (F-14 portion of work)	256,036
City staff Construction Administration	28,964
Construction Contingency @ 18%	518,600
Total Estimated Expenditures:	\$ 4,000,000

BUDGETED FUNDING SOURCES	
Measure F-14 Fund: FY2023-2025 Adopted Budget	\$4,000,000
Total Budgeted Funding Sources:	\$4,000,000

ALTERNATIVES:

Council may direct staff to rebid the project; however, staff believes the low bid received is very reasonable given current construction costs and the bidding environment. In addition, Souza’s bid was very competitive, nearly \$300,000 less than the second lowest bid, and can be completed with budgeted funds.

ATTACHMENTS:

1. Project Location Map
2. Bid Summary

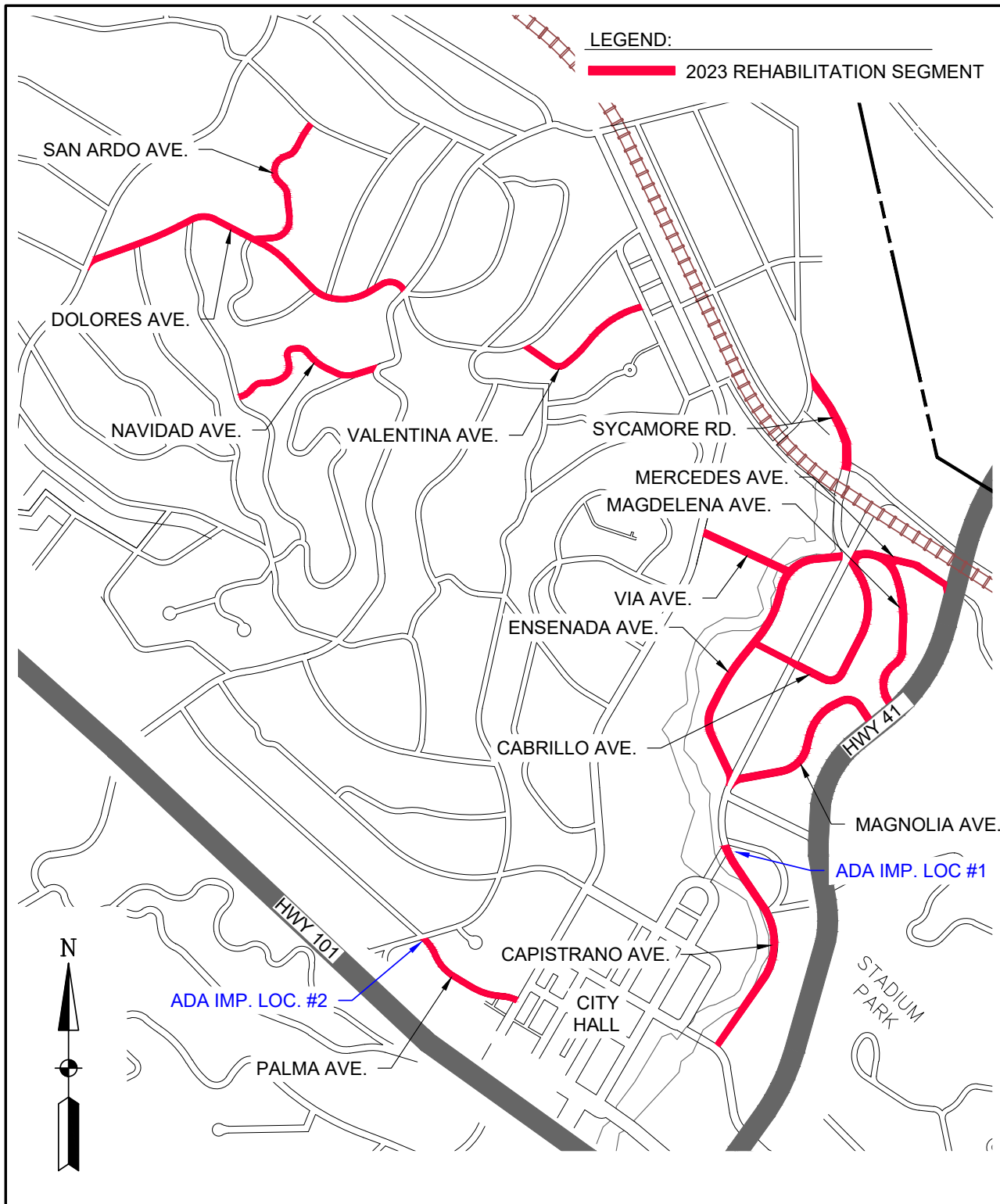



EXHIBIT
 F-14 2023 PMP PROJECT
 STREET LOCATIONS

DRAWN BY:	R. HAYES
DATE:	7/5/2022
SCALE:	1"=1000'
PAGE NO:	1 OF 1

City of Atascadero
Office of the City Clerk
Bid Summary

TO: Public Works
 FROM: Dillon Dean James, Deputy City Clerk 
 BID NO.: 2023-003
 OPENED: 6/22/2023
 PROJECT: 2023 F-14 Pavement Rehabilitation Project No. C2022R01

3

Bids were received and opened today, as follows:

<u>Name of Bidder</u>	<u>Base Bid Total</u>	<u>Add Alternate</u>
Souza Construction, Inc.	\$2,851,396.50	
Papich Construction, Inc.	\$4,283,777.00	
Ferravanti Paving	\$3,142,685.80	



Atascadero City Council

Staff Report – Fire Department

Structure Fire Engine Replacement

RECOMMENDATION:

Council authorize the City Manager to execute a contract with South Coast Fire Equipment, Inc. for a total cost of \$1,003,524 to build and deliver a Pierce Enforcer 2000 GPM Fire Engine.

DISCUSSION:

The Fire Department maintains a fleet of three Type 1 (Structure Fire/Medical/Rescue) engines, two Type 3 (Wildland) engines, one Ladder Truck, one Ambulance and one Heavy Rescue Trailer. This fleet allows the Department to protect the community from hazards including building and wildland fires, entrapments and technical rescues, hazardous materials incidents, as well as provide paramedic emergency medical services to those injured or sick. The engines are cross-staffed, meaning multiple engines are housed at each Fire Station and the crew takes the appropriate engine based on the type of 911 call. Fire Station 1 houses two Type 1 engines and Fire Station 2 houses one Type 1 engine.

A Type 1 or structure fire engine is our primary engine for most incidents. Our structure engines are the workhorses of our fleet and serve as the toolboxes that carry all of our equipment for any emergency. They are equipped with medical and rescue equipment, including advanced medical life support tools, jaws of life, ropes, harnesses, and victim rescue baskets. They carry 500 gallons of water and 25 gallons of foam with a 2000 gallon per minute pump. They carry hundreds of feet of fire hose of various size, as well as ladders, axes, chainsaws, breathing apparatuses, fans, thermal imaging cameras, and many other necessary pieces of equipment that allow us to do our job.

The engine being replaced is Engine 7593. It was placed in service in 2005. Engine 7593 was built by Pierce in Appleton, Wisconsin and has served our community well for nearly 20 years. Not only has it protected Atascadero, it has also served communities all over the state as part of the California mutual aid system.

The Pierce Enforcer structure engine will be a well-built, sound replacement for Engine 7593. Pierce makes an outstanding product—all of the City's current Type 1 engines, Ladder Truck, and 2008 Type 3 engine were manufactured by Pierce. Having one brand of apparatus allows for consistency and standardization. The California dealer that sells

Pierce fire apparatus, South Coast Fire, also maintains a service center in Paso Robles, allowing for quick repairs when needed.

Authorization for the engine replacement was included in the Vehicle Replacement Fund in the 2023-2025 adopted budget. Pierce estimates the build time for a new fire engine to be 31 to 33 months. Delivery and expenditure of all funds is anticipated to be in the budget year 2025-2026.

In accordance with the City of Atascadero Purchasing Policy Section 2 (3.1), the City will be purchasing through the use of a governmental contract in lieu of the formal bid process. Atascadero is a member of a nation-wide buying consortium called Houston Galveston Area Council (HGAC). The HGAC solicits bids from manufacturers for all types of products, including fire equipment. They receive pricing from fire apparatus manufacturers, publish the costs and allow members to buy at that cost. Purchasing through a consortium allows Atascadero to follow the City Purchasing Policy and receive the negotiated price of a nationwide solicited bid without using a formal bid process.

FISCAL IMPACT:

The total cost of the engine is \$1,003,524 of budgeted Vehicle Replacement funds and will need to be budgeted in fiscal year 2025-26.

ATTACHMENT:

1. Quote from South Coast Fire Equipment, Inc.

PROPOSAL FOR FURNISHING FIRE APPARATUS

June 30, 2023

Atascadero Fire Dept
 6005 Lewis Ave
 Atascadero, CA 93422



The undersigned is prepared to provide for you, our customer, upon an order being placed by you, for final acceptance by South Coast Fire Equipment, Inc., at its corporate office in Ontario, California, the apparatus and equipment herein named and for the following prices:

	Each	Extension
One (1) Enforcer Pierce Ultimate Configuration 2000 GPM Triple Combination Pumping Engine	\$ 922,771.00	\$ 922,771.00
Sales Tax @ 8.750%	\$ 80,742.46	\$ 80,742.46
APPARATUS COST WITH TAX	\$ 1,003,513.46	\$ 1,003,513.46
Performance Bond Not Required	\$ -	\$ -
California Tire Fee	\$ 10.50	\$ 10.50
Consortium Fee Not Applicable	\$ -	\$ -
TOTAL PURCHASE PRICE	\$ 1,003,523.96	\$ 1,003,523.96

PLEASE NOTE THE FOLLOWING ABOUT THIS QUOTATION:

Payment options are available and are included under separate cover. One of these options may save your department a significant amount of money!

Said apparatus and equipment are to be built by the manufacturer and shipped in accordance with the specifications hereto attached, delays due to strikes, war or international conflict, failures to obtain chassis, materials, or other causes beyond our control not preventing, within about **31-33** calendar months after receipt of this order and the acceptance thereof at our office in Corona, California, and to be delivered to you at **Atascadero**

The specifications herein contained shall form a part of the final contract and are subject to changes desired by the purchaser, provided such alterations are interlined prior to the acceptance by the company of the order to purchase, and provided such alterations do not materially affect the cost of the construction of the apparatus.

The proposal for fire apparatus conforms with all Federal Department of Transportation (DOT) rules and regulations in effect at the time of bid, and with all National Fire Protection Association (NFPA) guidelines for Automotive Fire Apparatus as published at time of bid, except as modified by customer specifications. Any increased costs incurred by the first party because of future changes in or additions to said DOT or NFPA standards will be passed along to the customer as an addition to the price set forth above. Unless accepted within 30 days from the specified date, the right is reserved to withdraw this proposition.

Respectfully Submitted,

South Coast Fire Equipment, Inc.

Bryden Newell
 Sales Representative



Atascadero City Council

Staff Report – Community Development Department

Draft Regional Housing & Infrastructure Plan

RECOMMENDATION:

Council:

1. Discuss and consider support for the Regional Housing & Infrastructure Plan, as a recommitment to the 2020 San Luis Obispo Countywide Regional Compact; and
2. Provide staff general direction on future actions relating to implementation of the Regional Housing & Infrastructure Plan.

DISCUSSION:

Housing continues to be a challenge throughout the State and 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*); and
- Align land use planning documents (*action taken in 2020*); and
- Create the HIP (*draft under review via today's item*).

The HIP, under discussion today, 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. The HIP is intended to help accelerate housing development *where it makes the most sense*, given regional conditions and community readiness. The HIP inventories infrastructure barriers to 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.

This staff report is organized into three main sections:

1. Prior Actions to Formalize Regional Collaboration for Housing
2. Creation of the Regional Housing and Infrastructure Plan
3. Today’s Action & Future Growth Steps

Section 1. Prior Actions to Formalize Regional Collaboration for Housing

1.1 Fostering Regional Collaboration: Regional Compact (2020)

The seven Cities, County, and SLOCOG adopted the San Luis Obispo Countywide Regional Compact in early 2020 (see Appendix D). The Regional Compact is an aspirational document that sets goals for future recommended plans and actions among the local agencies. It “establishes a united regional framework to unlock the potential to develop an adequate supply of housing and resilient infrastructure that support our economic prosperity.” By adopting the Regional Compact, the seven Cities, County, and SLOCOG embraced six shared regional goals listed below and supported aligning resources and policies to make progress towards acting on them.

Table 1. Regional Compact Goals

Goal 1. Strengthen Community Quality of Life	<i>We believe that our Region’s quality of life depends on four cornerstones to foster a stable and healthy economy for all: resilient infrastructure and resources, adequate housing supply, business opportunities, and educational pathways.</i>
Goal 2. Share Regional Prosperity	<i>We believe that our Region should share the impacts and benefits of achieving enduring quality of life among all people, sectors and interests.</i>
Goal 3. Create Balanced Communities	<i>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 to residents to live and work in the same community.</i>
Goal 4. Value Agriculture & Natural Resources	<i>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.</i>
Goal 5. Support Equitable Opportunities	<i>We believe that our Region should support policies, actions, and incentives that increase housing development of all types, available to people at all income levels.</i>
Goal 6. Foster Accelerated Housing Production	<i>We believe that our Region must achieve efficient planning and production of housing and focus on strategies that produce the greatest impact.</i>

These six regional goals created a path for compatibility among the eight local land use planning agencies’ Housing Elements, built a basis for the HIP, and drove future recommendations for collaborative actions. Signatories to the Regional Compact committed to acting as partners in aligning actions with these regional goals. The City

Council adopted a resolution in March 2020 authorizing the Mayor to sign the Regional Compact. Adoption of the compact indicated general support for regional collaboration but at the time, it was understood more detail and discussion would come forward.

1.2 Aligning Land Use Planning Documents: Housing Elements (2020)

The eight local land use planning agencies (the seven Cities and County) were each required to update their jurisdiction's Housing Elements to reflect how local communities are planning for the State's 6th Cycle Regional Housing Needs Allocations (2020 - 2028). The Housing Elements were submitted to Housing and Community Development (HCD) by December 2020. As a step towards the regional goal of aligning land use planning documents, each agency's Housing Element included a regional chapter that included an initial list of aspirational regional policies that, if implemented, could further the Regional Compact goals (see Appendix D). The regional chapter also recognized the importance of ongoing collaboration moving forward and pointed to future collaborative efforts to be identified in the HIP. It was the first time all eight land use planning agencies included a regional chapter in the Housing Elements—an important step for aligning land use planning documents.

Section 2. Creation of the Regional Housing and Infrastructure Plan

The final goal of the regional collaborative initiative was developing the HIP. Due to emergency response needs, the County put the HIP on hold during the COVID-19 pandemic. In June 2022, the HIP was revived with the establishment of a Memorandum of Understanding between the County and SLOCOG, under which SLOCOG took over as the project manager of the effort and subrecipient of the County's Senate Bill 2 Planning Grant Program funding award for HIP development. With Senate Bill 2 grant funding sunsetting in September 2023, the HIP needed to move at an accelerated pace.

Making progress on the region's strategic goals for addressing housing and infrastructure needs can only be achieved through the actions of many stakeholders; therefore, communication and stakeholder engagement were critical pieces of the HIP development. SLOCOG contracted with REACH and Koble Collaborative, Inc. to conduct the HIP's communications and stakeholder engagement. The primary outreach goals were:

- Foster ongoing collaboration and buy-in among private and public stakeholders
- Remind government of the Regional Compact, laying the groundwork for HIP effort
- Build public sentiment in support of solutions and regional planning efforts

The stakeholder groups and meetings were designed to convene diverse perspectives and have honest conversations about what each organization can and needs to do to realize those goals, across sectors and industries. Key stakeholder groups included:

Regional Managers / Key Staff	Housing Action Team	Builders & Developers	Housing Advocacy Group	City & County Elected Officials
30 attendees, 3 meetings	15-20 attendees, monthly meetings	20-35 attendees, 3 meetings	15-20 attendees, 2 meetings	40 elected officials 1 meeting per agency
County of SLO, 7 Cities (+ Santa Maria), SLOCOG Leadership	County of SLO, 7 Cities, SLOCOG Planning/Comm Dvpmnt. Staff	Builders, Engineers, Developers, Econ. Dvpmnt., Architects, Real Estate, etc.	Nonprofit builders, Home Builders Assoc, Chambers, etc.	Seven City Councils County of SLO Board SLOCOG Board
<p align="center">HIP Steering Committee 10 attendees, 3 meetings <i>City Manager, Elected Officials, County Regional Planner, Developer, Low Income Lender, Architect, Engineer, Advocate, Water Resources and Cal Poly met collaboratively to consider ways to integrate feedback from all stakeholder perspectives</i></p>				

These stakeholder groups helped to review and shape the HIP.

On May 19, 2023, SLOCOG published the attached Draft HIP, including some of the expected appendices and a mapping tool. The Draft is currently missing appendices C & E, and the HIP along with its included appendices are still missing information and in draft form. This has made it challenging for staff to thoroughly review, understand and analyze the document and its appendices.

There are seven major components of the HIP (listed in Table 2 and further described below). These components intertwine and build upon one another. As with each prior phase of the regional collaborative efforts to address the housing and infrastructure shortage, stakeholder engagement was key.

Table 2. 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
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

2.1 HIP Component 1–Housing Highlights

A communication tool designed to unify the region’s focus on the challenges and successes that local agencies, the building and development community and other stakeholders face related to the housing supply needs. This document will serve to reinforce the commitment to the Regional Compact and expand on opportunities each stakeholder has to address housing needs within their area of control and span of influence. The draft Housing Highlight document was not available at the time of this report and the draft was expected to be available by June 28, 2023. The final document is expected to be included with the final HIP in July 2023.

2.2 *HIP Component 2–Data and Project Inventory*

The HIP analyzes the transportation, water and wastewater infrastructure barriers to housing development. This HIP element included compiling infrastructure and housing data from across individual agencies as briefly described in Table 3 below:

Table 3. Major HIP Inputs

<i>Housing Data</i>	Proposed residential developments of all income categories were collected from Planning and Community Development staff of the seven Cities and the County in 2021. This data includes specific plans, proposed residential and mixed-use projects projected to be built between now and 2045. Residential development that has been completed or is near completion was removed from the HIP analysis.
<i>Transportation Data</i>	The 2023 Regional Transportation Plan included a list of 350+ transportation investments submitted by Public Works staff of the seven Cities and County and transit providers. Transportation infrastructure was studied using the Transportation Efficiency Analysis (TEA). The TEA identified transportation barriers to housing production and was used in the HIP analysis.
<i>Water/Wastewater Data</i>	The HIP inventory is based on responses from 44 water and wastewater agencies, local capital improvement project lists, 2021 Regional Water Infrastructure Resiliency Plan findings, and information from the County’s Water Resources team. Available, detailed GIS based data was limited. However, to the extent needs are known, key infrastructure projects, estimated costs and timing were included in the HIP analysis.
<i>Additional Contextual Data</i>	The HIP analysis provides the data that connects infrastructure and housing on a regional scale for the first-time. When planning for housing, land conditions are carefully considered. To provide a fuller picture, flood risk, sensitive habitat, open space, prime farmland, and fire risk were all included as additional reference information. However, these additional datasets were <i>not used</i> to remove or prioritize infrastructure projects from the HIP list, but simply to provide additional context.

The HIP is a living tool and can adapt as new information becomes available. Future updates to the HIP may incorporate two key datasets:

- *Water data update:* The County’s Master Water Report update is underway, which may be leveraged to provide updated water capacity information for a future HIP update.
- *Economic data:* It is anticipated that a future HIP update will incorporate economic data. A concurrent effort, led by REACH, is underway which may be leveraged to provide economic/jobs information for a future HIP update. This is something that the City has pushed for in order further the below Goal #3 of the Regional Compact
 - *Goal 3. Create Balanced Communities: We believe that our Region should encourage new development that helps to improve the balance of jobs and*

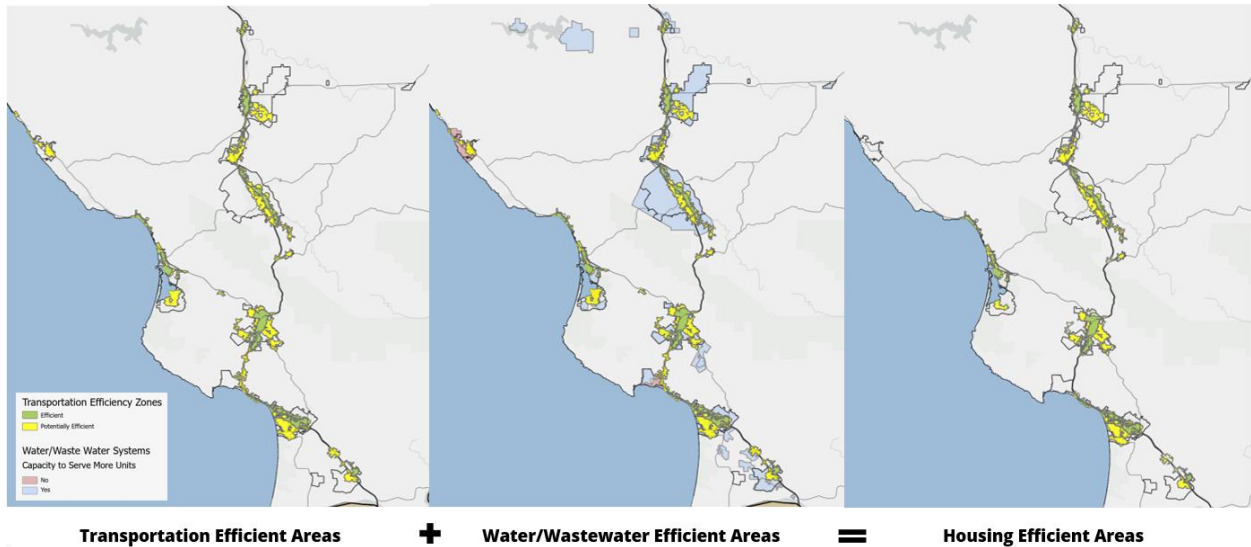
housing throughout the Region, providing more opportunities to residents to live and work in the same community.

2.3 HIP Component 3–HIP Mapping Tool

The HIP Mapping Tool was created to display the GIS analysis and foster future collaboration. It is an interactive tool, compiling the complex data and inventoried projects from across the region. The mapping tool makes it easier to visualize connections between infrastructure and housing, see project priorities, and quickly access more information about each community’s priority projects and housing efficient areas, within a regional context. This component is completed and included in the draft HIP.

2.4 HIP Component 4–Housing Efficiency Analysis

The Housing Efficiency Analysis looks at three efficiency factors: (1) transportation access, (2) water capacity and (3) wastewater capacity. By analyzing these efficiency factors, housing efficient areas were identified as efficient, potential, or limited. Any infrastructure projects located in an area deemed “efficient” or “potential” moved on to the Infrastructure Prioritization element. All projects located in areas deemed “limited” housing efficiency were removed from further analysis. There were 440 infrastructure projects collected as part of the data inventory. Of those, 18% (80 projects) were located within Housing Efficient Areas (i.e. areas deemed “efficient” or “potential”). This component is completed and included in the draft HIP. Figure 4 from the draft HIP is shown below.



In April 2022, the SLOCOG Board approved the Transportation Efficiency Analysis (TEA) which identified transportation barriers to housing production. The TEA identified both transportation projects that were required for new housing and transportation efficient areas (within ½ mile from a transit stop, ½ mile from a bikeway and 1 mile from an interchange.)

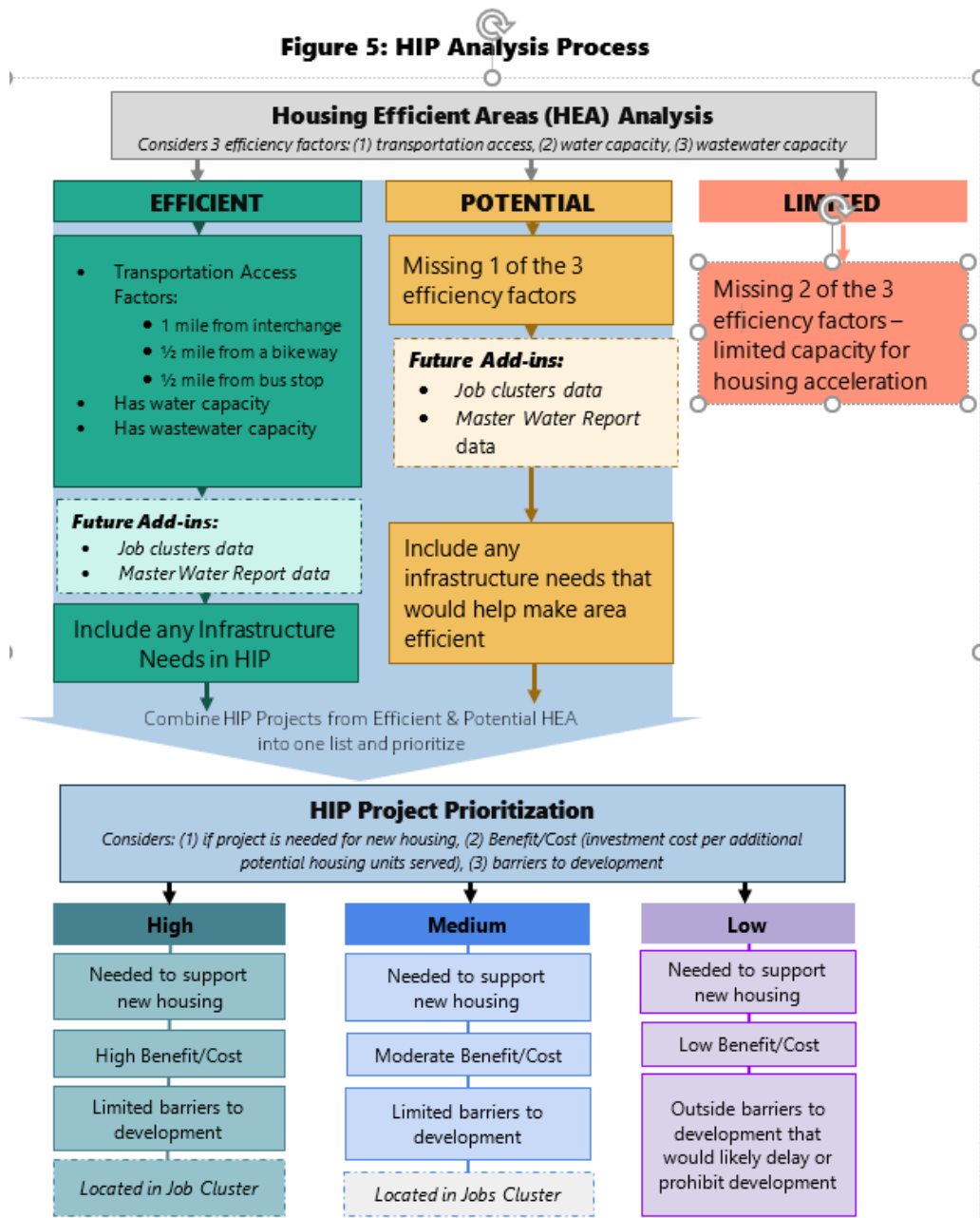
City staff is looking into understanding the criteria used to show the water/wastewater efficient areas here in Atascadero. The map showing water and wastewater efficient

areas appears to include the entire City limits for Atascadero, although sewer is not available to much of the City. In addition, the Wastewater Treatment Plant is at or nearing capacity and a better understanding of how that was factored into determining the net housing efficient area is needed.

Generally, in Atascadero, it appears that the HIP identifies areas that are identified as “housing efficient” and “potentially housing efficient” along both the East and West sides of Highway 101.

2.5 HIP Component 5–Infrastructure Prioritization

The premise of the HIP is to help accelerate new housing development, so the current prioritization factors relate solely to the amount of proposed housing that benefits from a community’s infrastructure project. Figure 5 of the HIP outlines the HIP analysis process.



The 80 infrastructure projects identified through the processes described in HIP Components 2-4 were ranked as high, medium, or low priority 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), and (3) whether there are significant barriers to development.

Table 4: Draft HIP Priority Projects Summary

	Estimate (\$ Millions)	Projects
Estimate for all HIP Projects	\$ 1,015	80
High	\$ 348	54
Medium	\$ 385	10
Low	\$ 281	16

This component is completed and included in the draft HIP. Details of each community's infrastructure priorities can be found in the HIP's Appendix A. The following table included in Appendix A includes a summary of infrastructure priority projects summarized by subregion.

Table 5. Priority Projects by Subregion

Subregion	Total Proposed Dwelling Units	HIP Projects	High	Medium	Low	Total Investment needed per proposed unit	Total Estimated Investment Needed (\$ millions)
North County	6,540	31	21	4	6	\$ 61,927	\$ 405
Central County	6,171	29	25	3	1	\$ 51,693	\$ 319
North Coast	127	6	0	1	5	\$ 354,331	\$ 45
South County	2,876	13	7	2	4	\$ 85,535	\$ 246

Atascadero has four identified priority infrastructure projects as shown in Exhibit A. The projects include the Wastewater Treatment Plant Expansion (medium priority), the Wastewater Treatment Plant Upgrade to address salts and nutrients in the water (high priority), the Del Rio Road interchange modifications (medium priority), and an Atascadero Mutual Water Company project to remove PFAS from the water (high priority).

Additional information is needed at this time to better understand both the data used to determine the priority of projects (i.e., how the # of proposed dwelling units used to determine cost benefit was determined) and the rationale for using only cost divided by # of proposed dwelling units to determine high, medium, or low priority (i.e., the wastewater treatment plant is at or near capacity, severely limiting future development, yet is a medium priority due to its high overall cost). The water company project, which has a lower overall cost but does not prevent future units, is a high priority. All of the projects identified are important, however staff feels that a better understanding and perhaps refinement of the methodology may be needed.

2.6 *HIP Component 6–Funding Strategies Assessment*

SLOCOG contracted with BKF Engineers to conduct a Funding Strategies Assessment. The Funding Strategies Assessment is currently underway and seeks to identify funding sources that can reasonably implement water, wastewater, and transportation infrastructure priorities included in the HIP (for all high, medium, and low priorities). This component is underway, but not completed yet. The draft assessment is expected in July 2023 will include a project-by-project detailed breakdown covering funding requirements, potential funding sources, projected grant funding, and residual funding gap.

Once the Assessment is available, local agencies will be encouraged to review the assessment and pursue funding opportunities for priority infrastructure projects in order to voluntarily contribute to the regional housing effort in a manner that best fits within their agency's goals.

2.7 *HIP Component 7–Affordable-by-Design Study*

SLOCOG contracted with ECONorthwest to conduct the **Affordable-By-Design** (ABD) Study. The Draft ABD Study is included in the HIP as Appendix B and evaluates housing affordability characteristics for the seven Cities as well as unincorporated areas. The intent is to identify whether housing units in this region can be built to meet low- to moderate-income RHNA categories (as rentals or for-purchase) without being income- or rent-restricted. Initial findings 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.

The ABD Study notes that there are generally four factors that come together in the housing market to produce lower-cost housing, including:

- (1) simple design with lower-cost materials; and
- (2) lower cost locations; and
- (3) efficient production, and
- (4) smaller units with higher density.

Due to the limited findings of housing affordability, the ABD Study includes development of a simple menu of policy options that could help to incentivize ABD units in the region. The HIP's Appendix B includes preliminary information; however, it is still in draft form. While the Study includes a lot of valuable information on affordable by design units, it is important to understand the data used to arrive at the market and financial feasibility of ABD units. In Atascadero, the study included La Plaza as affordable by design rental housing.

Recognizing that there is no single solution to the challenge of affordability, the menu of policy options will be provided for each local agency to consider. Local agencies will be

encouraged to adopt what fits their community's needs in order to voluntarily contribute to the regional housing effort in a manner that best fits within their agency's goals.

Section 3. Next Steps

On June 7, 2023, the SLOCOG Board of Directors directed SLOCOG staff (via the HIP engagement consultant team, REACH, and Koble Collaborative, Inc.) to present this item to member jurisdictions for comment and seek general support of regional collaboration moving forward. The seven City Councils and the County Board of Supervisors are receiving a presentation on the HIP and are being provided an opportunity to support the HIP between June 27 - August 8, 2023. Tonight, Council is being asked to consider supporting the draft HIP and providing staff with any additional direction related to the HIP and recommendations provided in the HIP.

On August 2, 2023, the SLOCOG Board of Directors will consider formal **adoption** of the HIP.

3.1 Recommended Action

It is worth emphasizing that supporting the JIP recognizes that there is no "one size fits all" when it comes to this region's planning and that while local agencies plan for housing, they do not build or develop housing. Therefore, nothing in the HIP mandates action by any of the Cities or the County, it simply offers voluntary opportunities for action that could accelerate the development of needed housing in the region. Implementation relies on each agency's voluntary actions moving forward, such as:

- Agencies) may consider pursuing funding opportunities identified for a priority infrastructure project to cover funding gaps.
- Agencies) may consider implementation of affordable-by-design policies appropriate to each unique community and its needs.
- Agencies may consider programmatic changes to improve approval process timelines such as identifying ways to improve response time for housing project approval or coordinating with other agencies to align and streamline processes.
- Agencies may consider updating their approach to prioritizing the community's needed infrastructure projects in order to most impactfully increase housing supply.
- Agencies 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).

While taking action to support the HIP may not mandate or direct the City to take any particular action, it is important to understand that the HIP is expected to be a foundational tool. It could be anticipated that the HIP would be used to inform and guide policy related to all regional infrastructure funding decisions and future RHNA allocation methodology. It may also be used to inform Affordable by Design feasibility and thresholds.

3.2 Alignment with Agency’s Policies

Today’s action signifies another milestone on this path to regional collaboration and fulfilling the Regional Compact adopted by the City on March 20, 2023. In addition, support of the HIP is consistent with the Regional Vision for Housing Section adopted as part of each City’s Housing Element.

3.3 Future of the HIP

As stated before, the housing, infrastructure and economic challenges that the State and region face are larger than any one entity can solve alone and will require the collective actions of all local partners. Since 2019, this region’s stakeholders have taken incremental steps to build a strategic, unified regional collaboration to address housing and infrastructure needs. These incremental steps led to the draft HIP proposed today. The HIP is the first of its kind, and it is intended to be a living document. The HIP’s future implementation and use are wholly dependent on the voluntary actions of many—the seven Cities, County, SLOCOG, organizations who develop and build housing, as well as local community members.

Pending adoption of the HIP, SLOCOG is committed to:

1. Using the HIP as a factor in future grant programming cycles; and
2. Leveraging the HIP as a foundational tool during the next RHNA cycle; and
3. Updating the data in the HIP Mapping Tool in sync with the Regional Transportation Plan/Sustainable Community Strategies development’s public processes.

As stated throughout Section 2, the HIP offers tools and information related to strategic actions and priorities that can make the largest impact on accelerating housing supply. SLOCOG, REACH, and HIP team encourage the City of Atascadero to take voluntary actions aligned with the HIP, considering what will best fit our unique community’s vision and the City’s goals. Through these voluntary actions, Atascadero, along with other key stakeholders, can voluntarily contribute to fulfilling the Regional Compact goals and creating a more vibrant and livable region.

FISCAL IMPACT:

Although there is no direct fiscal impact for supporting the HIP, the HIP is anticipated to have a substantial effect on future regional infrastructure funding decisions.

ALTERNATIVES:

The City Council may choose whether to support this regional effort through future policy amendments or other actions. The Council may also choose to defer this action for additional information, however, SLOCOG would like to finalize the regional HIP by August 2, 2023.

ATTACHMENTS:

1. Draft Regional Housing & Infrastructure Plan
2. Appendix A: Draft List of HIP Infrastructure Projects
3. Appendix B: Draft Affordable-by-Design Study Preliminary Information
4. Appendix D: Regional Compact & Housing Element Regional Chapter



SAN LUIS OBISPO COUNTY
**REGIONAL HOUSING &
INFRASTRUCTURE PLAN**



ACKNOWLEDGEMENTS PAGE



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HIP SUMMARY

The Regional Housing & Infrastructure Plan (HIP) is a collaborative action plan between the seven Cities, County of San Luis Obispo, and SLOCOG in response to the San Luis Obispo region’s growing housing and infrastructure shortage. The HIP is intended to help accelerate housing development where it makes the most sense given regional conditions and readiness. The HIP inventories infrastructure barriers to housing, identifies funding to implement infrastructure needs, and develops foundational information for the future 2027 Regional Housing Needs Assessment (RHNA).

In 2018, the County of San Luis Obispo recognized the need to work regionally in solving the critical shortage of infrastructure resources and housing attainability in San Luis Obispo County. This challenge is larger than any one jurisdiction can solve alone. In January 2019 the County Board of Supervisors approved the kick off of this effort. Since inception, the HIP has been a phased approach with the goals of regional collaboration, strategic action planning, and aligning land use planning documents.

The Regional Compact (April 2020)

The County, seven Cities, and San Luis Obispo Council of Governments (SLOCOG) approved the first major milestone of the HIP - the San Luis Obispo Countywide Regional Compact. The Regional Compact is an aspirational document that sets the tone and goals for future recommended plans and actions among the local agencies. It establishes a united regional framework to unlock the potential to develop an adequate supply of housing and resilient infrastructure that support our economic prosperity. It recognizes that people, water, transportation, connectivity, and housing form the foundation of the San Luis Obispo Region’s healthy, livable communities and thriving economic opportunity.

Housing Element Alignment (June 2020)

The County and the seven Cities were each required to update their jurisdiction's Housing Elements to reflect how local communities are planning for the State’s 6th Cycle Regional Housing Needs Allocations through 2028. The Housing Elements were submitted to the Housing and Community Development (HCD) in December 2020. As part of the Housing Element update process, the regional approach section was developed to showcase the ongoing commitment of each agency to the HIP collaboration. This section presents a regional vision and policies focused specifically on fostering regional collaboration to plan and develop housing and supportive infrastructure. It was the first time all seven jurisdictions included a regional approach chapter in their required housing elements.

Regional Housing and Infrastructure Plan (2022-2023)

Put on hold during the Pandemic, the HIP was revived in June 2022 with the establishment of a Memorandum of Understanding between the County of San Luis Obispo and SLOCOG. SLOCOG became the project manager of the effort. With Senate Bill 2 funding sunset in September 2023, the HIP began moving at an accelerated pace. There are seven elements of the HIP and they are listed in Figure 1: HIP Elements. These elements intertwine and build upon one another.

Figure 1: HIP Elements

HIP Element	Informs
Data and Project Inventory	Infrastructure barriers to housing
Housing Efficiency Analysis	Housing Efficient Areas in HIP
Infrastructure Prioritization	Region’s highest priority projects to unlock housing



HIP Mapping Tool	Living strategic analysis tool used to show the interrelation between housing and infrastructure
Affordable-by-Design Study	Menu of possible policies to increase housing attainability
Funding Strategies Assessment	Funding the region could pursue for priority infrastructure
Housing Highlights	Communication tool: Understanding the need for housing, affordability, and opportunities

There were 440 infrastructure projects collected as part of the data inventory. Of those, 18% (80 projects) were located within Housing Efficient Areas. The 80 projects were ranked using a three-tiered prioritization process based on potential new housing units served. The estimated cost for all 80 HIP projects is over one billion dollars. About one quarter of the HIP projects are water related with the remaining being transportation improvements.

Figure 2: Draft HIP Priority Projects Summary

	Estimate (\$ Millions)	Projects
Estimate for all HIP Projects	\$1,015	80
High	\$ 348	54
Medium	\$ 385	10
Low	\$ 281	16

HIP 2023+

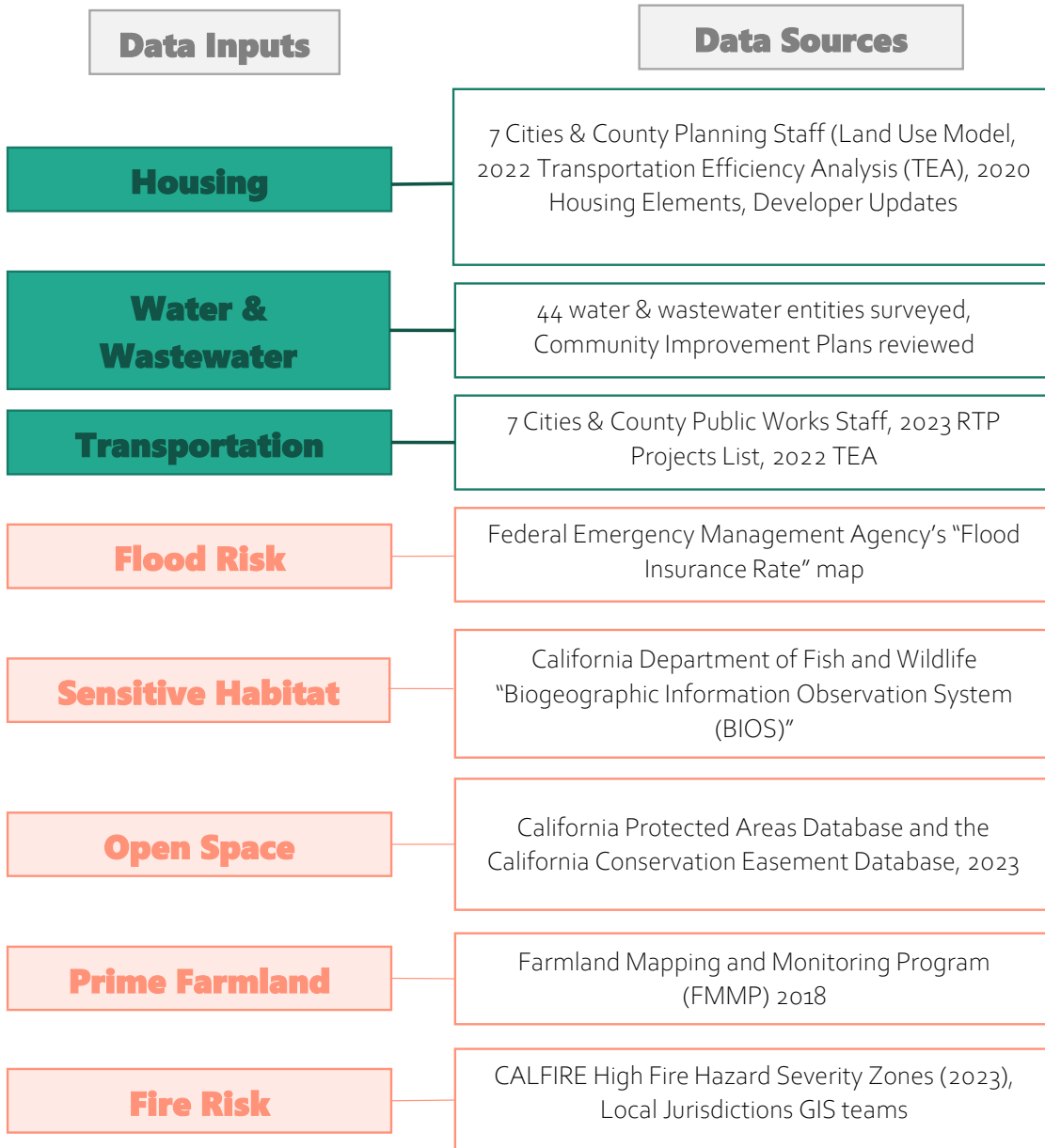
The HIP is the first of its kind, and it is intended to be a living document. For the last five years, collaboration has continued to build, and these incremental steps have allowed the region to make progress in addressing the monumental challenges of the housing and infrastructure shortage. *Next steps to follow stakeholder guidance during Summer 2023 Outreach.*



DATA AND PROJECT INVENTORY

The HIP analyzes the transportation, water, and wastewater infrastructure barriers to housing development. Figure 3: Data Inventory Sources, provides the source details on the data used in the HIP analysis.

Figure 3: Data Inventory Sources





Housing

Proposed residential developments within the seven cities and unincorporated county were collected from planning staff in 2021. This data includes specific plans, proposed residential and mixed-use projects projected for to be built between now and 2045. Residential development that has been completed or near completion was removed from the HIP analysis.

Water & Wastewater

In early January 2023, SLOCOG staff contacted the 44 water and wastewater agencies found in the 2021 Regional Water Infrastructure Resiliency Plan. Five initial questions were asked to the agencies:

1. Is your agency fulfilling its water/wastewater service demand?
2. Do you have capacity to serve additional housing units?
3. Is your agency experiencing any infrastructure limitations or does it have any infrastructure needs?
4. Have they been planned for?
5. Is there a cost estimate for these improvements?

The data collected includes the findings of the 2021 Regional Water Infrastructure Resiliency Plan, agency responses, local capital improvement project lists, and information from the County of San Luis Obispo's Water Team. Water and wastewater service districts were used as water boundaries. Detailed GIS based data from these agencies is limited and water capacity data will be informed by the County's Master Water Report Update. However, infrastructure projects, estimated costs, and timing were all collected. In 2023, forty-five water and wastewater projects were collected from the agencies.

Transportation

Transportation infrastructure was studied in the Transportation Efficiency Analysis (TEA) which the SLOCOG Board approved in April 2022. The TEA identified transportation barriers to housing production which resulted in a list of transportation projects that were prioritized as either land use necessitated or land use beneficial. Land use necessitated projects were transportation projects required for new housing development. These projects are considered TEA priority projects because they are needed to accelerate housing development. Land use beneficial projects are transportation projects that are not required for housing development but improve the transportation efficiency of an area. Of the 350+ transportation investments contained within in the 2023 Regional Transportation Plan (RTP), 64 transportation investments were identified as TEA projects. The San Luis Obispo Regional Transit Authority (RTA) provided details on transit projects and additional improvements needed to best serve additional housing development. The transportation infrastructure list was further refined in the HIP analysis and prioritized differently.

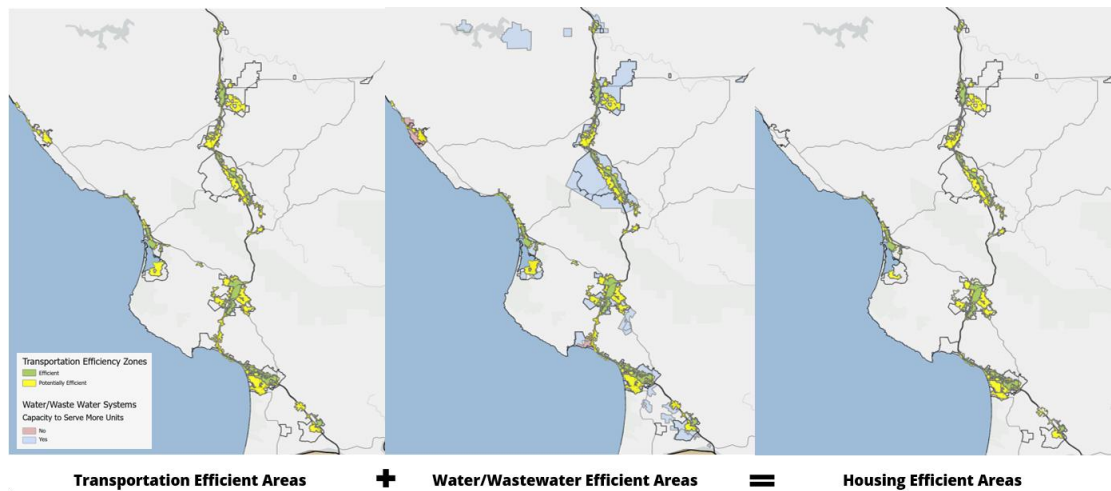
Bonus Layers

The HIP analysis provides the data that connects infrastructure and housing on a regional scale for the first-time. The 2023 effort is also the first phase of the analysis. When planning for housing, land conditions carefully considered. To provide a fuller picture, flood hazard, sensitive habitat, open space, prime farmland, and fire hazard severity data were included as additional reference information. These were not used to remove infrastructure projects from the HIP list but are there to provide additional context.

HOUSING EFFICIENCY ANALYSIS

The Housing Infrastructure Analysis looks at three efficiency factors: transportation access, water capacity, and wastewater capacity. By combining the three efficiency factors, housing efficient areas were identified. This is graphically represented in Figure 4: HIP Mapping Process. Any infrastructure projects located in the “efficient” or “potential” mapped areas moved on to the prioritization phase. All areas and projects that were considered “limited” were removed from further analysis. The Communities of Shandon, Avila Beach, and Cambria were removed from HIP analysis since they did not meet the efficiency criteria.

Figure 4: HIP Mapping Process



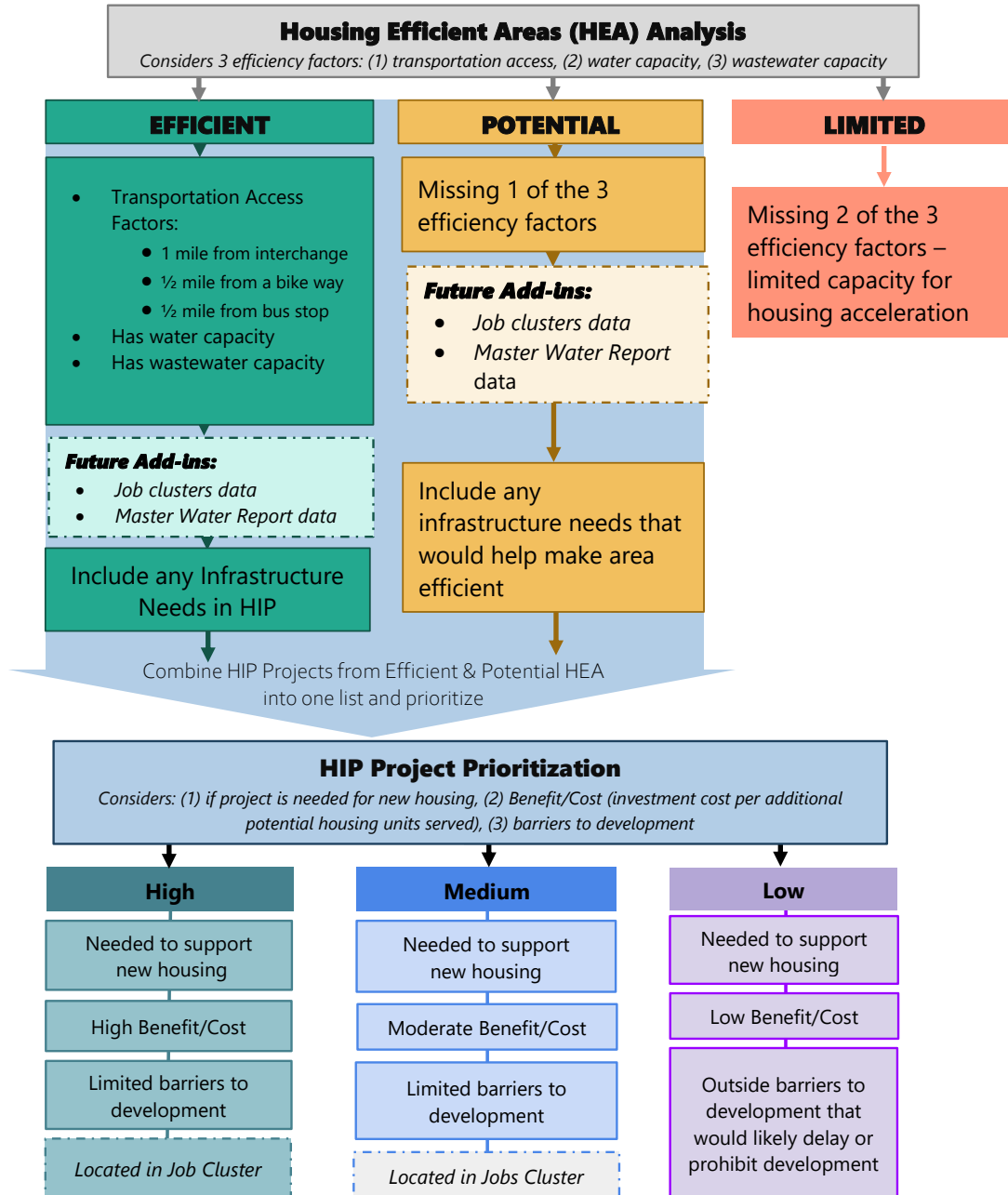
There were 440 infrastructure projects collected as part of the data inventory. Of those, 18% (80 projects) were located within a Housing Efficient Area. The 80 projects moved on to the prioritization phase. The flow of the analysis can be seen in Figure 5: HIP Analysis Process

INFRASTRUCTURE PRIORITIZATION

After stakeholder outreach in February and March 2023, a three-tiered approach was selected to prioritize projects. Projects were labeled as high, medium, or low depending on three factors: if the project supports new housing, the benefit/cost (project cost per total potential housing units within community), and barriers to development. Barriers to development include instances such as a building moratorium. These barriers are outside the controls of the HIP and slow housing development. The entire analysis and prioritization process can be seen in Figure 5.



Figure 5: HIP Analysis Process



Infrastructure projects were divided into two lists, water and transportation, and then prioritized. It was concluded that transportation projects, in general, could be built at various stages of housing development. Whereas, housing cannot be built without adequate water distribution and collection infrastructure. Each list was sorted by highest benefit/cost. The total funding need for the list was divided by three to categorize projects as high, medium, or low.



The premise of the HIP is to help accelerate housing development, so the current prioritization factors relate solely to the total amount of proposed housing. In the future, other factors like jobs-housing balance factors and proposed housing unit type could be considered.

Findings

The draft HIP list contains 80 infrastructure projects with an estimated cost of more than one billion dollars in need. As seen in Figure 6: Draft HIP List Summary, one quarter of the needed infrastructure investments are water-related (supply & wastewater). Interestingly, the cost of 54 high priority projects is less than 10 medium ranked projects.

Figure 6: Draft HIP List Summary

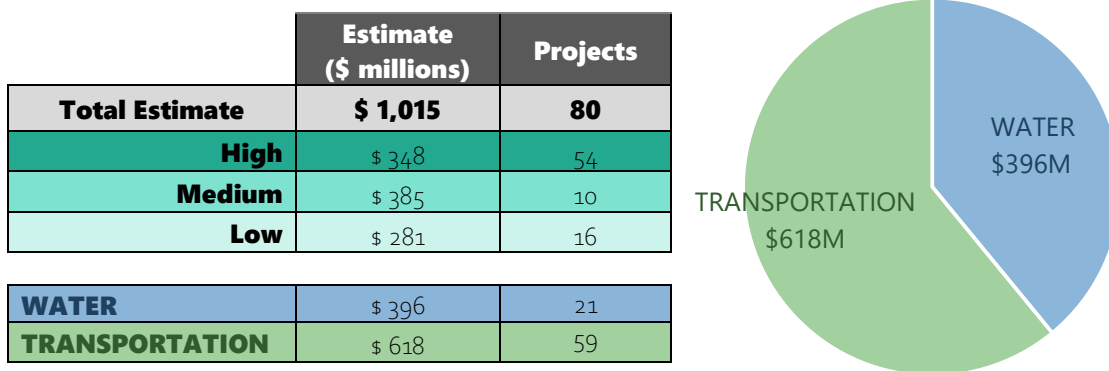


Figure 7: Priority Projects by Community breaks down the total number of HIP priority projects, the total investment needed for each proposed housing unit, and the total estimate investment needed by community. Within the 80 total projects, three are listed as multijurisdictional projects including Central Coast Blue, the Regional Transit Authority Cashless Fare System Conversion, and the North County Transit Charging Facility. In Figure 7, these are listed as a separate row and are not included individually in the "HIP Projects" column for each community. However, multijurisdictional project costs are included in the community's total investment needed. The number of multijurisdictional projects by priority can be seen in Figure 8.

Figure 7: Priority Projects by Community

Community	Total Proposed Dwelling Units	HIP Projects	High	Medium	Low	Total Investment needed per proposed unit	Total Estimated Investment Needed (\$ millions)
<i>Multijurisdictional*</i>		3	2	1			\$ 95
Arroyo Grande	600	1			1	\$ 227,254	\$ 136
Atascadero	722	4	2	2		\$ 155,313	\$ 112
Grover Beach	624	4	3		1	\$ 85,920	\$ 54



Morro Bay	120	1			1	\$ 183,368	\$ 22
Paso Robles	4,959	17	16	1		\$ 37,055	\$ 184
Pismo Beach	297					\$ 61,179	\$ 18
San Luis Obispo	6,171	26	23	3		\$ 43,197	\$ 267
County	2,221	22	6	3	13	\$ 77,286	\$ 172
Cayucos	7	2		1	1	\$ 1,185,714	\$ 8
Los Osos	-	3			3	\$ -	\$ 15
Nipomo	1,351	6	4	1	1	\$ 25,171	\$ 34
Oceano	4	1			1	\$ 950,000	\$ 4
San Miguel	152	1			1	\$ 269,737	\$ 41
Santa Margarita	514	1	1			\$ 2,918	\$ 2
Templeton	193	7	1	1	5	\$ 341,647	\$ 66
Cal Poly	2,780	2	2			\$ 17,986	\$ 50
Total Projects	15,714	80	54	10	16	\$ 64,592	\$ 1,015
Priority Category Total Cost Estimate (\$ millions)			\$ 323	\$ 315	\$ 281		

Figure 8: Multijurisdictional Projects by Priority

Community	Multijurisdictional HIP Projects	High	Medium	Low
Arroyo Grande^{1,2}	2	1	1	
Atascadero^{2,3}	2	2		
Grover Beach^{1,2}	2	1	1	
Morro Bay²	1	1		
Paso Robles^{2,3}	2	2		
Pismo Beach^{1,2}	2	1	2	
San Luis Obispo²	1	1		
County^{2,3}	2	2		

The 3 multijurisdictional projects include the following: *Central Coast Blue¹*, *Cashless Fare System Conversion²*, *North County Charging Facility³*

Ninety-nine percent of the region’s population lives in four out of five subregions: North County, Central County, North Coast, and South County. The North and Central subregions have the majority of the HIP projects, and combined make up 81% of the proposed new housing units in the entire region.

Figure 9: Priority Projects by Subregion

Subregion	Total Proposed Dwelling Units	HIP Projects	High	Medium	Low	Total Investment needed per proposed unit	Total Estimated Investment Needed (\$ millions)
North County	6,540	31	21	4	6	\$ 61,927	\$ 405
Central County	6,171	29	25	3	1	\$ 51,693	\$ 319



North Coast	127	6	0	1	5	\$ 354,331	\$ 45
South County	2,876	13	7	2	4	\$ 85,535	\$ 246

The draft list can be viewed in Appendix A: HIP Project List.

Future Data Considerations

Creating balanced communities is one of the six 2020 Regional Housing Compact goals. The 2023 Sustainable Communities Strategy defines a jobs-housing balanced community as

A community where residents can both live and work. With jobs and housing in close proximity, vehicle trips and commute times reduce and active transportation and transit use increase. These balanced communities also provide a broad mix of housing options to accommodate households with a range of incomes.

As a proactive measure, the jobs-housing balance of communities was analyzed using live/work percentages. A live/work percentage is the total number of employees living and working in the city or community boundaries divided by the total workers living in that boundary. In future iterations of the HIP, jobs-housing balance could be integrated through the live/work percentage and additional job cluster data as mentioned in Figure 5: HIP Analysis Process. The data displayed in

Figure 10 and Figure 11 was not used to prioritize projects in the 2023 HIP. The information is for reference purposes only. This information is included since it relates to goals found in the 2020 Regional Housing Compact, HIP stakeholder interest, and or relates to the 2023 Affordable-by-Design Study. The 2023 Affordable-By-Design Study has shown that units within the multi-family category are more aligned units in the low- and moderately-priced income categories. Understanding the proposed multi-family percentage of each community provides better insight on how the region will fulfill the needs of working households.

Figure 10: Future Data Considerations by Community

Community	Number of Total Proposed Dwelling Units	% of Multi-family units proposed	Live Work Percentage
Arroyo Grande	600	18%	14%
Atascadero	722	75%	21%
Grover Beach	624	81%	9%
Morro Bay	120	47%	21%
Paso Robles	4,959	42%	28%



Pismo Beach	297	30%	12%
San Luis Obispo	6,171	58%	41%
County	2,221	25%	
<i>Cayucos</i>	7	0%	13%
<i>Los Osos</i>	-	0%	11%
<i>Nipomo</i>	1,351	34%	9%
<i>Oceano</i>	4	100%	4%
<i>San Miguel</i>	152	0%	3%
<i>Santa Margarita</i>	514	10%	2%
<i>Templeton</i>	193	19%	12%
Total	15,714		

Source: Longitudinal Employer-Household Dynamics (LEHD) 2019, SLOCOG GIS

Figure 11: Future Data Considerations by Subregion

Subregion	Number of Total Proposed Dwelling Units	% of Multi-family units proposed	Live Work Percentage
<i>North County</i>	6,540	42%	40%
<i>Central County</i>	6,171	58%	44%
<i>North Coast</i>	127	44%	27%
<i>South County</i>	2,876	41%	27%

Source: Longitudinal Employer-Household Dynamics (LEHD) 2019, SLOCOG GIS



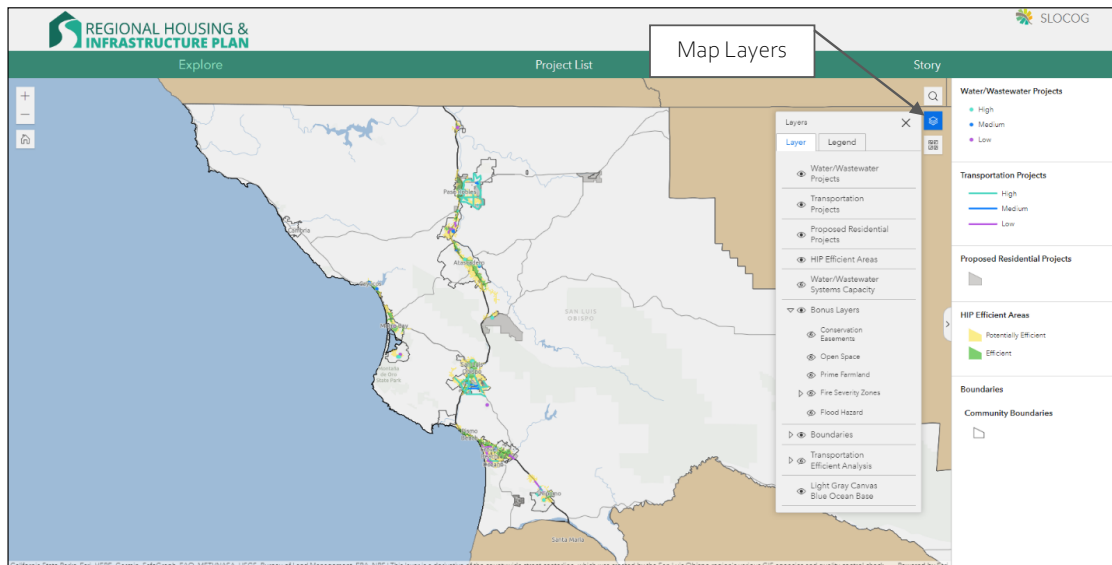
HIP MAPPING TOOL

The [HIP Mapping Tool](#) is an interactive web app that supplements this plan. It was created to illustrate the HIP geographical analysis and support communication and collaboration. The web app includes three pages.

On the Explore page (shown below), users can pan/zoom around the Region to view and click on infrastructure projects colored by high, medium, and low priority. Transportation projects are symbolized with lines and open circles, and water/wastewater projects are symbolized with points. Bonus layers may be added to the map by clicking the map layers icon and opening the "bonus layers" group. Residential projects, symbolized by grey polygons, may also be selected to learn more information.

On the Project List page, users can sort infrastructure projects by high, medium, and low priority. The transportation project list is on the left and the water/wastewater project list is on the right. Both lists are collapsible. When a project is selected on the list, the map will zoom to the project. The user may also click on the project on the map to view a pop-up showing the name, description, and estimated cost.

On the "Story" page of the tool, users may scroll through the HIP Storymap. It includes a quick summary of the HIP, the four-step geographic analysis, a timeline, and a link to the draft plan.



This tool was created using ArcGIS Experience Builder, ArcGIS Pro, ArcGIS Online, and ArcGIS Storymaps. It is in the draft stages and will continue to be developed along with the HIP.



AFFORDABLE-BY-DESIGN STUDY

The Affordable-by-Design (ABD) Study evaluates housing affordability characteristics for the seven incorporated Cities and unincorporated San Luis Obispo County. The intention of the ABD study is to show certain units (built without financial assistance or deed restrictions) as either low- or moderate-income units in annual Housing and Community Development RHNA reports. For purposes of the ABD Study, "affordable by design" (ABD) is defined as new housing that is not income- or rent-restricted, but where typical market rents or sales prices would be affordable to low or moderate-income households (earning 50-120% of Area Median Income). The San Luis Obispo County's published rent and sale price limits by income level define the rent and price range affordable at this income level as seen in Figure 12.

Figure 12: San Luis Obispo County's Rent and Sale Price Limits (May 2022)

Maximum rents: (see footnotes)

Unit Size (Bedrooms)	Acutely Low	Extremely Low Income	Very Low Income	Low Income	Moderate Income	Workforce
Studio	\$287	\$573	\$956	\$1,147	\$2,102	\$2,867
1	\$328	\$655	\$1,092	\$1,310	\$2,402	\$3,276
2	\$369	\$737	\$1,229	\$1,475	\$2,703	\$3,686
3	\$410	\$819	\$1,365	\$1,638	\$3,003	\$4,095
4	\$442	\$885	\$1,474	\$1,769	\$3,244	\$4,423

Note 1: The maximum rent limits shown above do not include adjustments for utilities. Refer to the utility allowance bulletin posted on the website of the Housing Authority of the City of San Luis Obispo.

Note 2: Rent limits are updated when the State issues its annual update to median incomes, generally in April of each year.

Sample maximum sales prices: (see footnotes)

Unit Size (Bedrooms)	Acutely Low	Extremely Low Income	Very Low Income	Low Income	Moderate Income	Workforce
Studio	17,000	\$54,000	\$100,000	\$151,000	\$292,000	\$406,000
1	23,000	\$64,000	\$120,000	\$175,000	\$337,000	\$466,000
2	28,000	\$75,000	\$137,000	\$199,000	\$381,000	\$527,000
3	33,000	\$85,000	\$154,000	\$224,000	\$426,000	\$587,000
4	37,000	\$93,000	\$168,000	\$243,000	\$461,000	\$636,000

Note 1: Homeowner association due (HOA) assumption per month is 150.00

Note 2: Mortgage financing assumed at a fixed rate for 30 years (HSH Associates) is 6.43%

Note 3: Prices shown are preliminary estimates and may be revised. Round to the nearest 1000th.



The ABD Study includes the following approach:

1. Identify common physical characteristics for ABD housing
2. Interviews with local housing developers
3. Consider whether ABD housing examples from other regions could meet ABD criteria in SLO County's market
4. Financial feasibility analysis of illustrative "prototypical" development examples
5. Identify regulatory barriers to development to ABD housing
6. Highlight potential policy measures to support ABD housing

EcoNorthwest used development "prototypes" to highlight characteristics of housing that could potentially meet the Study's ABD definition. These are prototypical developments informed by (or extrapolated from) actual development. Each development prototype is a specific combination of key characteristics, such as number of units and configuration (e.g., detached, attached side-by-side, stacked), Lot size / density, height, unit size and parking. In May 2023, preliminary findings were presented to five stakeholder groups. The following information provides a brief summary and more preliminary information can be viewed in Appendix B: Affordable-by-Design Study Preliminary Information. The final report will be completed in July for SLOCOG Board consideration in August.

Rental Preliminary Findings

On the rental side of new development (within the last 5 years), some new apartments are affordable at a moderate-income level. This may include some mixed-income buildings but 1-bedroom units are most likely to be affordable whereas no 3-bedroom units are categorized as affordable. Design helps but does not guarantee affordability. Most of the buildings that fit within the ABD definition are 3-story, they have a smaller average unit sizes, but not all small units are affordable to moderate-income households.

EcoNorthwest looked at examples from other housing markets within California, Washington, and Oregon to add a few possibilities to a financial feasibility analysis. These prototypes included:

- A. 3-story walk-up apartments—standard
 - Larger units (~880 sf average)
 - Typical density, parking ratio, and landscaping
- B. 3-story walk-up apartments—compact
 - Smaller units (~620 sf average)
 - Higher density, lower parking ratio, less landscaping
- C. 4-story micro-unit apartments
 - Very small units (~300 sf, shared kitchens, individual kitchenettes)
 - Very high density, no parking, no landscaping

Figure 13: Feasibility of Rental Prototypes by Subregion



Summary of Results by Market Area

- Key:
- Very Likely to Meet Criteria
 - ▲ Likely to Meet Criteria
 - ▬ May Meet Criteria
 - ▼ Unlikely to Meet Criteria
 - Very Unlikely to Meet Criteria

Central County	Affordability	Feasibility
3-story walkup - standard	●	▲
3-story walkup - compact	▲	●
4-story micro units	●	●

North Coast	Affordability	Feasibility
3-story walkup - standard	●	●
3-story walkup - compact	●	▼
4-story micro units	●	●

North County	Affordability	Feasibility
3-story walkup - standard	▲	▬
3-story walkup - compact	●	●
4-story micro units	●	▼

South County	Affordability	Feasibility
3-story walkup - standard	▲	▼
3-story walkup - compact	●	▼
4-story micro units	●	●

The financial feasibility analysis uses a metric called “return on cost” (ROC), which reflects the income potential of the completed development¹ divided by the total cost of development. This ratio is often used as an initial indicator of development feasibility for rental developments, as it provides a preliminary indication of whether the completed property will provide competitive financial returns that could attract investors and meet loan underwriting requirements. More data on the Market Assumptions can be found in Appendix B: Affordable-by-Design Study Preliminary Information.

Figure 14: Key Takeaways from Financial Feasibility Analysis (Rental)

Central County	North Coast	North County	South County
<ul style="list-style-type: none"> • Smaller units help achieve affordability • Market likely to support feasibility 	<ul style="list-style-type: none"> • Market rents provide affordability • Feasibility is difficult 	<ul style="list-style-type: none"> • Market rents likely affordable except for largest units • Market likely to support, except for the smallest units 	<ul style="list-style-type: none"> • Market rents likely affordable except for largest units • Market support is borderline

For-Sale Preliminary Findings

In the last five years, only manufactured housing in manufactured home parks met target price points for new for-sale housing using County calculations. This does not factor in the lot cost associated with

¹ Net Operating Income (NOI), the revenue after accounting for vacancy and operating expenses.



manufactured home parks. There are few small detached homes that came close and could potentially meet the City of San Luis Obispo's affordability standards since they calculate income limits differently. Looking at examples from other housing markets:

- A. Small detached units
 - ~350-800 square feet units
 - Shared yards with clustered parking
 - Smallest units may be affordable at close to 120% of AMI in that market
 - **Affordability:** Comparable Units in SLO region exceed target price
- B. Small condo units
 - ~325-600 square feet units
 - Little or no on-site parking
 - Can be affordable to Moderate Income households in portions of some high-cost regions
 - **Feasibility:** May not be viable in SLO region's market
- C. Simple condo development
 - ~600-1000 square feet units
 - Little or no on-site parking with few shared amenities
 - Can be affordable to Moderate Income households in portions of some high-cost regions.
 - **Feasibility:** May not be viable in SLO region's market
- D. Smaller townhouse units
 - ~1,000-1,600 square feet units
 - Can be affordable to Moderate Income households in portions of some high-cost regions
 - **Affordability:** Comparable units in SLO region exceed target price
- E. Smaller single-detached homes
 - 3BR, ~1200-1500 square feet units
 - Can be affordable to moderate-income households in moderate-cost areas (e.g., Central Valley)
 - **Affordability:** Comparable units in SLO region exceed target price

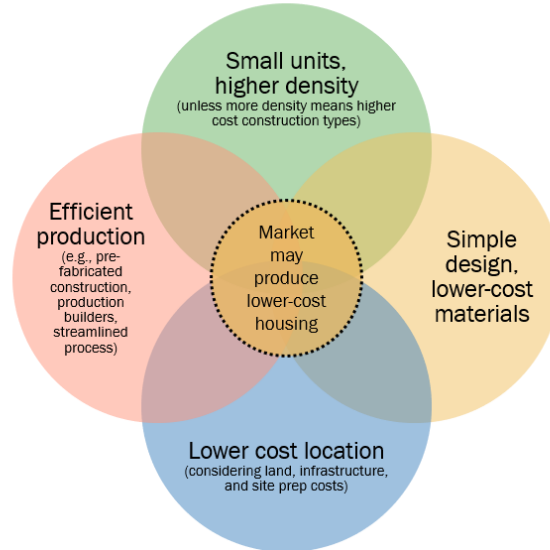
San Luis Obispo's regional market conditions do not support new for-sale housing at prices affordable to moderate-income households, with the possible exception of manufactured homes in housing parks. A few developments have attempted to produce ABD for-sale housing, but even with very small homes, prices are still too high for the moderate-income target price range. Factors that make for-sale housing more affordable in other areas may not translate to the SLO County market (lower land cost, no parking, few amenities, micro units).

Market Conditions

In summary, the rental market is close and regulatory change could help with smaller units in cost-effective developments. The market is not close in the for-sale side and a longer-term approach is needed. Increasing the housing production overall can help bring supply and demand into balance and make ABD achievable over the longer term. These preliminary findings are not surprising but sobering. Looking at a wide-angle view, ECONorthwest looked at what conditions make for lower-cost housing.

Figure 15: Market Conditions for Lower-Cost Housing

What allows the market to produce lower-cost housing?

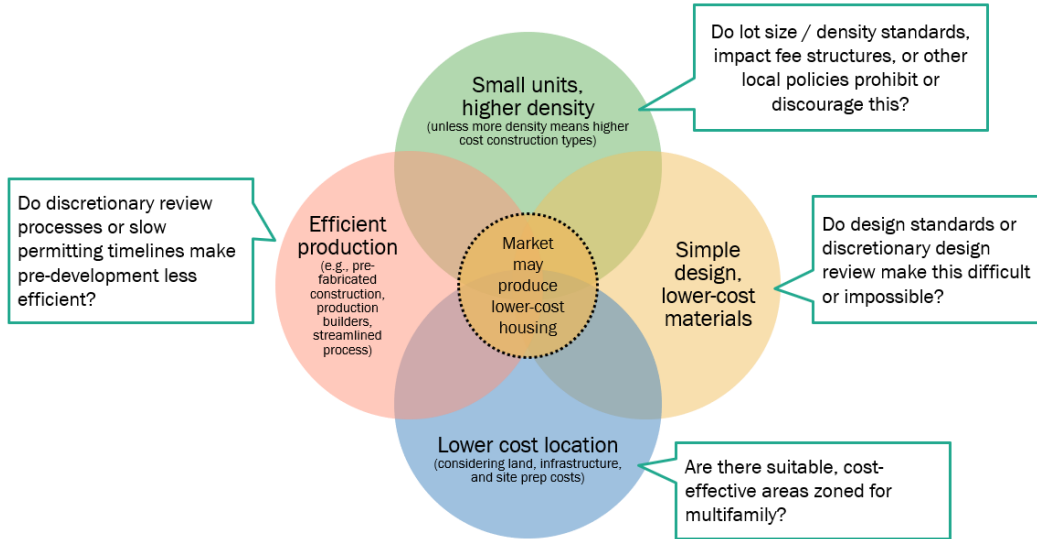


As seen in Figure 15: Market Conditions for Lower-Cost Housing, there are four factors that have to come together in the housing market to produce lower-cost housing including simple design with lower-cost materials, lower cost locations, efficient production, and smaller units with a higher density.

A primary deliverable for the ABD Study is to create a menu of policy change options that will incentivize ABD units in the region. Figure 16 depicts how the public sector impacts the conditions for ABD. ECONorthwest interviewed six developers that work within the San Luis Obispo Region. Those interviews provided four market barrier themes to ABD Development including land cost, demand for high-end housing, construction costs, and demand for parking. They also identified six regulatory barrier themes to ABD development including: discretionary review, density caps, minimum unit sizes, parking requirements that exceed market demand, impact fees and inclusionary zoning, and required infrastructure improvements. More of these details will be made available in July.

Figure 16: Public Sector and ABD Market Conditions

How does the public sector impact market production of lower-cost housing?



In coordination with HIP stakeholders, ECONorthwest identified potential policies and incentives that local governments in the region could implement to support ABD housing development. In the next few months, the consultant will identify relevant case studies from jurisdictions that have implemented programs or policies similar to the relevant incentives, and, where possible, the impact they have had on housing production for ABD housing.

FUNDING STRATEGIES ASSESSMENT

The Funding Strategies Assessment seeks to identify funding and financing sources that can reasonably implement the water, wastewater, and transportation infrastructure needs of the HIP. BKF Engineering has drafted a grant inventory that connects each specific HIP project to various public sources of funding. They also include a grant glossary with factors such as eligibility requirements, deadlines, funding amounts available. These draft pieces can be reviewed in Appendix C: Funding Strategies Assessment Preliminary Information.

A Gap Analysis is currently being conducted which aims to determine the difference between the required funding for the projects and the potential funding that can be secured through grants and other funding sources. The Gap Analysis approach includes:



1. Assessing the Projects & Determining Funding Requirements
2. Identifying Potential Funding Sources
3. Estimating Potential Grant Funding
4. Calculating the Funding Gap
5. Proposing Strategies to Bridge the Funding Gap

The Funding Strategies Assessment will include a detailed breakdown on a project-by-project basis, covering funding requirements, corresponding funding sources, projected grant funding, and the residual funding gap, including shortfalls and match requirements. An actionable timeline and a roadmap, along with recommendations for implementing the proposed strategies aimed to maximize the probability of securing the requisite funds for HIP projects.

The complete Funding Strategies Assessment will be available in July/August.

HOUSING HIGHLIGHTS

Stakeholder Engagement Strategy

The HIP engagement strategy established four outreach objectives:

- Foster ongoing collaboration and buy-in among private and public stakeholders.
- Remind government/elected officials of the Regional Compact and the motives behind it to lay groundwork for their commitment to the 2023 regional HIP.
- Build public sentiment in support of solutions and regional planning efforts related to HIP.
- Support effective coordination with and communication among SLOCOG, HIP consultants and the Comprehensive Economic Development Strategy (CEDS) teams.

The San Luis Obispo region has strategic goals for the future of housing and infrastructure, but they can only be achieved through the decisions and actions of organizations and stakeholders. The stakeholder meetings are designed to have honest conversations about what each organization can and needs to do to realize those goals. The December 2022 Regional Managers Retreat guided the stakeholder engagement process which is depicted in Figure 17: HIP Stakeholder Process.

Figure 17: HIP Stakeholder Process





The following list are the key stakeholder groups engaged – totaling approximately 100 individuals that participated during the HIP development process in January - June 2023:

Regional Managers/ Key Staff: A key driving force behind developing this plan has been regional leadership, including eight City Managers, County Administrative Officer, SLOCOG Executive Director (and key directors from their organizations).

Elected Officials: Two City Council Members with knowledge of regional differences bring the various perspectives and concerns voiced by their respective constituents for this Steering Committee. The full 40 elected officials within the region will have an opportunity to hear about the plan through public updates to SLOCOG Board as well as through presentations of the recommended HIP to their Councils and Boards in Summer 2023.

Building & Development Cluster: Leaders in the building and development industry that convene quarterly with the goal of regional coordination focused on aligning housing and infrastructure needs to create a strong local economy.

Housing Advocacy Group: Organizations and individuals that have significant influence in the community, with representation from the non-profit builders, local chambers of commerce and various advocate organizations.

Housing Action Team: Existing work group made up of planning/ community development staff from Cities, County, and SLOCOG.

Community Stakeholders: The broader community will be engaged in partnership with the SLO Chamber of Commerce Housing Summit in Spring 2023. Feedback from this event will be brought to the HIP Steering Committee to discuss and adjust the communications plan accordingly.

HIP Steering Committee: Formed to oversee the vision for the HIP Outreach Strategy and to bring leaders in each of these areas together, aligning and integrating the various interests that will lead to action on the region's priorities.

A HIP Steering Committee was selected to represent broader interests and to allow for cross-sector collaboration and cohesion. It is a small group of representatives with a balance of public and private backgrounds and a variety of expertise in issues related to development around the region. The HIP Steering Committee guided the development of a balanced plan, and helped to identify paths for the plan's successful adoption and implementation. The HIP Steering Committee includes Matthew Bronson (Grover Beach), Mayor Heather Moreno (Atascadero), Councilmember Andy Pease (SLO City), Trevor Keith (County of SLO), Aaryn Abbott (Abbott | Reed), Lenny Grant (RRM), Jeff Eckles (SLOCHTF), Courtney Howard (SLO Flood Control & Water Conservation District), Anthony Palazzo (Cal Poly), and Jorge Aguilar (Wallace Group).

Regional Housing Success Stories

Available following Summer 2023 Outreach



NEXT STEPS

Available following Summer 2023 Outreach

APPENDIX

Appendix A: Draft List of HIP Infrastructure Priorities

Appendix B: Affordable-by-Design Study Preliminary Information

Appendix C: Funding Strategies Assessment Preliminary Information

Appendix D: Regional Compact & Housing Element Regional Chapter

Appendix E: Additional Housing Data *July 2023*

Community	Total Proposed Dwelling Units	HIP Projects	High	Medium	Low	Total Investment needed per proposed unit	Total Estimated Investment Needed (\$ millions)
<i>Multijurisdictional*</i>		3	2	1			\$ 95
Arroyo Grande	600	1			1	\$ 227,254	\$ 136
Atascadero	722	4	2	2		\$ 155,313	\$ 112
Grover Beach	624	4	3		1	\$ 85,920	\$ 54
Morro Bay	120	1			1	\$ 183,368	\$ 22
Paso Robles	4,959	17	16	1		\$ 37,055	\$ 184
Pismo Beach	297					\$ 61,179	\$ 18
San Luis Obispo	6,171	26	23	3		\$ 43,197	\$ 267
County	2,221	22	6	3	13	\$ 77,286	\$ 172
Cayucos	7	2		1	1	\$ 1,185,714	\$ 8
Los Osos	-	3			3	\$ -	\$ 15
Nipomo	1,351	6	4	1	1	\$ 25,171	\$ 34
Oceano	4	1			1	\$ 950,000	\$ 4
San Miguel	152	1			1	\$ 269,737	\$ 41
Santa Margarita	514	1	1			\$ 2,918	\$ 2
Templeton	193	7	1	1	5	\$ 341,647	\$ 66
Cal Poly	2,780	2	2			\$ 17,986	\$ 50
Total Projects	15,714	80	54	10	16	\$ 64,592	\$ 1,015
Priority Category Total Cost Estimate (\$ millions)			\$ 323	\$ 315	\$ 281		

Subregion	Total Proposed Dwelling Units	HIP Projects	High	Medium	Low	Total Investment needed per proposed unit	Total Estimated Investment Needed (\$ millions)
North County	6,540	31	21	4	6	\$ 61,927	\$ 405
Central County	6,171	29	25	3	1	\$ 51,693	\$ 319
North Coast	127	6	0	1	5	\$ 354,331	\$ 45
South County	2,876	13	7	2	4	\$ 85,535	\$ 246
							\$ 1,015

*Multijurisdictional projects are listed as a separate row and are not included individually in the "HIP Projects" Column for each community. However, multijurisdictional project costs are included in the community's total investment need. The number of multijurisdictional projects by priority can be seen below.

Community	Multijurisdictional HIP Projects	High	Medium	Low
Arroyo Grande^{1,2}	2	1	1	
Atascadero^{2,3}	2	2		
Grover Beach^{1,2}	2	1	1	
Morro Bay²	1	1		
Paso Robles^{2,3}	2	2		
Pismo Beach^{1,2}	2	1	2	
San Luis Obispo²	1	1		
County^{2,3}	2	2		

The 3 multijurisdictional projects include the following:

Central Coast Blue¹

Cashless Fare System Conversion²

North County Charging Facility³

Priority	Supports new housing	Benefit/Cost	Proposed Units within Community	Outside Barriers	Project Type	Community	Project Name	Project Description	2023 Cost Estimate	2023 Time Horizon
High	Y	\$ 74	1,351		Wastewater	Nipomo	CSA 1 Nipomo	Capital Improvement Projects	\$ 100,000	next 5 years
High	Y	\$ 2,083	2,780		Water /Wastewater	San Luis Obispo	Cal Poly	Increase water storage capacity for campus domestic use and fire suppression	\$ 15,000,000	by 2026
High	Y	\$ 2,884	4,959		Wastewater	Paso Robles	Paso Robles City wastewater	There are some areas of the City's wastewater collection (sewer) system that must be upsized in conjunction with new development	\$ 14,300,000	next 10 years
High	Y	\$ 2,884	4,959		Water	Paso Robles	Paso Robles City water	some portions of water system experiencing infrastructure constraints	\$ 14,300,000	next 10 years
High	Y	\$ 2,917	6,171		Water /Wastewater	San Luis Obispo	San Luis Obispo (City)	capacity constraints on sewer conveyance network, additional water storage tanks and water transmission main needed	\$ 18,000,000	n/a
High	Y	\$ 2,918	514		Water	Santa Margarita	CSA 23- Santa Margarita	undersized pipelines, pipeline loops	\$ 1,500,000	n/a
High	Y	\$ 4,861	7,200		Water /Wastewater	San Luis Obispo	Cal Poly	plans to build on-campus Water Reclamation Facility	\$ 35,000,000	by 2026
High	Y	\$ 13,850	722		Water	Atascadero	Atascadero Mutual Water Company	treatment facility to remove PFAS (planning stages)	\$ 10,000,000	next 2 years
High	Y	\$ 34,626	722		Wastewater	Atascadero	Wastewater Upgrade	Wastewater upgrade to address some Regional Water Quality Control Board water quality permitting standards.	\$ 25,000,000	5-7 years
High	Y	\$ 1	624		Transit	Grover Beach	Grover Beach Service Addition	South County Transit provide service to Urban Reserve (Strawberry Field)	*When working with development early, stop can be added with	
High	Y	\$ 1	1,351		Transit	Nipomo	Nipomo Service Addition	RTA provide service to Dana Reserve *working with developer	*When working with development early, stop can be added with	
High	Y	\$ 1	4,959		Transit	Paso Robles	Paso Robles Service Addition	Paso Express provide service to Beechwood development	*When working with development early, stop can be added with	
High	Y	\$ 1	4,959		Transit	Paso Robles	Paso Robles Service Addition	Paso Express provide service to Olsen/South Chandler development	*When working with development early, stop can be added with	
High	Y	\$ 1	6,171		Transit	San Luis Obispo	San Luis Obispo Service Addition	SLO Transit provide an additional stop along Board or Tank Farm	*When working with development early, stop can be added with	
High	Y	\$ 1	6,171		Transit	San Luis Obispo	San Luis Obispo Service Addition	SLO Transit provide access between Broad and South Higuera in the Margarita Area	*When working with development early, stop can be added with minimal cost.	
High	Y	\$ 35	15,714		Transit	Countywide	Cashless Fare System Conversion (further study is required)		\$ 550,000	
High	Y	\$ 72	624		Active Transport	Grover Beach	S. 4th St. bike lanes: Grand Ave. to city limits	Restripe to provide Class II/Class IV bike lanes	\$ 45,000	Unconstrained
High	Y	\$ 149	624		Active Transport	Grover Beach	The Pike Complete Street Improvements	striping, bike lanes	\$ 93,225	By 2035

Priority	Supports new housing	Benefit/Cost	Proposed Units within Community	Outside Barriers	Project Type	Community	Project Name	Project Description	2023 Cost Estimate	2023 Time Horizon
High	Y	\$ 151	6,171		Active Transport	San Luis Obispo	Froom Ranch Frontage & Streetscape Improvements	Install sidewalks on west side and median between Irish Hill Plaza and Calle Joaquin.	\$ 932,250	By 2028
High	Y	\$ 153	6,540		Transit	North County	North County Charging Facility	Charging facility at 1735 Paso Robles St., Paso Robles	\$ 1,000,000	
High	Y	\$ 162	6,171		Non-Highway	San Luis Obispo	Los Osos Valley Rd/Auto Park Wy Intersection Improvements	Install traffic signal, median refuges, hi-vis crosswalks and bicycle protected intersection element	\$ 1,000,000	By 2028
High	Y	\$ 248	6,171		Active Transport	San Luis Obispo	Tank Farm Road Complete Street	Convert from 5-lane to 3-lane, add Class IV bikeways, landscaped medians, and pedestrian crossings	\$ 1,533,000	By 2045
High	Y	\$ 302	6,171		Active Transport	San Luis Obispo	Madonna Rd. - Class IV - Madonna Inn to Higuera Ave.	On Madonna Ave. install Class IV from Madonna Inn to Higuera Ave.	\$ 1,864,500	By 2035
High	Y	\$ 322	6,171		Non-Highway	San Luis Obispo	Buckley Rd. widening: Thread Ln. to Buttonwood Wy.	Widen Buckley Rd. to provide paved shoulders, center left turn lane and to flatten existing horizontal curve	\$ 1,988,800	By 2035
High	Y	\$ 343	4,959		Transit	Paso Robles	Paso Robles New Route	Paso Express provide service to North Chandler Ranch* \$700,000 yearly operating	\$ 1,700,000	
High	Y	\$ 373	6,171		Non-Highway	San Luis Obispo	Broad St/Tank Farm Rd Intersection Improvements	Add NB right turn lane, WB right turn lane, and ped/bike crossing enhancements.	\$ 2,299,500	By 2045
High	Y	\$ 496	6,171		Non-Highway	San Luis Obispo	Orcutt Rd. widening: Johnson Ave. to Tank Farm Rd. (Phase 1)	Widen road to three lanes with Class II bike lanes and sidewalks	\$ 3,057,780	By 2035
High	Y	\$ 497	6,171		Non-Highway	San Luis Obispo	Johnson Ave/Orcutt Rd Roundabout	Install roundabout	\$ 3,066,000	After 2045
High	Y	\$ 501	4,959		Non-Highway	Paso Robles	South River Rd. / Charolais Rd. roundabout	Construct roundabout	\$ 2,486,000	By 2035
High	Y	\$ 514	6,171		Active Transport	San Luis Obispo	Broad St. Median Improvements	Install landscaped medians on Broad St. north of Tank Farm Rd.	\$ 3,169,650	By 2035
High	Y	\$ 514	6,171		Active Transport	San Luis Obispo	Railroad Safety Trail (Phase 7): Bike connection south of Tank Farm Rd.	Construct Class I bike path and ped/bike bridge over Tank Farm	\$ 3,169,650	By 2035
High	Y	\$ 608	6,171		Active Transport	San Luis Obispo	Los Osos Valley Road Protected Bike Lanes	Install Class IV bike lanes along LOVR between Diablo and S. Higuera	\$ 3,750,250	By 2028
High	Y	\$ 618	4,959		Non-Highway	Paso Robles	Airport Road extension North Chandler Ranch	Extend Airport Road as 2-lane arterial from Linne Rd. to Union Rd.	\$ 3,066,000	by 2045
High	Y	\$ 619	6,171		Non-Highway	San Luis Obispo	Santa Fe Rd. extension: Santa Fe Rd. to Tank Farm Rd.	Extend Santa Fe Rd north w/ new bridge over creek and roundabout intersection at Tank Farm/Santa Fe	\$ 3,822,225	By 2035
High	Y	\$ 633	6,171		Active Transport	San Luis Obispo	Railroad Safety Trail: bike bridge crossing at Industrial Way	Construct bike bridge across UPRR tracks at Industrial Wy. to the RRST	\$ 3,909,150	By 2045
High	Y	\$ 648	4,959		Active Transport	Paso Robles	N. River Rd.	Class I trail multi-use paved trail from 13th St. to SR46 along river trail	\$ 3,214,500	By 2028

Priority	Supports new housing	Benefit/Cost	Proposed Units within Community	Outside Barriers	Project Type	Community	Project Name	Project Description	2023 Cost Estimate	2023 Time Horizon
High	Y	\$ 726	4,959		Active Transport	Paso Robles	Creekside Bike Path: Phase 1 and 2	Construct path: Nicklaus to Old S. River Rd.	\$ 3,600,000	Unconstrained
High	Y	\$ 745	6,171		Active Transport	San Luis Obispo	South of Broad St. and Santa Barbara Ave. Protected Bike Lanes	Install Class IV bikeway on Santa Barbara (Upham to Broad) and Broad from Santa Barbara to Farmhouse	\$ 4,599,000	By 2045
High	Y	\$ 870	4,959		Non-Highway	Paso Robles	Creston Rd.: Niblick Rd. to Meadowlark Dr. (Phase 3)	Install traffic-calming and intersection improvements- roadway diet and signals	\$ 4,313,210	By 2035
High	Y	\$ 1,242	6,171		Non-Highway	San Luis Obispo	Horizon Lane Extension	Extend Horizon Ln between Buckley and Tank Farm as commercial collector w/ roundabout at Tank Farm	\$ 7,665,000	by 2045
High	Y	\$ 1,429	6,171		Active Transport	San Luis Obispo	Higuera Protected Bike Lanes	Install Class IV bikeways along Higuera from Marsh to southern City Limits	\$ 8,817,000	By 2045
High	Y	\$ 1,577	4,959		Active Transport	Paso Robles	Huer Huero Creek Trail	Construct Class II bike lanes	\$ 7,818,300	by 2045
High	Y	\$ 1,615	6,171		Non-Highway	San Luis Obispo	Buckley Rd. widening: Vachell Ln. to Broad St.	Widen to three lanes between Hoover St. and Broad St.	\$ 9,964,500	By 2045
High	Y	\$ 1,945	6,171		Non-Highway	San Luis Obispo	Prado Rd. Bridge Replacement & Multimodal Corridor Enhancements	Replace SLO Creek bridge w/ 6-lane bridge (2 each direction + turn lanes), sidewalks, Class IV bike lanes & construct 2nd NB turn lane from S. Higuera to Prado and a bicycle protected intersection	\$ 12,000,000	By 2028
High	Y	\$ 2,014	6,171		Highway	San Luis Obispo	US 101 / Prado Rd. I/C Improvements (Phase 2)	Construct SB off ramp and on ramp; SB auxiliary lane btw Madonna Rd. to Prado Rd.	\$ 12,430,000	By 2035
High	Y	\$ 2,017	4,959		Non-Highway	Paso Robles	Creston Rd.: South River Rd. to Niblick Rd.	Streetscape enhancements and pedestrian crossing improvements	\$ 10,000,000	By 2028
High	Y	\$ 2,024	1,351		Highway	Nipomo	Interchange Improvements at Willow Rd	US 101 NB & SB ramp signalization	\$ 2,734,600	By 2035
High	Y	\$ 2,256	4,959		Active Transport	Paso Robles	Paso Robles Eastside Grand Loop	Complete gaps in the Grand Loop Bikeway Route on the eastside of town, not already completed by Olsen, Chandler, Beachwood, North River Rd., and Huer Huero Creek to complete a connected orbital Class I network.	\$ 11,187,000	By 2035
High	Y	\$ 2,484	6,171		Non-Highway	San Luis Obispo	Santa Fe Rd. extension: south of Tank Farm Rd.	Realign and extend Santa Fe Rd. from Hoover Ave. to Tank Farm	\$ 15,330,000	by 2045
High	Y	\$ 2,837	1,351		Non-Highway	Nipomo	Roadway Extension of Hetrick Rd	Extend Hetrick Rd from Glenhaven Place to Pomeroy Rd to two travel lanes and 8' shoulder	\$ 3,832,500	After 2045
High	Y	\$ 3,091	4,959		Highway	Paso Robles	SR 46E / Union Rd. improvements (Phase 2)	Construct Phase 2 improvements: new interchange	\$ 15,330,000	by 2045

Priority	Supports new housing	Benefit/Cost	Proposed Units within Community	Outside Barriers	Project Type	Community	Project Name	Project Description	2023 Cost Estimate	2023 Time Horizon
High	Y	\$ 3,480	4,959		Active Transport	Paso Robles	Niblick Rd. Corridor enhancements, operational improvements, Complete Streets	Transportation demand management improvements	\$ 17,257,000	By 2035
High	Y	\$ 4,186	193		Non-Highway	Templeton	Las Tablas Rd. at Florence St. Improvements	Traffic signal, ADA ramps, and left-turn lane at Las Tablas Rd. at Florence St.	\$ 807,950	By 2035
High	Y	\$ 4,386	4,959		Highway	Paso Robles	US 101 / SR 46W I/C construct two roundabouts	Operational improvements: modify interchange, EB and WB roundabouts (Phase 3)	\$ 21,752,500	By 2035
Medium	Y	\$ 41,451	193		Water/Wastewa	Templeton	Templeton Community Services District	new sewer force main needed; water supply availability is a limitation and a Nacimiento Recharge and Retrieval Project is needed to add water to the District water system (will include a new pipeline turnout, recharge basin, water filtration and two new wells)	\$ 8,000,000	2027 or later
Medium	Y	\$ 42,857	7		Wastewater	Cayucos	Cayucos Sanitary District (wastewater)	Capital Improvement Projects	\$ 300,000	1 year
Medium	Y	\$ 61,144	1,521		Water/Wastewa	Arroyo Grande, Grover Beach, Pismo Beach	Central Coast Blue: GB, AG, PB Water Supply & Sewer Main	Regional Recycled water project (PB, GB, AG); Phase 1-pipe treated wastewater from Pismo Beach's Wastewater Treatment Plant (WWTP) to a new advanced treatment facility located in Grover Beach. Phase 2 - expand to treat wastewater from South San Luis Obispo County Sanitation District's WWTP.	\$ 93,000,000	next 5 years
Medium	Y	\$ 96,953	722		Wastewater	Atascadero	Wastewater Treatment Plant Expansion	Expand the capacity of our wastewater treatment plant.	\$ 70,000,000	Next 2-4 years
Medium	Y	\$ 4,583	6,171		Non-Highway	San Luis Obispo	Tank Farm Rd. widening: Higuera St. to Broad St.	Widen to five lanes with Class II bike lanes & Class I paths between Horizon and Santa Fe	\$ 28,283,850	After 2045
Medium	Y	\$ 7,360	1,351		Non-Highway	Nipomo	Roadway Extension of North Frontage Rd	Extend North Frontage from Sandydale Dr to Willow Rd	\$ 9,944,000	By 2035
Medium	Y	\$ 8,418	6,171		Non-Highway	San Luis Obispo	Prado Rd. extension: South Higuera St. to Broad St.	Construct extension as 4-lane road (plus median/LT lane), Class I shared-use paths, and new intersection at Broad St. & Prado Rd.	\$ 51,948,771	By 2045
Medium	Y	\$ 9,695	722		Highway	Atascadero	US 101 / Del Rio Rd. I/C modifications	Construct interchange improvements in association with developments	\$ 7,000,000	By 2028

Priority	Supports new housing	Benefit/Cost	Proposed Units within Community	Outside Barriers	Project Type	Community	Project Name	Project Description	2023 Cost Estimate	2023 Time Horizon
Medium	Y	\$ 10,331	6,171		Highway	San Luis Obispo	US 101 / Prado Rd. I/C and NB auxiliary lane (Phase 1)	Construct Prado Rd. overcrossing; NB auxiliary lane. Extend Prado Rd. east to Froom Ranch Way; construct bike lanes, sidewalks.	\$ 63,750,000	By 2028
Medium	Y	\$ 10,587	4,959		Highway	Paso Robles	SR 46E / Union Rd. improvements (Phase 1)	Construct overcrossing; realignment, vertical sight distance improvements, channelization & bike lanes/sidewalks on Union Road from Ardmore Road to Barney Schwartz Park	\$ 52,500,000	by 2028
Low	Y	\$ 183,333	120		Water/Wastewa	Morro Bay	Morro Bay (City)	Fire flow limitations; aging infrastructure	\$ 22,000,000	next 10 years
Low	Y	\$ 269,737	152		Water/Wastewa	San Miguel	San Miguel CSD	water pumping capacity, wastewater sewer treatment capacity, and water water treatment plant expansion	\$ 41,000,000	1 to 10 years
Low	Y	\$ 950,000	4		Water/Wastewa	Oceano	Oceano CSD	Water Resource Reliability Program (capital improvements), and upgrade of water mains	\$ 3,800,000	next 10 years
Low	Y	\$ 1,142,857	7		Water	Cayucos	CSA 10/10A- Cayucos (Cayucos Water Treatment Plant)	water line loops and replacements	\$ 8,000,000	next 5 years
Low	Y	-	-	ing Morat	Water	Los Osos	S&T Mutual Water Company	pipeline to secure a secondary water source, which would run between their water system and the Los Osos CSD, Shared Bike path Easement	\$ 2,900,000	next 5 years
Low	Y	-	-	ing Morat	Water	Los Osos	S&T Mutual Water Company	North Water Tank	\$ 2,500,000	next 5 years
Low	Y	-	-	ing Morat	Water/Wastewa	Los Osos	Los Osos CSD	infrastructure to import supplemental water	\$ 10,000,000	next 5 years
Low	Y	-	-		Wastewater	San Luis Obispo County	CSA 18 Los Ranchos	Sewer Rehabilitation	\$ 1,500,000	next 10years
Low	Y	\$ 12,875	1,351		Non-Highway	Nipomo	North Frontage Rd. extension: Sandydale Rd. to Summit Station Rd.	Extend North Frontage Rd. from Sandydale Rd. to Summit Station Rd.	\$ 17,394,568	By 2045
Low	Y	\$ 15,855	193		Active Transpor	Templeton	Las Tablas Rd. Class II bike lanes: US 101 to Old County Rd.	Construct Class II bike lanes	\$ 3,060,000	Unconstrained
Low	Y	\$ 16,101	193		Highway	Templeton	Las Tablas Rd Interchange Improvements	On Las Tablas Rd from Bennett Way to US 101, widen US 101 SB off-ramp and add westbound lane	\$ 3,107,500	By 2035
Low	Y	\$ 24,519	624		Active Transpor	Grover Beach	Beach Cities Trail: Boardwalk Dune Trail	Construct bike/ped trail	\$ 15,300,000	Unconstrained
Low	Y	\$ 28,982	193		Non-Highway	Templeton	Bennett Way connection/ frontage road: Templeton Hills Rd. to Vineyard Dr.	Connect Bennett Way between Templeton Hills Road and Vineyard Drive	\$ 5,593,500	By 2035
Low	Y	\$ 115,927	193		Highway	Templeton	US 101 / Main St. I/C improvements	Reconstruct interchange and widen Main St. from US 101 to Creekside Ranch Rd.	\$ 22,374,000	By 2035

Priority	Supports new housing	Benefit/Cost	Proposed Units within Community	Outside Barriers	Project Type	Community	Project Name	Project Description	2023 Cost Estimate	2023 Time Horizon
Low	Y	\$ 119,145	193		Highway	Templeton	Interchange Improvements at Las Tablas Rd	Phase 3 Widening to 5 lanes (Bridge Removal and replacement) or Roundabouts	\$ 22,995,000	By 2045
Low	Y	\$ 166,075	600		Highway	Arroyo Grande	US 101 Traffic Way/El Campo Interchange	Closure of SB Fair Oaks off-ramp & Traffic Way NB & SB ramps, and all at-grade access points between Traffic Way and Los Berros Road and construct new interchange in the vicinity of El Campo/Traffic Way.	\$ 99,645,000	By 2045

	Estimate	Projects
Estimate for all HIP Projects	\$ 1,014,252,229	80
High	\$ 348,000,000	54
Medium	\$ 385,000,000	10
Low	\$ 281,000,000	16

Water/Wastewater	\$ 396,000,000	21
Transportation	\$ 618,000,000	59

Total Purposed Units	15,714
Total Investment needed per purposed unit	\$ 64,544
Total HIP Projects	80

	Estimate (\$ Millions)	Projects
Estimate for all HIP Projects	\$ 1,014	80
High	\$ 348	54
Medium	\$ 385	10
Low	\$ 281	16

Atascadero Priority Projects

Priority	Supports new housing	Benefit/Cost	Proposed Units within Community	Outside Barriers	Project Type	Community	Project Name	Project Description	2019 RTP Time Horizon	2021 Cost Estimate	2023 Cost Estimate	2023 Time Horizon
High	Y	\$ 13,850	722		Water	Atascadero	Atascadero Mutual Water Company	treatment facility to remove PFAS (planning stages)			\$ 10,000,000	next 2 years
High	Y	\$ 34,626	722		Wastewater	Atascadero	Wastewater Upgrade	Wastewater upgrade to address some Regional Water Quality Control Board water quality permitting standards.			\$ 25,000,000	5-7 years
Medium	Y	\$ 96,953	722		Wastewater	Atascadero	Wastewater Treatment Plant Expansion	Expand the capacity of our wastewater treatment plant.			\$ 70,000,000	Next 2-4 years
Medium	Y	\$ 9,695	722		Highway	Atascadero	US 101 / Del Rio Rd. I/C modifications	Construct interchange improvements in association with developments	By 2045	\$ 8,500,000	\$ 7,000,000	By 2028
High	Y	\$ 153	722		Transit	Atascadero	North County Charging Facility	Charging facility at 1735 Paso Robles St., Paso Robles			\$ 110,466	
High	Y	\$ 35	722		Transit	Atascadero	Cashless Fare System Conversion (further study is required)				\$ 25,270	

TOTAL	\$112,135,736
Total Investment needed per proposed unit	\$ 155,312.65
Community Specific Projects	4

* Multijurisdictional Project Cost Estimate = Total Benefit/Cost per unit * number of proposed units within community



Working With the Market: Understanding and Supporting Affordable-by-Design Housing in San Luis Obispo County

June 26, 2023

Prepared for: San Luis Obispo Council of Governments

Draft Report

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- Coastal Community Builders
- Ambient Communities
- Midland Pacific Homes
- Peoples' Self-Help Housing
- Housing Authority of SLO (HASLO)
- Paso Robles Housing Authority
- North San Luis Obispo County Association of Realtors
- California Association of Realtors Region 31
- Compass Real Estate
- San Luis Obispo County Housing Trust Fund
- Habitat for Humanity
- Home Builders Association
- YIMBY
- SLO Chamber of Commerce
- South County Chamber of Commerce
- Morro Bay Chamber of Commerce
- Paso Robles Chamber of Commerce
- League of Women Voters
- Kovesdi Consulting
- Covelop
- Specialty Construction
- Wallace Group
- The HRM Corp.
- Ten Over Studio
- People's Self-Help Housing
- RRM Design Group
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Recommendations for Affordable-By-Design Policies in San Luis Obispo County Error! Bookmark not defined.

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EXECUTIVE SUMMARY

We will add this to the final version, following initial review

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INTRODUCTION

The intention of the Affordable-by-Design (ABD) Study is to determine whether certain types of market-rate housing units are likely to be affordable to low- or moderate-income households in San Luis Obispo County “by design”, and what jurisdictions in the San Luis Obispo Council of Governments (SLOCOG) can do to support this type of housing. Identifying physical characteristics that are commonly associated with the targeted level(s) of affordability could allow the jurisdictions to count these developments towards RHNA requirements in annual reports to Housing and Community Development (HCD) and align local policies to support this type of housing production.

For purposes of this study, “affordable by design” is defined as new housing that is not income- or rent-restricted, but where typical market rents or sales prices would be affordable to low or moderate-income households (earning 50-120% of San Luis Obispo County’s Area Median Income or AMI). The study encompasses the seven incorporated Cities and unincorporated San Luis Obispo (SLO) County.

The study included the following components:

Part 1: Understanding ABD Housing in San Luis Obispo County

- Identify common physical characteristics for ABD housing based on a review of market data and development examples from SLO County as well as other regions.
- Market and financial feasibility analysis to determine whether housing built with the identified physical characteristics would meet ABD criteria and be financially feasible for a market-rate developer to build in the different parts of the county.

Part 2: Supporting ABD housing in San Luis Obispo County

- Identification of a barriers to ABD development and a range of potential policy measures that could help support ABD housing based on interviews with local housing developers and ECONorthwest’s analysis.
- Stakeholder feedback on the study’s findings and on priorities for policy measures to explore further through this study, resulting in selection of six policy measures for further evaluation.
- Additional analysis of the selected policy measures, including a survey of current planning practices among the SLOCOG jurisdictions related to these policies and research on how other jurisdictions outside SLOCOG have implemented the selected policy measures.
- Draft recommendations for SLOCOG jurisdictions to consider in support ABD housing.

The balance of this report summarized the results of this analysis and the recommended policy measures for consideration.

PART 1: UNDERSTANDING ABD HOUSING IN SLO COUNTY

Identifying Examples and Characteristics of ABD Housing

Rent and Sales Price Limits for ABD Housing in SLO County

San Luis Obispo County's published rent and sale price limits by income level define the rent and price range affordable at this income level (see Figure 1).¹

Figure 1: San Luis Obispo County's Rent and Sale Price Limits (May 2022)

Source: San Luis Obispo County Department of Planning and Building, Affordable Housing Standards, May 2022²

Maximum rents: (see footnotes)

Unit Size (Bedrooms)	Acutely Low	Extremely Low Income	Very Low Income	Low Income	Moderate Income	Workforce
Studio	\$287	\$573	\$956	\$1,147	\$2,102	\$2,867
1	\$328	\$655	\$1,092	\$1,310	\$2,402	\$3,276
2	\$369	\$737	\$1,229	\$1,475	\$2,703	\$3,686
3	\$410	\$819	\$1,365	\$1,638	\$3,003	\$4,095
4	\$442	\$885	\$1,474	\$1,769	\$3,244	\$4,423

Note 1: The maximum rent limits shown above do not include adjustments for utilities. Refer to the utility allowance bulletin posted on the website of the Housing Authority of the City of San Luis Obispo.

Note 2: Rent limits are updated when the State issues its annual update to median incomes, generally in April of each year.

Sample maximum sales prices: (see footnotes)

Unit Size (Bedrooms)	Acutely Low	Extremely Low Income	Very Low Income	Low Income	Moderate Income	Workforce
Studio	17,000	\$54,000	\$100,000	\$151,000	\$292,000	\$406,000
1	23,000	\$64,000	\$120,000	\$175,000	\$337,000	\$466,000
2	28,000	\$75,000	\$137,000	\$199,000	\$381,000	\$527,000
3	33,000	\$85,000	\$154,000	\$224,000	\$426,000	\$587,000
4	37,000	\$93,000	\$168,000	\$243,000	\$461,000	\$636,000

Note 1: Homeowner association due (HOA) assumption per month is 150.00

Note 2: Mortgage financing assumed at a fixed rate for 30 years (HSH Associates) is 6.43%

Note 3: Prices shown are preliminary estimates and may be revised. Round to the nearest 1000th.

¹ The City of San Luis Obispo has its own way of calculating maximum sale prices for its inclusionary housing program, which results in somewhat higher maximum sales prices. However, for consistency across the County, this analysis uses the County's price limits.

² "Affordable Housing Standards." San Luis Obispo County Department of Planning and Building, June 1, 2022. [https://www.slocounty.ca.gov/Departments/Planning-Building/Forms-Documents/Housing-Forms-and-Documents/Informational-Documents/Affordable-Housing-Standard-\(Post-2009\).pdf](https://www.slocounty.ca.gov/Departments/Planning-Building/Forms-Documents/Housing-Forms-and-Documents/Informational-Documents/Affordable-Housing-Standard-(Post-2009).pdf).

Examples of ABD Rental Housing

Rental Housing Examples from SLO County

ECONorthwest used data from CoStar, a proprietary market data service, to identify recently-constructed market-rate multifamily rental housing in SLO County where rents appear to meet the rent limits shown in Figure 1 by unit type (number of bedrooms). This search yielded five properties where at least some unit sizes appear to meet moderate-income rent limits.³ These example properties are shown in Figure 2 below, and their characteristics are summarized in

Figure 3.

Figure 2: Examples of ABD Rental Housing in SLO County

Source: CoStar



³ Note that CoStar reports rents on average by unit type and does not separate rents for affordable units from those for market-rate units within mixed-income buildings.

Figure 3: Characteristics of ABD Housing Examples in SLO County

Source: ECONorthwest analysis of CoStar data, February 2023.

	Connect SLO	La Plaza	Laurel Lane	Ramona Gardens	The Junction
Jurisdiction	San Luis Obispo	Atascadero	San Luis Obispo	Grover Beach	San Luis Obispo
Land Area (AC)	Not Available	1.83	Not Available	0.51	1.58
# Units	78	42	22	19	69
# Stories	3	3	3	3	3
Studio Affordability	Above Moderate	Moderate	N/A	Moderate	Above Moderate
Studio Unit Size	477 sf	534 sf	N/A	400 sf	531 sf
1 BR Affordability	Moderate*	Moderate	Low/ Moderate*	Moderate	Moderate*
1 BR Unit Size	664 sf	721 sf	514 sf	800 sf	568 sf
2 BR Affordability	Above Moderate	Above Moderate	Moderate*	Moderate	Above Moderate
2 BR Unit Size	1,032 sf	1,537 sf	877 sf	800 sf	799 sf
3 BR Affordability	N/A	Above Moderate	Above Moderate	N/A	N/A
3 BR Unit Size	N/A	2,808 sf	1,288 sf	N/A	N/A

*CoStar does not isolate market rents in mixed-income buildings. Reported average rents may be artificially low due to some units being below market rate, particularly where inclusionary housing regulations apply.

This analysis suggests that some new apartments are affordable at Moderate Income rents in at least some parts of the County, but this may be skewed by mixed-income buildings. Among these examples, one-bedroom units were most likely to be affordable, and no three-bedroom units met affordability criteria.

A review of the physical characteristics of these developments shows that design plays a role in making them affordable, but it does not guarantee affordability. Most of the examples are three story buildings, and most have small average unit sizes; however, many other apartments built in the County are also three stories, and not all small units are affordable to Moderate Income households.

ABD Rental Housing from Other Regions

ECONorthwest looked at examples of other types of rental housing recently developed in other housing markets for housing types that could potentially meet ABD criteria if built in SLO County. The primary type of housing that consistently achieved moderate-income affordability (or below) in similar housing markets is Micro Units. These typically have:

- Unit sizes between 150-350 sf with individual kitchenettes and shared kitchens⁴
- No vehicle parking but on-site bike storage
- Generally, four or more stories, high density, with minimal setbacks/landscaping
- Highly walkable and desirable locations

Figure 4: Examples of Micro Unit Developments

Image credits: Alcove PDX (<https://pdxalcove.com>); Stenberg Hart (<https://www.stenberghart.com/design/projects/mccadden-place-micro-units/>)



Examples of ABD For-Sale Housing

ABD For-Sale Housing Examples from SLO County

ECONorthwest used sales transaction data from Redfin to identify sales within the last year of recently constructed housing units that sold for less than the sales price threshold listed in Figure 1. Only manufactured housing in manufactured home parks met these target price points (see examples in Figure 5).⁵

⁴ Because of the shared kitchens, groups of four to eight micro-units are often regulated as a single dwelling unit under the zoning codes where these developments have been permitted.

⁵ Because these manufactured homes must pay space rent for the manufactured home park, when this space rent is accounted for, even these units may not be affordable for moderate income households.

Figure 5: Examples of ABD For-Sale Housing in SLO County

Source: Redfin



A few small detached homes (such as the examples shown in Figure 6) came close to meeting the County's affordability standards, and would meet the County's Workforce housing price limits, but exceeded the County's Moderate Income sales price limits.

Figure 6: Examples of Small Detached Homes Close to ABD Sales Limits

Source: Redfin



ABD For-Sale Housing from Other Regions

Looking at examples from other regions, ECONorthwest identified three types of for-sale housing that tended to offer the lowest price-points in other relatively high-cost housing markets. These included:

- **Very small detached units** (roughly 350-800 sf) with shared yards, and clustered parking. The smallest units may be affordable at close to 120% of AMI in that market, but the most comparable units in SLO County exceed the target price. It is possible that the smallest detached units (e.g., under 800 sf) could meet the affordability targets in some cases.

Figure 7: Examples of Very Small Detached Units from Other Markets

Image credits: Redfin⁶; Connect Architecture⁷; South Park Cottages⁸



- **Small condo units** (roughly 325-600 sf) with little or no on-site parking. These can be affordable to Moderate Income households in portions of some high-cost regions, but may not be viable in SLO County's market given the small size and lack of parking.

Figure 8: Examples of Small Condo Units from Other Markets

Image Credits: Portland's Best Real Estate⁹; Redfin¹⁰



- **Simple condo development** with simple design, medium-sized units (roughly 600-1000 sf), little or no on-site parking, and few shared amenities. These units can be affordable to Moderate Income households in portions of some high-cost regions, but may not be viable in SLO County's market given high development costs.

⁶ <https://www.redfin.com/OR/Bend/61301-Benham-Rd-97702/unit-1/home/167021238>

⁷ <https://www.connectarchitecture.us/posh-pockets>

⁸ <https://southparkcottages.com/>

⁹ <https://www.portlandsbestrealestate.com/division-43-studio-condo>

¹⁰ <https://www.redfin.com/OR/Portland/7360-N-Atlantic-Ave-97217/unit-3/home/185141446>

Figure 9: Examples of Simple Condo Developments from Other Markets

Image Credits: Redfin¹¹



- **Small townhouse units** (roughly 1,000-1,600 sf). These can be affordable to Moderate Income households in portions of some high-cost regions, but comparable units in SLO County exceed the target price.

Figure 10: Examples of Small Townhouse Units from Other Markets

Image Credits: Redfin¹²



- **Smaller single-detached homes** ("starter homes") that are typically three-bedroom units roughly 1200-1500 sf. These can be affordable to moderate-income households in moderate-cost areas (e.g., California's Central Valley), but comparable units in SLO County exceed the target price.

¹¹ <https://www.redfin.com/CO/Federal-Heights/1401-W-85th-Ave-80260/unit-B101/home/176995897>;
<https://www.redfin.com/OR/Portland/1801-N-Rosa-Parks-Way-97217/unit-303/home/172577477>;
<https://www.redfin.com/OR/Portland/5025-N-Minnesota-Ave-97217/unit-102/home/185246763>

¹² <https://www.redfin.com/CO/Denver/2206-E-38th-Ave-80205/home/185222737>; <https://www.redfin.com/OR/Portland/7308-NE-11th-Ave-97211/home/185109359>

Figure 11: Examples of Small Single-Detached Homes from Other Markets

Image Credits: Redfin¹³



Based on developer interviews and review of market data from SLO County, none of these models from other regions seemed likely to be viable as a way to deliver ABD for-sale housing in SLO County, and they were not further evaluated.

Overall, the data suggests that SLO County market conditions are unlikely to support new for-sale housing at prices affordable to moderate-income households, with the possible exception of manufactured housing in parks. A few developments have attempted to produce ABD for-sale housing, but even with very small homes, prices are still too high for the moderate-income target price range. In addition, even if jurisdictions were to change policies, factors that make for-sale housing more affordable in other areas may not translate to the SLO County market (e.g., lower land cost, no parking, few amenities, micro units).

Market and Development Feasibility Analysis

Potential ABD Housing Types Selected for Analysis

Based on the review of ABD examples from SLO County and other market areas, ECONorthwest selected three development “prototypes” that typify the physical characteristics that showed potential viability and affordability to moderate income households in the San Luis Obispo market:

- A 3-story walk-up apartment with typical unit sizes and site layout for the region
- A more compact 3-story walk-up apartment with smaller unit sizes, less parking, and less landscaping / setbacks
- A 4-story micro-units development with very small units and no parking

Additional characteristics and physical features assumed for these prototypes are listed in Figure 12.

Figure 12: ABD Prototype Assumptions

Source: ECONorthwest

Description	3-story walkup - standard	3-story walkup - compact	4-story micro units
Site Size (sf)	65,340	65,340	8,000
# of Units	51	91	71

¹³ <https://www.redfin.com/CA/King-City/611-Cecily-St-93930/home/167240703>; <https://www.redfin.com/CA/Shafer/9710-Amberdale-Way-93263/home/178358767>

Density (DU/Ac)	34.0	60.7	386.6
Parking location	surface	surface	none
Parking ratio	1.54	1.00	0.00
Unit Mix (% of units)			
Studio	5%	30%	100%
1-bed	40%	40%	0%
2-bed	50%	30%	0%
3-bed	10%	0%	0%
Unit Size (net sf)			
Studio	500	425	300
1-bed	675	575	
2-bed	1,000	875	
3-bed	1,350		
Average Unit Size	880	620	300

Note: This analysis treats each micro-unit as its own unit, although under many codes they would not be considered stand-alone units because of their shared kitchens.

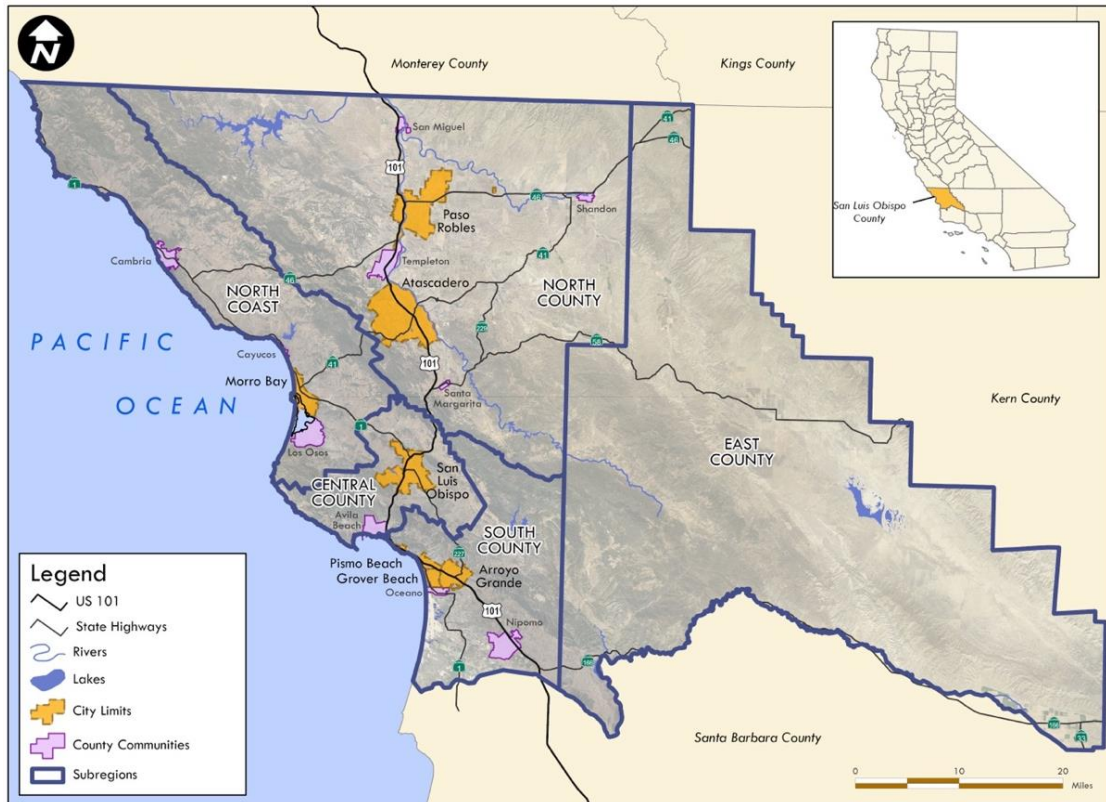
Market Conditions

While the affordability targets and AMI are set countywide, the market conditions vary across the county. The analysis addresses this by dividing the county into different market areas for purposes of the analysis (see Figure 13). The analysis focuses on four market areas:

- North Coast
- North County
- South County
- Central County

East County is not included in the analysis because there is little development or development opportunity in that area.

Figure 13: SLO County Market Areas



ECONorthwest estimated the market rents in each market area for each prototype based on the most comparable developments and adjusted to reflect differences between market areas and prototypes. The estimated market rents for each area are listed in Figure 14, along with the relevant moderate income rent limit by unit type.

Figure 14: Estimated Market Rents by Market Area and Prototype

Source: ECONorthwest analysis based on CoStar data; San Luis Obispo County Department of Planning and Building, Affordable Housing Standards, May 2022¹⁴

Region - Bedroom Size	3-story walkup - standard	3-story walkup - compact	4-story micro units	Moderate-Income Rent Limit
Central County	\$2,750	\$2,327	\$1,470	\$0
Studio	\$2,250	\$2,083	\$1,470	\$2,047
1-bed	\$2,430	\$2,156	-	\$2,329
2-bed	\$2,950	\$2,800	-	\$2,597
3-bed	\$3,375	-	-	\$2,877

¹⁴ [https://www.slocounty.ca.gov/Departments/Planning-Building/Forms-Documents/Housing-Forms-and-Documents/Informational-Documents/Affordable-Housing-Standard-\(Post-2009\).pdf](https://www.slocounty.ca.gov/Departments/Planning-Building/Forms-Documents/Housing-Forms-and-Documents/Informational-Documents/Affordable-Housing-Standard-(Post-2009).pdf)

Region - Bedroom Size	3-story walkup - standard	3-story walkup - compact	4-story micro units	Moderate-Income Rent Limit
North Coast	\$1,925	\$1,513	\$956	\$0
Studio	\$1,575	\$1,354	\$956	\$2,047
1-bed	\$1,701	\$1,402	-	\$2,329
2-bed	\$2,065	\$1,820	-	\$2,597
3-bed	\$2,363	-	-	\$2,877
North County	\$2,465	\$1,972	\$1,176	\$0
Studio	\$1,800	\$1,594	\$1,176	\$2,047
1-bed	\$2,147	\$1,898	-	\$2,329
2-bed	\$2,650	\$2,450	-	\$2,597
3-bed	\$3,240	-	-	\$2,877
South County	\$2,289	\$1,747	\$956	\$0
Studio	\$1,450	\$1,275	\$956	\$2,047
1-bed	\$1,856	\$1,639	-	\$2,329
2-bed	\$2,600	\$2,363	-	\$2,597
3-bed	\$3,038	-	-	\$2,877

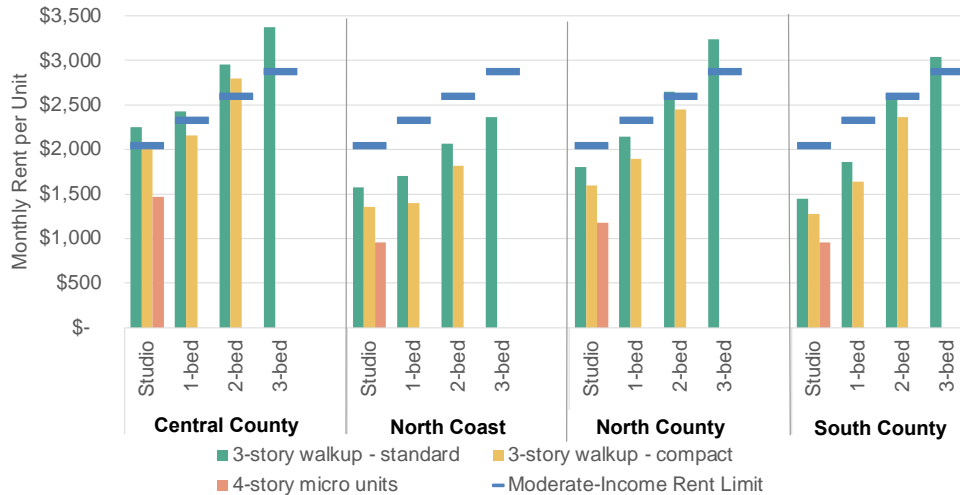
Note: market rents reflect 2023 market conditions with an estimated 3% annual escalation prior to opening.

These rents are shown graphically in comparison to the moderate-income threshold in Figure 15.

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Figure 15: Estimated Market Rents by Market Area and Prototype Compared to Moderate-Income Rent Limit

Source: ECONorthwest analysis based on CoStar data; San Luis Obispo County Department of Planning and Building, Affordable Housing Standards, May 2022¹⁵



This highlights that while many of the prototypes are estimated to offer market rents below the moderate-income threshold, this may not be the case for all prototypes / unit sizes in all market areas.

Development Feasibility Analysis

ECONorthwest’s financial feasibility analysis uses a metric called “return on cost” (ROC), which reflects the income potential of the completed development¹⁶ divided by the total cost of development. This ratio is often used as an initial indicator of development feasibility for rental developments, as it provides a preliminary indication of whether the completed property will provide competitive financial returns that could attract investors and meet loan underwriting requirements. Because both lenders and investors will expect higher returns for riskier investments, market areas that have stronger demand fundamentals will likely have a lower threshold for ROC to make development viable. Thus, the target ROC is assumed to be higher in smaller markets (North County and South County) than in Central County (North County is estimated to fall between these book-ends).

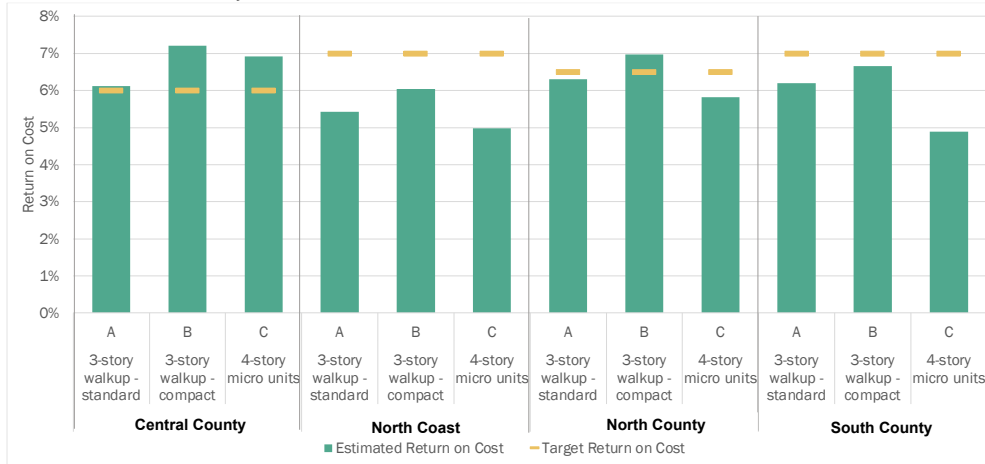
ECONorthwest used cost information calibrated based on interviews with local developers and research on average local fee amounts in SLO County to estimate development costs by prototype.

¹⁵ [https://www.slocounty.ca.gov/Departments/Planning-Building/Forms-Documents/Housing-Forms-and-Documents/Informational-Documents/Affordable-Housing-Standard-\(Post-2009\).pdf](https://www.slocounty.ca.gov/Departments/Planning-Building/Forms-Documents/Housing-Forms-and-Documents/Informational-Documents/Affordable-Housing-Standard-(Post-2009).pdf)

¹⁶ Net Operating Income (NOI), the revenue after accounting for vacancy and operating expenses.

Figure 16: Estimated Return on Cost by Prototype and Market Area

Source: ECONorthwest analysis



Because costs and market conditions can vary substantially between sites even within the same market area and for the same prototype, these results should be taken as a general indication of the relative feasibility of different prototypes, and not an absolute indication that a given prototype will consistently be feasible or infeasible in a given area. To account for the inherent uncertainties associated with this type of generalized analysis, ECONorthwest summarized the results based on how likely they indicate a given prototype is to meet affordability and feasibility criteria. This is shown in Figure 17.

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Figure 17: Summary of Affordability and Feasibility Results by Prototype and Market Area
 Source: ECONorthwest analysis

Market Area	Prototype	Affordability	Feasibility
Central County	3-story walkup - standard	● (Red)	▲ (Green)
	3-story walkup - compact	▲ (Green)	● (Green)
	4-story micro units	● (Green)	● (Green)
North Coast	3-story walkup - standard	● (Green)	● (Red)
	3-story walkup - compact	● (Green)	▼ (Red)
	4-story micro units	● (Green)	● (Red)
North County	3-story walkup - standard	▲ (Green)	▬ (Yellow)
	3-story walkup - compact	● (Green)	● (Green)
	4-story micro units	● (Green)	▼ (Red)
South County	3-story walkup - standard	▲ (Green)	▼ (Red)
	3-story walkup - compact	● (Green)	▼ (Red)
	4-story micro units	● (Green)	● (Red)

Key:

- (Green) Very Likely to Meet Criteria
- ▲ (Green) Likely to Meet Criteria
- ▬ (Yellow) May Meet Criteria
- ▼ (Red) Unlikely to Meet Criteria
- (Red) Very Unlikely to Meet Criteria

Conclusions on Market and Development Conditions for ABD Housing in SLO County

The key take-aways from this analysis are summarized below by market area.

Central County	North Coast	North County	South County
<ul style="list-style-type: none"> Smaller units help achieve affordability Market likely to support feasibility 	<ul style="list-style-type: none"> Market rents provide affordability Feasibility is difficult 	<ul style="list-style-type: none"> Market rents likely affordable except for largest units Market likely to support, except for 	<ul style="list-style-type: none"> Market rents likely affordable except for largest units Market support is borderline

Overall, it appears that the rental market is close to being able to achieve ABD housing production in at least some parts of the County, and is likely within a range where regulatory changes could make a

difference. While ABD housing may not require subsidy, it may not be able to absorb inclusionary zoning requirements at the targeted moderate-income rents. Affordability through smaller unit sizes may not meet needs of larger households, and market rents may not stay within target affordability range over time, but delivering more lower-cost units to the market can help maintain the affordability of market-rate housing over time, and smaller households may benefit from greater availability of small units.

In the for-sale housing market, prices are too far above Moderate-Income affordability level for the market to deliver new ABD for-sale housing with regulatory changes alone. Increasing housing production overall can help bring supply and demand into balance and potentially make ABD achievable over the longer term.

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PART 2: SUPPORTING ABD HOUSING IN SLO COUNTY

Barriers to ABD Housing

To understand how to support ABD housing, it is essential to understand what makes it possible for the market to produce lower-cost housing, and how the public-sector can influence this. These factors are illustrated in Figure 18 and Figure 19.

Figure 18: Factors that Allow the Market to Produce Lower-Cost Housing

Source: ECONorthwest

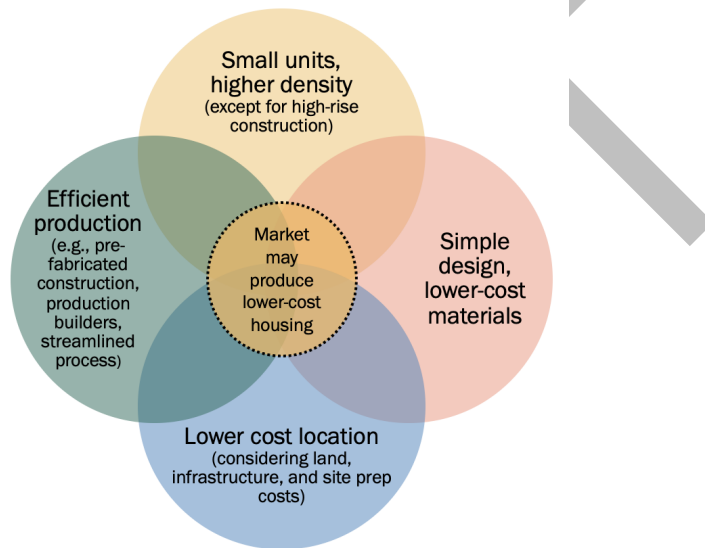
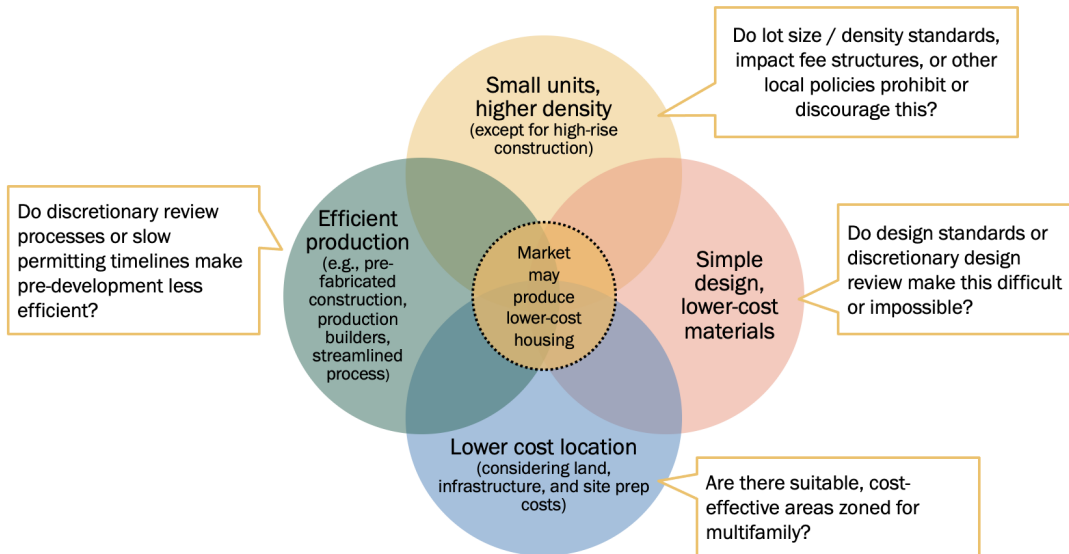


Figure 19: Public Sector Influence on Market's Ability to Produce Lower-Cost Housing

Source: ECONorthwest



In sum, it takes a confluence of multiple factors for the market to produce lower-cost housing, and local regulations and fees can have an impact on the market's ability to achieve those factors.

Looking specifically at SLO County, ECONorthwest's interviews with local housing developers, market research, and development feasibility analysis suggested the following barriers to ABD housing:

Market Barriers

- Land Cost
- Demand for high-end housing
- Construction costs
- Demand for parking

Regulatory Barriers

- Discretionary review
- Density caps
- Minimum unit sizes
- Parking requirements that exceed market demand
- Impact fees, inclusionary zoning
- Required infrastructure improvements

Potential Policy Measures to Support ABD Housing

Overview

ECONorthwest identified a range of potential policy measures jurisdictions could consider to support development of ABD housing. These generally fall under the following categories:

- Streamline development review and permitting
- Align development standards to support ABD housing
- Allow ABD housing in cost-effective locations
- Adjust impact fee rates and policies to incentivize ABD housing

Based on feedback from multiple different stakeholder groups, including home builders and market-rate housing developers, affordable housing providers, other housing advocates, and local planners, SLOCOG and ECONorthwest identified the following six measures for additional research and evaluation:

1. Objective Design Standards
2. Ministerial Approvals and Streamlined Approval Processes
3. Density Limits
4. Zoning Vacant Land for Multifamily Housing
5. Aligning Infrastructure Investments with Land for Multifamily Housing
6. Adjusting Impact Fee Policies or Rate Structures to Incentivize ABD Housing

Having identified these measures as priorities, ECONorthwest distributed a survey to the planning departments of the 8 jurisdictions in SLOCOG: Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Paso Robles, Pismo Beach, City of San Luis Obispo, and County of San Luis Obispo to gather information on how they currently address these topics. The results of the survey are incorporated into the sections that follow.

Finally, to illustrate how other jurisdictions have approached some of the policy measures highlighted to support ABD housing, ECONorthwest collected information on practices by jurisdictions in California that were recognized as “pro housing” as well as jurisdictions in other states. These examples are also integrated into the following sections.

State Housing Laws and ABD Housing

Many state housing laws aim to remove barriers to developing affordable housing; however, these do not necessarily apply to ABD housing. This section summarizes how key state laws and recent bills relate to ABD housing as defined for this study.

Legislation	Relevant Eligibility Criteria (ABD Eligible?)	Benefits for Qualifying Housing Developments
SB 35 (2018)	<p>ABD not eligible</p> <ul style="list-style-type: none"> At least 10% or 50% of units must be affordable depending on which income categories jurisdictions have failed to produce Affordable units must be for less than 80% AMI only, requires lasting affordability restrictions Jurisdictions that have not met RHNA targets (applies to most SLOCOG jurisdictions) 	<ul style="list-style-type: none"> Ministerial approvals Objective design standards (ODS)
SB 330 (2019) and the Housing Accountability Act (HAA)	<p>ABD potentially eligible</p> <ul style="list-style-type: none"> Housing for Very Low, Low-, or Moderate-Income Households qualifies for additional protections One option is if 100% of units are affordable to moderate (80-120% of AMI) or middle (<150% of AMI) income households; units for moderate income households must be affordable at 100% of AMI. Lasting affordability requirements apply only to units for very low or low-income households 	<ul style="list-style-type: none"> Locks in regulations and fees when a preliminary application is submitted Burden of proof is on the jurisdiction if denying the application; limited basis for denial if application complies with objective standards Maximum review timelines
AB 2345 (2020) and the Density Bonus Law	<p>ABD not eligible</p> <ul style="list-style-type: none"> Multiple affordability criteria; for-sale housing can qualify if at least 10% of units are affordable to moderate-income (80-120% of AMI) households Requires lasting affordability restrictions (at least 45 years) 	<ul style="list-style-type: none"> Increased density, reduced setbacks, other zoning modifications

In sum, ABD housing may be eligible for increased protections from being denied or having density reduced under the HAA if it meets the requirements for moderate income housing, but it would not qualify for ministerial approvals, ODS, or zoning concessions under SB 35 or the Density Bonus law.

Objective Design Standards

Description

Objective design standards (ODS) are defined in California State Law as standards which “involve no personal or subjective judgment by a public official and are uniformly verifiable by reference to an external and uniform benchmark.”

While basic development standards, such as lot size requirements, etc. are typically objective, many jurisdictions apply design requirements to new housing development that introduce subjectivity,

considering compatibility with surrounding structures or otherwise leaving room for interpretation of whether a development has met the requirements through ambiguous language. ODS are often related to building design elements, such as window size and location, roof lines, building articulation, etc. Having objective design standards can streamline the process of getting planning approvals by establishing a common set of expectations for developers and allowing development to avoid lengthy discretionary review processes.

While, as noted above, SB 35 does not apply to ABD housing, jurisdictions could potentially offer ABD housing the option to use the same ODS applicable to SB 35-eligible development. HCD published an objective design standards toolkit for California jurisdictions in 2021 with guidance and examples.²⁷

Current Practice for SLOCOG Jurisdictions

Only the City of San Luis Obispo and Grover Beach have adopted specific ODS. In the limited time since these standards were adopted, they have been used a few times in Grover Beach, but have not yet been used successfully in the City of San Luis Obispo. Grover Beach allows "modification to standards" for minor modifications to respond site conditions, which may make it easier for development to comply with most of the standards while seeking flexibility where needed. (San Luis Obispo County uses only objective basic development and site design standards and does not have building design standards, therefore all development uses objective development standards.) Three additional jurisdictions are in the process of developing standards.

Jurisdiction	ODS Status	Eligibility for ODS	Topics Addressed	Usage of ODS
Atascadero	In progress	All multi-family and mixed-use developments	TBD	N/A
City of San Luis Obispo	Adopted (2021)	SB-35 projects only	Specific building & site design standards (materials, window trim, building length, window placement, roof design, articulation, landscaping)	None to date
County of San Luis Obispo	Adopted	Not limited	Basic development & site design standards (no building design standards)	All projects
Pismo Beach	Not Available	N/A	N/A	N/A
Paso Robles	In progress	TBD	TBD	N/A
Morro Bay	In progress	TBD	TBD	N/A
Arroyo Grande	Not Available	N/A	N/A	N/A
Grover Beach	Adopted (2022)	All single family, multi-family, and mixed-use developments	Site & structure design (façade articulation, entrances, ground floor height, transparency, building orientation, blank walls, building materials, upper story	A few high-density projects

²⁷ California HCD, "Approaches and Considerations for Objective Design Standards," January 2021, <https://hcd.ca.gov/app.box.com/s/baznxdyweq6a8txcrb22liogogqodzz6>

Jurisdiction	ODS Status	Eligibility for ODS	Topics Addressed	Usage of ODS
			windows, parking and access, pedestrian circulation, etc.) Modifications to standards allowed	

Other Examples

Sacramento, CA

Sacramento, CA received the first Pro-Housing Designation from the California Department of Housing and Community Development in February 2022 for its housing reform efforts. These include establishing objective design standards for infill development of projects with two units or more including additional dwelling units attached to single unit housing.

Citrus Heights, CA

Citrus Heights was awarded a pro housing designation from the State of CA for their use of objective design standards to spur development in their city. The designation was awarded for the city’s efforts to develop the Sunrise Tomorrow Specific Plan, a plan to convert a 100-acre mall property to a mixed-use residential property.¹⁸ The plan zoned for new uses on the site, including multifamily residential, retail, and hotels, tripling the amount of development allowed on the site and providing the opportunity for 2,200 new units in a city that is 98% built out. The plan also introduced objective design standards for the Sunrise Tomorrow Specific Plan area, which will streamline future development.¹⁹ The city is currently experiencing challenges encouraging development on the site because it is owned by six different companies, but it is continuing to work with developers and the community to improve the site.

Oregon Model Development Codes

In Oregon, all “needed housing” (effectively all housing development that is designed to fulfill a housing need rather than a resort or short-term rental purpose) must have the option to be reviewed against only clear and objective standards. Oregon’s Department of Land Conservation and Development (DLCD) publishes a model development code for small cities to facilitate compliance with this and other state requirements and smart growth principles. The model code includes “Community Design Standards” that address building orientation and design as well as site design factors such as access and circulation, parking, landscaping. The Residential Building design standards provide clear and objective standards to address building orientation, articulation, inclusion of certain design features (using a menu approach), and an option to require house plan variety in new subdivisions. While the Model Code was last updated in 2012, it

¹⁸ Murillo, Alicia. “Six California Cities Earn State Prohousing Designation.” hcd.ca.gov. California Department of Housing and Community Development, December 15, 2022. <https://www.hcd.ca.gov/about-hcd/newsroom/six-california-cities-earn-state-prohousing-designation>.

¹⁹ citrusheights.net. “Sunrise Mall Specific Plan.” City of Citrus Heights, CA. Accessed June 20, 2023. <https://www.citrusheights.net/1009/Sunrise-Mall-Specific-Plan>.

may provide a useful example for smaller cities considering ODS.²⁰ Oregon's middle housing model codes, published in 2020, also include clear and objective design standards applicable to middle housing.²¹

Eugene, OR

A study of multifamily development in Eugene, Oregon evaluated whether public opposition expressed in a discretionary review process had an impact on development outcomes. It found that although the City allows most multifamily development by-right, 12% of multifamily development projects during the period analyzed (2010-2016) required a land use application. The land use applications ranged from minor adjustments to site plan reviews to planned development applications. Applications most commonly sought adjustments to building orientation and entrance standards, parking standards, building massing and façade standards, and access/circulation standards. While opponents of the projects raised concerns including traffic increases, pedestrian safety, and neighborhood character, there was no evidence that these concerns resulted in changes to the development or design for the projects evaluated in the study. The study concluded that offering more flexibility on the standards that most commonly caused challenges could reduce the need for land use applications.²²

Preliminary Recommendations

- **Adopt simple ODS:** Avoid overly detailed requirements when adopting ODS, and provide flexibility where possible (e.g., through a menu-based approach).
- **Simplify minor adjustments:** Offer a process for minor deviations from the ODS that can still be reviewed by staff.

Ministerial Approvals and Streamlined Approval Processes

Description

Ministerial approvals refer to non-discretionary staff-level approval of development projects. Robust ministerial approval processes provide a faster process and lower fees for development review. California's SB 35 requires cities and counties which have failed to meet their RHNA obligations to allow developments that include a certain percentage of affordable units and meet other criteria²³ to proceed through a ministerial review process.

²⁰ Oregon Department of Land Conservation and Development, *Oregon Model Development Code and User's Guide for Small Cities*, 3rd Edition (2012), <https://www.oregon.gov/lcd/tgm/pages/model-code.aspx>

²¹ Oregon Department of Land Conservation and Development, *Large Cities Middle Housing Model Code*, December 2020, <https://www.oregon.gov/lcd/UP/Documents/OAR660046%20EXHIBIT%20B%20-%20Large%20Cities%20Middle%20Housing%20Model%20Code%2020201209.pdf>

²² Seth Thompson, "Public Opposition to Increased Housing Density in Eugene, Oregon: How Opposition to Multifamily Housing Impacts the Built Environment," University of Oregon Department of Planning, Public Policy, and Management, Masters of Community and Regional Planning, 2018 Professional Project, June 2018. https://scholarsbank.uoregon.edu/xmlui/bitstream/handle/1794/25087/SThompson_ExitProj_Final.pdf?sequence=1&isAllowed=y

²³ At least 50% of the proposed residential units should be affordable to households at 80% of AMI.

The project must net two or more new residential units.

The project must be zoned in the proper parcel and two-thirds of the project must be residential.

Current Practice for SLOCOG Jurisdictions

Most of the cities offered some form of ministerial approval for developers; two offered SB 35 ministerial approvals. The criteria or maximum number of units eligible for ministerial approvals in each jurisdiction are summarized below.

Jurisdiction	What is the maximum number of units that can receive ministerial approvals outside of SB 35 provisions?
Atascadero	11 (unless on a designated site in the housing element)
City of San Luis Obispo	No max threshold
County of San Luis Obispo	38
Pismo Beach	No Response
Paso Robles	1 outside of State intervention; 3 when including ADUs and JADUs; 4 utilizing SB9
Morro Bay	2 dwelling units and Multi-family projects of 6000 sf or less, Single family homes under 2500 sf
Arroyo Grande	No Response
Grover Beach	No cap per year, or within the jurisdiction. SB 35 unit limits are based on land use density controls.

The jurisdictions differ on processing times for ministerial approvals. The cities of San Luis Obispo, Paso Robles, and Grover Beach gave the shortest timelines. All three gave initial reviews timelines of maximum up to a month while the County gave a minimum time period of 6 months. For non-ministerial approvals the estimates differed widely but they ranged from 3 months to 18 months.

Other Examples

Sacramento, CA

As noted previously, the City of Sacramento received recognition by the state for its housing reform efforts, which included several measures related to streamlining approvals, including allowing projects of up to 150 units to bypass the requirement for a public hearing and qualify for ministerial approval. The city set a 90-

The location of the project may not be within a coastal zone, prime farmland, wetlands, a high fire hazard severity zone, hazardous waste site, a delineated earthquake fault zone, a floodplain, a floodway, a community conservation plan area, a habitat for protected species, or under a conservation easement.

The project does not demolish a historic building, a building where housing units have been occupied for the last 10 years, or a building subject to rent control.

The project must meet all objective design standards.

If the project is a private development project, it must pay prevailing wage and if it is more than 50 units it must use a skilled and trained workforce.

The project must not involve the subdivision of a parcel that is subject to the California Subdivision Map Act, unless the project pays prevailing wage and receives a low-income housing tax credit or uses a skilled and trained workforce.

day timeline for ministerial approval of these projects.²⁴ It also allowed single-unit, duplex, and multi-unit dwelling to be built by-right.²⁵

Oakland, CA

The city of Oakland introduced a “one stop shop” for permits that coordinates between three permitting departments to streamline and simplify procedures for developers. The departments are Fire Prevention Services, Planning & Building, and Transportation. Oakland introduced the “one stop shop” in September 2021.²⁶

Grand Rapids, MI

According to a study by the Turner Center, zoning reforms in Grand Rapids, MI, which included up-zoning, allowing a wider range of housing types by right, and other changes, found a balance between opportunities for community input and streamlined project approvals. “If projects conform to zoning and design guidelines, the project is approved within approximately six weeks. Moreover, it is nearly unheard of for the city to deny a project application, largely because complying with the city’s land use regulations has proven to be straightforward for developers. City officials noted that the predictability of their approval process has resulted in more interest in development in their community.”

Preliminary Recommendations

- **Expand eligibility for Ministerial Approvals:** For jurisdictions that currently limit availability of ministerial approvals based on the number of units, this threshold could be increased (e.g., to 150 units) or eliminated for multifamily developments in medium and high-density residential zones.
- **Have staff review projects using ODS:** Even if the review is not considered truly ministerial, avoiding having a body accustomed to doing discretionary reviews serve as the approval body for projects subject to ODS can help streamline the process and avoid raising concerns that cannot be addressed.

Density Limits and Parking Requirements

Description

If an area is zoned to allow multifamily but the maximum density is too low, it can preclude efficient multifamily development. As noted above, while California jurisdictions are required to allow density bonuses and other regulatory concessions for qualifying affordable housing developments, this does not apply to ABD housing where units are market-rate but offer affordability for moderate-income households. Some jurisdictions use “fractional density” in which small units are counted as a fraction of a unit for purposes of density calculations. This approach is more aligned with ABD housing. Other jurisdictions

²⁴ Herriges, Daniel. “Did Sacramento Just Approve the Best Local Housing Reform Yet?” Strong Towns, January 21, 2021. <https://www.strongtowns.org/journal/2021/1/21/did-sacramento-just-approve-the-best-local-housing-reform-yet>.

²⁵ “Sacramento Becomes First California Jurisdiction to Earn State Prohousing Designation.” California Department of Housing and Community Development, February 24, 2022. <https://www.hcd.ca.gov/about-hcd/newsroom/sacramento-becomes-first-california-jurisdiction-to-earn-state-prohousing-designation>.

²⁶ “One-Stop Permit Center: In-Person & Expanded Digital Services,” City of Oakland, accessed June 26, 2023, <https://www.oaklandca.gov/resources/one-stop-permit-center>.

simply increase (or even remove) their maximum density standards for all housing to prioritize housing production.

Reducing or eliminating minimum parking requirements can also be a tool to encourage ABD development and can be an important complement to higher density limits, because achieving higher densities sometimes requires lower parking ratios (e.g., for the micro-units and compact walk-up apartment prototypes analyzed in Part 1). Reducing parking requirements also eliminates a mandatory cost for developers and can lower rental costs for households in some cases. However, in areas where there is strong market demand for parking, developers may choose to build parking even if it is not required, or build more than is required to meet market demand.

Current Practice for SLOCOG Jurisdictions

The survey asked the departments to list their jurisdictions highest density zones and the maximum by-right density in those zones.

Jurisdiction	Which zones in your jurisdiction allow the highest residential density? What is your maximum by-right density in these zones?
Atascadero	RMF-24 - 24 units per acre
City of San Luis Obispo	C-D - 36DU/acre, C-C 36DU/acre
County of San Luis Obispo	Residential Multi-Family (<i>density not specified</i>)
Pismo Beach	Our Residential Very-High Density overlay zone. Once a property is rezoned with the overlay, it is 50 units per acre
Paso Robles	T4-N, T4-F, T4-NC, TC-1, TC-2, and RSC all allow up to 30 units/acre
Morro Bay	RH (Residential High Density). Currently 2 units by right or Multi-family projects with total SF of 6000 or less.
Arroyo Grande	Multi-Family Very High Density and mixed use zones allow up to 25 du/acre
Grover Beach	No Response

The City of San Luis Obispo also utilizes fractional density for all zones outside the AG, C/OS, R-1 zones. The City of Paso Robles also allows fractional density in some of its zones. The details are included in the table below.

Jurisdiction	Housing Type	Fractional Density
City of San Luis Obispo	Studio and one-bedroom dwellings less than 600 sq. ft.	.5
	One-bedroom dwellings between 601–1,000 sq. ft.	.66
	Two-bedroom dwelling	1
	Three-bedroom dwelling	1.5
	Dwellings with four or more bedrooms	2
Paso Robles	Studio and one-bedroom dwellings less than 600 sq. ft.	.5
	One-bedroom dwellings 600–1,000 sq. ft.	.66
	Dwellings with two or more units	1

Other Examples

San Diego, CA

The City of San Diego introduced several changes to its density bonus program in 2018. The new program language included several provisions that offer bonuses for smaller units:²⁷

- A 10 percent density bonus for developments that do not go beyond the maximum permitted building footprint.
- A 100 percent density bonus for micro-unit production for developments that do not go beyond the permitted building footprint.

Cottage Grove, Oregon

The small city of Cottage Grove, Oregon, recently eliminated maximum density limits in its residential zones. Minimum lot size standards apply, but do not scale with the number of units, meaning that they are primarily a constraint on density for single-unit detached development. Multifamily development is limited only by height and building coverage standards.²⁸

San Jose, CA

The city of San Jose eliminated their parking minimum requirements in December 2022. It is one of a number of cities in California that have reduced or eliminated their parking requirements, including Sacramento, San Diego, and San Francisco. In the same ordinance that repealed the parking minimums the city council also included requirements for bicycle parking to encourage other forms of transportation.²⁹

Preliminary Recommendations

- **Adjust density limits in high-density residential and mixed-use zones:** This could take several different forms:
 - For density limits expressed in dwelling units per acre, increase the maximum density allowed by-right. Allowing at least 35 units per acre will generally allow for three-story walk-up apartment development, which may meet ABD criteria.
 - Use Floor Area Ratio (FAR) or other physical form limits (e.g., height) to regulate the amount of development. This can serve as an incentive for building smaller units.

Zoning Vacant Land for Multifamily Housing

Description

Many jurisdictions seek to focus higher-density development in core areas, downtown, or near transit. However, these areas are often largely developed already, and redevelopment means higher land costs along with demolition and sometimes environmental remediation costs. Zoning vacant land for multifamily housing can offer a lower-cost development opportunity, particularly if the land has or is in close proximity

²⁷ "City of San Diego Density Bonus Regulations for Affordable Housing," San Diego Housing Commission, accessed June 20, 2023, <https://www.sdhc.org/doing-business-with-us/developers/density-bonus/>.

²⁸ City of Cottage Grove Municipal Code, Chapter 14.22 Residential Districts: <https://www.codepublishing.com/OR/CottageGrove/#!/CottageGrove14/CottageGrove14.22.html#14.22.120>

²⁹ Kamisher, Eliyahu. "Bye-Bye Parking Requirements: San Jose Becomes Largest City in U.S. to Abolish Minimum Parking." The Mercury News, December 7, 2022. <https://www.mercurynews.com/2022/12/07/bye-bye-parking-requirements-san-jose-becomes-largest-city-to-abolish-minimum-parking/>.

to the necessary infrastructure to support development. This makes it easier for ABD multifamily housing projects to be economically viable.

Current Practice for SLOCOG Jurisdictions

All but two jurisdictions noted that they had vacant sites listed on their Housing Element in their most dense zones. Atascadero noted the vacant sites are very small and Arroyo Grande and County of San Luis Obispo did not list any vacant sites. The table below lists all the responses.

Jurisdiction	Are there vacant sites listed on your Housing Element in your highest density zones?
Atascadero	yes....with a caveat that they are small since the original colony subdivided in 1913
City of San Luis Obispo	Yes
County of San Luis Obispo	None listed
Pismo Beach	Yes
Paso Robles	Yes
Morro Bay	Yes
Arroyo Grande	No
Grover Beach	Yes

Other Examples

Study on Up-Zoning in Portland, OR

A recent study on the impact of up-zoning and higher-density zoning on development and housing production in Portland, OR found that “both upzoning and higher density zoning led to significantly greater development probabilities, higher development densities, and more housing supply,” suggesting that “Upzoning could be an effective policy tool for increasing housing supply, particularly when it is applied to vacant and underutilized parcels.”³⁰

Preliminary Recommendations

- Zone vacant buildable sites large enough to accommodate multifamily development to allow it by-right at an appropriate density. Ideally, this would include sites over an acre with access to infrastructure.

Aligning Infrastructure Investments

Description

The cost of extending or upgrading infrastructure (e.g., roads, sewer and water lines) to serve a site can be cost-prohibitive for ABD housing. It also adds significant time and uncertainty to the development process. To the extent that jurisdictions can invest in the infrastructure upgrades and extensions needed to make ABD housing development possible, this will can mean substantial cost savings and a major increase to development feasibility.

³⁰ Hongwei Dong, “Exploring the Impacts of Zoning and Upzoning on Housing Development: A Quasi-experimental Analysis at the Parcel Level,” *Journal of Planning Education and Research*. February 1, 2021. <https://doi.org/10.1177/0739456X21990728>

Current Practice for Local Jurisdictions

The Regional Housing & Infrastructure Plan (HIP) is a collaborative action plan between the seven Cities, County of San Luis Obispo, and SLOCOG in response to the San Luis Obispo region's growing housing and infrastructure shortage. The HIP is intended to help accelerate housing development where it makes the most sense given regional conditions and readiness. The HIP inventories infrastructure barriers to housing, identifies funding to implement infrastructure needs, and develops foundational information for the future 2027 Regional Housing Needs Assessment (RHNA). The 2023 HIP identified 80 water, wastewater, and transportation infrastructure projects and possible grant funding sources.

Other Examples

Bend, OR

The City of Bend, Oregon conducted a study in 2018 to evaluate infrastructure and planning needs to make land development-ready in various areas of the city, including areas on the edge that had been recently authorized for development with complete communities including a range of housing types and commercial services and infill/redevelopment "opportunity areas". The study analyzed the type and amount of development that each area was expected to yield (including affordable housing); the cost of providing needed water, sewer, and/or transportation improvements; other factors that could inhibit development; and estimated revenues from impact fees and property taxes from each area. The analysis informed decisions about where to focus staff time, political will, planning energy, and infrastructure investments.³¹

Preliminary Recommendations

- Use the on-going HIP process to prioritize infrastructure investments that can unlock multifamily development in appropriate areas.

Adjusting Impact Fee Policies or Rate Structures

Description

While impact fees are a vital source of funding for local infrastructure needs, they tend to disproportionately affect the feasibility of building smaller and lower-cost housing units.³² This is particularly true when the fee structures do not account for differences in impact based on unit size or location-efficient developments. While many localities in California waive impact fees for affordable housing, this does not apply to ABD housing. A full waiver of impact fees is not necessarily an appropriate policy measure for ABD housing; however, there are other adjustments that jurisdictions can make to reduce the effects of impact fees on ABD housing. For example, impact fees can be deferred until later in the construction process or financed over a period of years. Rate structures can also be adjusted to account for reduced demand from smaller units while keeping the overall average rates constant to minimize the impact to revenue collections.

³¹Bend Growth Management Department in collaboration with Angelo Planning Group, ECONorthwest, Cascadia Partners, DKS Associates, and MURRAYSMITH, "Bend Urban Growth Boundary Implementation Return on Investment Analysis and Next Steps," April 26, 2018. <https://www.bendoregon.gov/home/showpublisheddocument/36542/636637940683270000>

³² ECONorthwest on behalf of Oregon Housing and Community Services, "Oregon System Development Charges Study: Why SDCs Matter and How They Affect Housing," December 2022. https://www.oregon.gov/ohcs/development/Documents/Oregon%20SDC%20Study_FinalReport_121422.pdf

Current Practice for SLOCOG Jurisdictions

Impact fee policies vary across the jurisdictions. Three jurisdictions, Morro Bay, Arroyo Grande, and Grover Beach do not offer any impact fee deferrals. Most other jurisdictions allow deferral or exemptions for affordable housing projects. Atascadero indicated that all impact fees are deferred for all developments.

All of the jurisdictions indicate that their impact fees vary by housing type/unit size. Some vary by unit type, lot size, or zoning. Some are lower for affordable units. Others vary based on square footage. Specific answers are listed below.

Jurisdiction	If your impact fees vary by housing type and/or unit size, please describe which fees and what the variables are (e.g., housing type / ITE code, square footage, number of bedrooms, etc.).
Atascadero	Vary by lot size, zoning
City of San Luis Obispo	Transportation, water, wastewater, are reduced for smaller units (based on square-footage).
County of San Luis Obispo	Certain building types may qualify for fees based on square footage of project
Pismo Beach	By unit type, yes. Not by unit size.
Paso Robles	They vary by "Transportation Area" within the City and the fee can vary by size/sf
Morro Bay	Size and cost of project.
Arroyo Grande	Fees are lower for low and very-low income units
Grover Beach	Housing type, square footage, etc.

Other Examples

Fontana, CA

The city of Fontana, CA reduced its impact fees for infill development by 50% as part of their Housing Element update in June 2021. City officials defined infill development as development in the central third of Fontana.³³ Projects located in that zone were eligible for this impact fee reduction. Impact fees can range from "approximately 9.3% to 10.3% of the direct cost of development for a single-family residential project and 4.3% to 4.4% for a multi-family residential project" which can represent a significant cost for the developer.³⁴

Preliminary Recommendations

- **Scale by unit size:** Wherever reasonable, adjust impact fees by unit size to reflect lower impacts from smaller units. This could also mean increasing fees for larger units so that the change is revenue-neutral.
- **Defer collection:** Allow deferrals for multifamily development regardless of whether it includes affordable units.

³³ "City of Fontana 2021-2029 6th Cycle Housing Element" (City of Fontana, CA, June 25, 2021), 4-6, <https://www.hcd.ca.gov/housing-elements/docs/fontana-6th-draft062521.pdf>.

³⁴ "City of Fontana 2021-2029 6th Cycle Housing Element," 3-27.

- **Adjust for infill locations:** Set fee rates lower where infrastructure needs are lower due to proximity to existing facilities. This can off-set some of the higher cost of building in closer-in, more developed areas.

DRAFT

SAN LUIS OBISPO COUNTYWIDE REGIONAL COMPACT

A united regional framework to unlock our potential to develop an adequate supply of housing and resilient infrastructure that support our economic prosperity.

People, water, transportation, connectivity, and housing form the foundation of San Luis Obispo County Region's healthy, livable communities and thriving economic opportunity.

We are a rural coastal county with seven vibrant cities and numerous unincorporated communities that depend on collaborative relationships between and among government agencies, community organizations, and residents to solve our Region's significant issues, such as limited water supply, disconnects between communities, climate impacts, pressure on agriculture and open space resources, and inadequate access to affordable housing.

To identify actions our agencies can take to solve these issues, we agree to develop our first *Regional Infrastructure and Housing Strategic Action Plan*. This regional effort examines infrastructure and housing needs countywide and integrates efforts to address critical shortages. Our organizations are signing this compact as a first, necessary step toward creating opportunities for our local workforce and families, while preserving the appeal and vitality of our Region.

Our agencies collectively embrace the following six shared regional goals and support aligning resources and policies to make progress towards acting on them. These regional goals will underpin the future *Regional Infrastructure and Housing Strategic Action Plan*, create compatibility among the eight local agencies' *Housing Elements*, and drive future recommendations for collaborative actions.

Strengthen community quality of life	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.
Share regional prosperity	We believe that our Region should share the impacts and benefits of achieving enduring quality of life among all people, sectors and interests.
Create balanced communities	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.
Value agricultural & natural resources	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.
Support equitable & diverse opportunities	We believe that our Region should support policies, actions and incentives that increase the diversity of housing available to people at all income levels.
Foster accelerated housing production	We believe that our Region must achieve efficient planning and production of housing and focus on strategies that produce the greatest impact.

We believe that these regional goals will help to protect and enhance our communities, build critical infrastructure, protect natural resources and create a forward-thinking future for all of our communities. We believe in the importance of taking responsibility for leading our Region towards a brighter future. By signing this compact on this ___ day of _____ 2020, we commit to act as partners by aligning actions with these regional goals. By taking collaborative actions to further these goals, we believe that our Region will solve critical issues and become a statewide leader in sustaining vibrant communities.



Regional Vision for Housing

In early 2020, local agencies adopted a San Luis Obispo Countywide Regional Compact to *establish a united regional framework to unlock our potential to develop an adequate supply of housing and infrastructure that support our economic prosperity.*

1. Overview

San Luis Obispo County is a rural coastal county with seven vibrant cities and numerous unincorporated communities that depend on collaborative relationships between and among government agencies, community organizations, and residents to solve the region's significant issues including inadequate supply of affordable housing and resilient water, wastewater, and transportation infrastructure and resources.

The County and all seven Cities are working collaboratively to develop the region's first Regional Infrastructure and Housing Strategic Action Plan (Regional Plan) that will identify actions to address these issues. A key component of the Regional Plan is the integration of efforts to address critical housing and related infrastructure needs. As part of the Housing Element update process, representatives of the County, seven Cities and San Luis Obispo Council of Governments (SLOCOG) developed this chapter to showcase the ongoing commitment of each agency to this collaborative effort. This Chapter presents a regional vision and policies focused specifically on fostering regional collaboration to plan and develop housing and supportive infrastructure.

2. Alignment with Regional Compact

This effort is guided by the San Luis Obispo Countywide Regional Compact (Regional Compact). The Regional Compact, adopted by each jurisdiction in early 2020, outlines six shared regional goals to guide collaborative resolution of underlying housing and infrastructure needs:

Goal 1. Strengthen Community Quality of Life – *We believe that our Region's quality of life depends on four cornerstones to foster a stable and healthy economy for all: resilient infrastructure and resources, adequate housing supply, business opportunities, and educational pathways.*

Goal 2. Share Regional Prosperity – *We believe that our Region should share the impacts and benefits of achieving enduring quality of life among all people, sectors and interests.*

Goal 3. Create Balanced Communities – *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 to residents to live and work in the same community.*

Goal 4. Value Agriculture & Natural Resources – 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.

Goal 5. Support Equitable Opportunities – We believe that our Region should support policies, actions, and incentives that increase housing development of all types, available to people at all income levels.

Goal 6. Foster Accelerated Housing Production – We believe that our Region must achieve efficient planning and production of housing and focus on strategies that produce the greatest impact.

3. Policies

It will take regional collaboration and local actions to realize the vision and goals outlined in the Regional Compact. Below is an initial list of aspirational regional policies that further the Regional Compact vision, in addition to local policies. By listing these below, it does not mandate any individual agency to implement actions, but rather offers ways that the County, cities, SLOCOG, and other partners can consider moving forward, together. In addition, and consistent with each Housing Element cycle, each of the seven cities and the County has the opportunity to choose to implement local policies and programs that help to support their achievement of its RHNA, and if an agency chooses to, can also support the Regional Compact vision and goals in a way that works for its jurisdiction and community. See Section B for local programs and policies for Atascadero’s anticipated actions during this Housing Element cycle.

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.).

4. Moving Forward

The County, cities, SLOCOG, and other partners engaged in housing and infrastructure development will continue to collaborate on efforts moving forward – recognizing the benefits of working together to achieve an enduring quality of life among the region’s people, sectors and interests. This ongoing collaboration will include learning from each other and sharing possible tools, policies and actions that can allow the collective region to move towards our adopted Regional Compact vision. Ongoing collaborative efforts will be described in the Regional Plan, anticipated to be complete in 2021, and related regional efforts will live outside of each individual agency’s Housing Element.



Atascadero City Council

Staff Report – Community Development Department

Development Process Streamlining

RECOMMENDATION:

Council review and provide preliminary direction on the development of standards that will streamline the CEQA process.

DISCUSSION:

The City's Housing Element includes policies designed to streamline the development review process, particularly for housing development. A significant factor in the development review process is the staff and applicant time devoted to California Environmental Quality Act (CEQA) compliance. In Atascadero, many residential projects are not exempt from the CEQA process due to the City's threshold for the initiation of the CEQA review. Through the adoption of specific development standards for development projects, the City can help guide many projects before they trigger the environmental review process.

Staff processes approximately 6 environmental documents a year for single-family residential projects. Each project subject to CEQA review requires tribal notification and collaboration, completion of an initial study which takes about 15 hours of staff time, posting at the County and on the State website for public review, mailings to neighboring property owners and residents, and posting of the final notice of determination at the County and on the State website.

On April 28, 2020, the City Council authorized staff to pursue grant funding through LEAP to complete work to adopt objective standards that, when followed, can streamline projects through the development process and avoid the need to go through the CEQA process. In April 2023, the City of Atascadero released a request for proposals from qualified design professionals, and hired MIG, Inc. to assist the City in this process. Development and adoption of these objective standards will:

- Save considerable staff time
- Save developer time and money and deliver clear expectations creating a clear understanding of property development requirements early in the design process
- Implement permit streamlining in line with the City's Housing Element and State goals and policies

This preliminary discussion is designed to provide a check-in with City Council, so that we can focus on the desired topics and bring back a complete code revision.

Topic areas include:

- Hillside Grading
- Creekside Development
- Historic Resources
- Sensitive Resource Areas (biological, archeological)

Existing Outside Agency Development Framework

During the development review process, the City is required to follow State and regional laws in addition to local codes and policies in determining project consistency. State law, however, allows local jurisdictions to adopt their own thresholds when it comes to CEQA determinations. Without these thresholds, the City is forced to use a more conservative standard that involves more types of development projects and leaves more discretion in the use of project mitigation measures. In general, a project can be *ministerial (approved with only a construction permit)* or *discretionary (requiring some level of findings and conditions to be made through a hearing or other determination)*. Only discretionary projects are subject to CEQA analysis; however, all projects must meet State, regional, and local requirements. At this time, the threshold for discretion for many single-family or otherwise ministerial projects in the City may be considered low in certain areas.

Existing City Standards

The municipal code sets a discretionary review trigger on otherwise ministerial development projects when grading occurs on slopes of over 20%. The Code also allows the Community Development Director to determine that discretionary review is warranted in other scenarios where the project may create other environmental impacts, such as creek interference, archeology resources, and historic resources. This triggers CEQA analysis for many west-side single-family residences, resulting in the preparation of an environmental document and substantial time prior to the issuance of development permits. Instead of reducing the impacts to the site, the environmental document becomes a declaration of the potential impacts, while the mitigation measures adopted through CEQA only result in slight project adjustments. This is because CEQA is primarily a public notification tool used to notify interested parties of a given project's impacts. Development standards to reduce impacts or provide greater compatibility with the environmental setting are determined by each jurisdiction's codes.

Analysis:

Hillside Grading

The City processes roughly 6 Precise Plan (CEQA review) applications per year. The development of west-side single-family parcels comprises the majority of hillside development, although other types of hillside development can occur. As more and more vacant parcels are developed, the remaining lots create significant construction and access challenges. Grading for driveways and home sites can create a significant aesthetic impact and result in the removal of larger numbers of native trees, however, the City recognizes these lots as developable. Clear standards will help streamline the process and provide expectations to property owners early in their development process.

The City currently has a number of code standards and policies that provide guidance to reduce the impacts of hillside grading, however, due to the existing discretionary trigger for grading on slopes of 20% or greater, all projects on hillsides trigger CEQA analysis even if all code and policy standards are met and no other significant impacts are identified. The intent of this code update is to exempt a small project from CEQA if it can be developed consistent with adopted City standards, even when the site is greater than 20% slope.

Existing code and standards related to hillside grading include:

1. Atascadero Native Tree Ordinance

The Atascadero Native Tree Ordinance requires mitigation for all native tree removals necessary for a proposed construction project. The ordinance requires that staff make a finding that the proposed removals are reasonable related to the project and that the project cannot be reasonably redesigned to avoid the need for removals. The tree ordinance does not restrict house size, graded pad size, driveway length, or other factors that effect the extent of potential grading. These factors, as they related to tree impacts, are currently reviewed on a case by case basis.

2. Hillside Grading Policy

The City's Hillside Grading Guidelines were developed in response to discussions at the City Council's 2004 strategic planning and were adopted on May 23, 2004 as a formal City policy. The policy includes guidelines for development on steeper slopes with specific guidance for development on slopes under 30% and for development projects on slopes 30% or greater. (See Attachment #1)

While these standards and policies provide consistent guidance, the Municipal Code still considers any projects that proposed grading on slopes of 20% or greater a discretionary project subject to CEQA analysis, so the CEQA process still applies even if all design features are incorporated into a project. The CEQA thresholds established with this code update can build on existing policies and code requirements to refine the line between a ministerial hillside development project and one that still requires CEQA analysis to address unique or significant impacts. Through this process, staff will be exploring standards such as:

- Limiting graded pad areas that extend beyond the footprint of the residence. These standards may be tied to slope with more flexibility for gently sloped sites
- Determining appropriate thresholds related to the extent of tree removal
- Developing guidance for naturalization of graded slopes
- Exploring the use of earthwork quantities as a metric
- Developing driveway placement and design considerations that incorporate tree and grading considerations and may include thresholds for length of driveway/distance from street
- Incorporating retaining wall standards
- Establishing consistent ridgeline protection/mitigation standards
- Setting clear thresholds for distance from adjacent improvements

Creekside and Wetland Adjacent Development

The City does not currently have standards for how new projects may be developed within creek corridors or adjacent to creek or wetland areas. Therefore, each new project that develops near these resources must comply with DFW, ACE, and/or Regional Board standards, and the limited guidance set by the City's current General Plan.

In 2018 the City prepared its Local Area Management Plan (LAMP), which implements Regional Water Quality Control Board standards at the local level. The City's LAMP sets a 100-foot setback from creeks to on-site wastewater leach lines and 200-feet from wetlands to on-site wastewater leach lines. Adopting creekside development standards will provide flexibility and local control for development projects while protecting waterways and maintaining adequate flood control measures.

Considerations for creekside development standards could include:

A. Development standards for patios and decks:

Standards could be considered for decks, patios, and walkways to develop features that allow people to enjoy the area adjacent to a waterway. Standards could be developed to ensure that construction of these features would not negatively impact the floodway.

B. Development standards for structures with analysis:

Creekside development standards could consider allowing encroachment of buildings closer to the creekside area with a review from a soil engineer to confirm that the creekbank is stable and is unlikely to erode, ensuring that the building will not be structurally undermined, and a biologist to confirm that the riparian habitat will not be significantly degraded.

C. Differentiation between major creeks and minor jurisdictional drainages:

The City of Atascadero contains many identified "blue-line" drainageways, most of which are verified to be jurisdictional. There are also a number of non-specified blue-line creeks that are identified as jurisdictional. There are 4 major creeks located in creek reservation parcels in the City limits: Boulder, Graves, Atascadero, and Paloma. The Salinas River borders the City and has a wide riparian corridor and floodway. Creekside development standards could differentiate between major and minor drainageways with unique setbacks and development standards for each type.

D. Differentiation based on location/zoning:

In the development of creekside development standards consideration may be given to specific locations adjacent to major creeks, such as Downtown. Standards may include additional allowances or a modified process for creekside development in the downtown to encourage use of the creekbanks for pedestrian oriented features.

Historic Resources

Current code allows the Community Development Director to require a Precise Plan (discretionary application) for any proposed development activity that could impact a historic resource. California State law (CEQA) recognizes that a property does not have

to be formally listed at the State or National register to be considered a historic resource, as noted below:

(4) The fact that a resource is not listed in, or determined to be eligible for listing in the California Register of Historical Resources, not included in a local register of historical resources (pursuant to section 5020.1(k) of the Public Resources Code), or identified in an historical resources survey (meeting the criteria in section 5024.1(g) of the Public Resources Code) does not preclude a lead agency from determining that the resource may be an historical resource as defined in Public Resources Code sections 5020.1(j) or 5024.1.

The City has a rich history, being one of the first master planned communities in California born out of the City Beautiful movement. The Atascadero Colony subdivision was recorded in 1913 and the “colony era” began. Homes constructed during the early days of the colony up until 1926 are known as colony homes and provide important historic context for the City.

Currently, the City has no formally adopted list of historic resources other than properties, buildings, and other known resources listed on the State and/or National Register of Historic Places. However, the City currently treats Colony Homes and other buildings built in that era as historic resources, based on the government code section noted above. Staff currently uses the United States Secretary of Interior’s standards as guidance for modifications to historic properties or structures and determines that a project can remain ministerial if these guidelines are followed. While this is effective in guidance for building permit reviews, the State’s new SB 9 regulations (Urban Dwelling Units and Urban Subdivisions) require adoption of a formal list in order to provide guidance on applications submitted under this law. Adopting a local list will give staff and property owners a greater level of clarity and expectation when it comes to modifying, moving, or demolishing these structures, and provide the same level of standards for properties developing under the provisions of SB9.

The City, in concert with the Historic Society, does have a list of Colony Homes that is used to determine at the Director level if a discretionary application is required. In order to establish guidelines related to determining if a project is ministerial or discretionary as it relates to historic resources, the City can establish a basic ordinance that references the Secretary of Interior’s standards and the list of known colony homes. Establishing a baseline ordinance will codify existing City policy.

Archeological Resources

The City does not have a current, adopted archeological resource map. Instead, many projects are subject to additional time and cost while preparing a phase one study. Atascadero has a number of know areas of potential archeological significance but staff does not have access to official records at this time. Generally, areas around creeks and natural springs provided fertile areas for settlement and both the Chumash and Salinas tribes have areas of importance within the City limits. While specific areas of potential sensitivity cannot be released, the City can develop requirements for projects within known areas, updated by the consultant team for greater accuracy, to maintain a project as ministerial. Requirements may include a Phase I archeological survey and/or monitoring during project construction.

Staff has reached out to local tribal members recently to discuss specific projects in addition to the development of CEQA thresholds. Tribal members have expressed concerns related to areas of known sensitivity in addition to maintaining the native oak woodlands as a past cultural resource connecting to tribal foraging and food sources.

CONCLUSION:

Standards developed through this code update will be used to identify thresholds between ministerial and discretionary projects with the goal of reducing project timelines and cost. Current thresholds include grading on slopes of 20% or greater or at the Director's discretion based on impacts to other environmental resources, such as historic properties, creek interference, and archeological resources. With Council direction, the City can put in place standards and guidelines that provide clear direction and set City expectations for development, reducing staff time on CEQA documentation and providing transparent clear guidance to developers and property owners.

NEXT STEPS:

Staff will compile Council direction and return with draft ordinances and/or guidelines for the topic areas discussed above. City Council may choose to focus on specific topics as the City is not required to include all topic areas in the CEQA threshold project. As grant funding for this project must be completed by September 2023, staff expects to return for final consideration in late September/Early October of this year.

FISCAL IMPACT:

This effort is funded through the Local Early Planning Project (LEAP) grant that the City was awarded in 2020. Implementation of revised standards and guidelines may reduce the number of projects that need to file for a Precise Plan application. No new costs will be incurred by the City.

ATTACHMENTS

1. Hillside Grading Policy

A. Hillside Grading Guidelines

The goals and policies of the General Plan provide for the protection of the hills and woodlands of Atascadero and require that hillside grading minimize those impacts. Goal LOC 5 and Policy LOC 5.2 specifically address hillside grading (see following).

Goal LOC 5.	Preserve the contours of the hills. Buildings built on hillsides shall conform to the topography using the slope of the land as the basis for the design of the structure.
Policy 5.1:	Reduce multi-family densities and increase single-family lot sizes as site slope increases.
Policy 5.2:	Require hillside development and subdivisions to blend in with surrounding topography.
	Programs:
	<ol style="list-style-type: none">1. Update and maintain the Appearance Review Manual to include standards for hillside design and grading including driveway design and slopes, undergrounding of utilities and erosion control.2. Update and maintain the Zoning Ordinance to require structures to be located below prominent ridgelines visible from City streets, when alternative building sites are available.3. Update the Zoning Ordinance to include standards for minimizing hillside grading, cuts, fills, and ridgeline disturbance.

The purpose of the Hillside Grading Guidelines is to provide an interpretation of the General Plan goals and policies that can be applied to building permits, grading permits, subdivision maps and planning entitlements.

Building Site Selection Principles

Building sites, driveways and leach fields should be selected with regard to balancing the following:

1. Minimize the need for grading and tree removals.
2. Allow property owners the flexibility to select the building sites and floor plans that best fits their needs.

When the property owner and staff cannot come to agreement on a building site this decision should be referred to the Planning Commission.

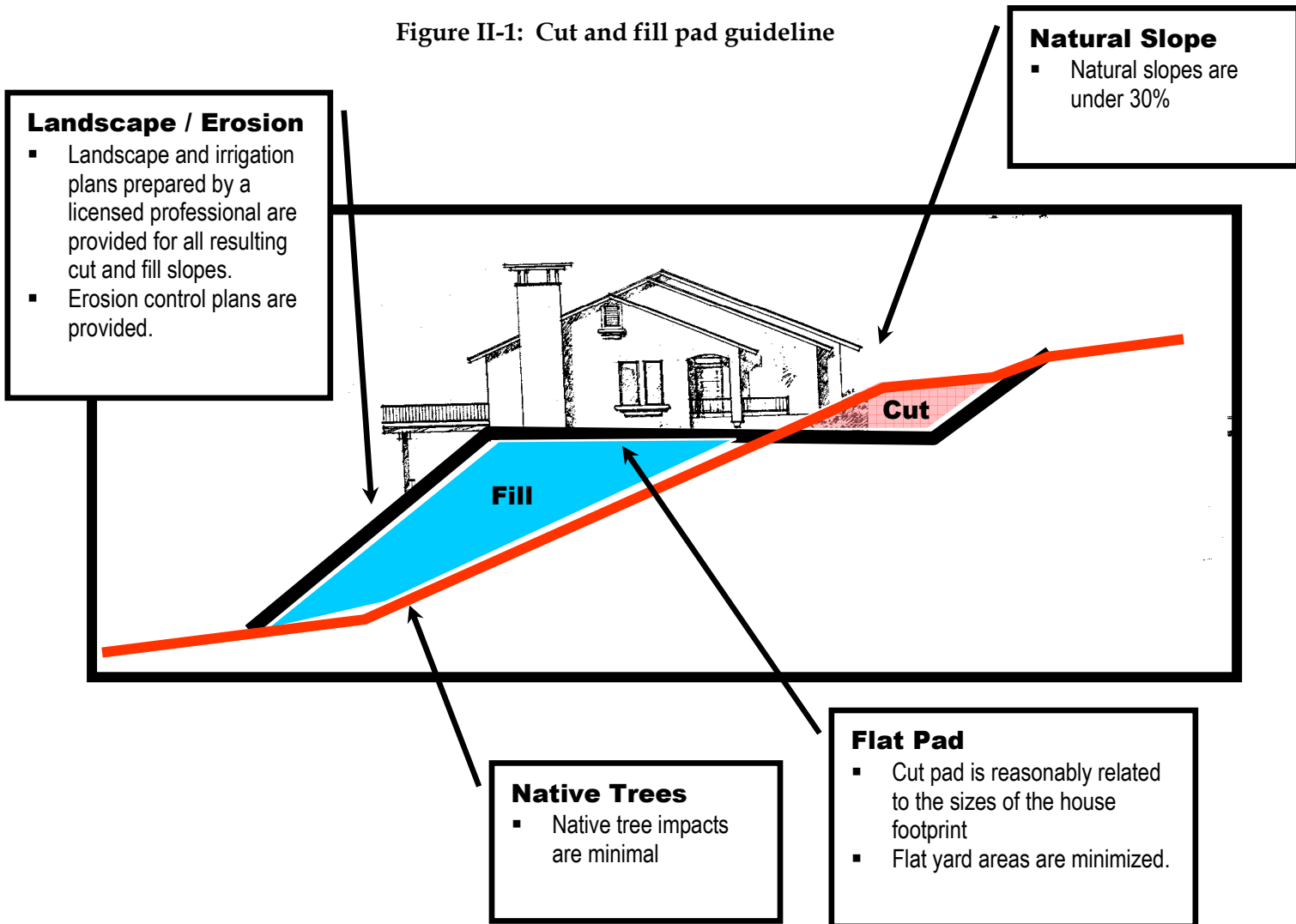
Cut and Fill Pads (Few Native Tree Impacts)

Cut and fill pads are allowed for hillside construction in the following situations:

1. Natural slopes are under 30%.
2. Native tree impacts are minimal.

3. The cut pad is reasonable related to the size of the house footprint.
4. Newly graded flat yard areas are minimized.
5. Landscape and irrigation plans prepared by a licensed professional are provided for all resulting cut and fill slopes. Landscape plans should incorporate native drought tolerant trees, shrubs and ground covers (refer to City plant list).
6. Erosion control plans must be provided.

Figure II-1: Cut and fill pad guideline



Stem Walls / Retaining Walls (Mitigation of Native Trees Impacts)

The General Plan and Native Tree Ordinance provide for the protection of native trees. The following guidelines apply to grading in proximity to native trees.

1. Stem wall house construction should be considered to save native trees.
2. Retaining walls should be incorporated into cut, fills and along driveways to save native trees.
3. Tree preservation mitigation measures must be developed by an arborist for all impacted trees.

Figure II-2: Stem wall guideline

