MEMORANDUM

Date: November 9, 2009

To: Melinda Coy, Department of Housing and Community Development (HCD)

From: Amy Sinsheimer and Lisa Wise, Lisa Wise Consulting, on behalf of the City of Atascadero

Subject: City of Atascadero Housing Element Update – changes to Draft Housing Element document

This memo provides changes and additions to the Atascadero Draft Housing Element Update document based on our conversation with HCD on November 4, 2009. The text below refers to the page number and any other location information in the September 2009. New text is shown underlined and deletions are in strikeout.

1. Page 23, Section D. – Table V-10 and associated text will be revised as shown below:

**Low and Extremely Low-Income Housing Needs**

Lower income households (earning 80 percent or less of median household income) generally have higher incidence of housing problems and overpayment (paying 30 percent or more of income for housing costs). Table V-10 shows what percentages of low and extremely low-income households have housing problems as well as those overpaying for housing.

Extremely low-income households earn 30 percent or less of median household income. Of the 9,531 households in the City, 897 households (568 renters and 329 owners) have household incomes less than 30 percent of median income (about 9.4 percent of total households). As Table V-10 illustrates, these households have a high percentage of housing problems and some high housing cost burdens with those overpaying ranging from 16 to 26 percent. As shown in Tables V-15 and V-16 the overpayment figures for the entire Atascadero population range from 33 to 47 percent.

The RHNA for Atascadero estimates 106 very low income housing units will need to be constructed between 2007 and 2014. Based on State law methodology, the City estimates that 50 percent of its very low-income housing allocation are extremely low-income households. Therefore, it is projected that 53 households will be in the extremely low-income category.
Table V-10 Housing Problems for All Lower Income Households Extremely Low-Income (ELI) Households

<table>
<thead>
<tr>
<th>Housing Income &lt;= 30 Percent MFI (Extremely Low Income)</th>
<th>Renters</th>
<th>Owners</th>
<th>Total ELI Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>% With any Housing Problems</td>
<td>90.6%</td>
<td>85.4%</td>
<td>88.6%</td>
</tr>
<tr>
<td>% With Housing Cost Burden &gt; 30%</td>
<td>90.5%</td>
<td>84.3%</td>
<td>85.2%</td>
</tr>
<tr>
<td>% With Housing Cost Burden &gt; 50%</td>
<td>77.3%</td>
<td>66.6%</td>
<td>73.4%</td>
</tr>
<tr>
<td>Household income &gt;30% to &lt;= 50% MFI</td>
<td>706</td>
<td>247</td>
<td>953</td>
</tr>
<tr>
<td>% With any housing problems</td>
<td>78.9%</td>
<td>55.5%</td>
<td>72.8%</td>
</tr>
<tr>
<td>% With Housing cost burden &gt;30%</td>
<td>76.1%</td>
<td>55.5%</td>
<td>70.7%</td>
</tr>
<tr>
<td>Household income &gt;50 to &lt;=80% MFI</td>
<td>749</td>
<td>853</td>
<td>1.602</td>
</tr>
<tr>
<td>% With any housing problems</td>
<td>51.9%</td>
<td>46.9%</td>
<td>49.3%</td>
</tr>
<tr>
<td>% With Housing cost burden &gt;30%</td>
<td>48.7%</td>
<td>46.9%</td>
<td>47.8%</td>
</tr>
</tbody>
</table>

Source: CHAS Databank

2. Page 33, Section E. – Table V-27 will be replaced with the new table below and associated text revised:

Overcrowding is defined as more than one person per room not including kitchens and bathrooms. Overcrowding can occur when housing costs are high relative to income where families must double up or reside in smaller units, which tend to be more affordable, to devote income to other basic living needs. This is often a problem for large families but can also occur in smaller households when income is too low to afford adequate housing. Overcrowding also tends to result in accelerated deterioration of homes, a shortage of off-street parking, increased strain on public infrastructure, and additional traffic congestion. However, as illustrated in Table V-27, in 2000 in Atascadero 1.7 percent of owner-occupied households were overcrowded and 2.3 percent of renter-occupied households were overcrowded. Only 4 percent of households lived in overcrowded conditions in 2000. Overcrowding is not a significant issue in Atascadero.

Table V-27 Overcrowded Households

<table>
<thead>
<tr>
<th>Owner Occupanied</th>
<th>6,248 units</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.50 or less occupants per room</td>
<td>4,127</td>
<td>66%</td>
</tr>
<tr>
<td>0.51 to 1.00 occupants per room</td>
<td>1,959</td>
<td>31%</td>
</tr>
<tr>
<td>1.01 to 1.50 occupants per room</td>
<td>104</td>
<td>2%</td>
</tr>
<tr>
<td>1.51 to 2.00 occupants per room</td>
<td>48</td>
<td>1%</td>
</tr>
<tr>
<td>2.01 or more occupants per room</td>
<td>10</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Percent Overcrowded by Tenure</td>
<td>162 (1.7%) total overcrowded owner-occupied units</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Renter Occupied</th>
<th>3,282 units</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.50 or less occupants per room</td>
<td>1,781</td>
<td>54%</td>
</tr>
<tr>
<td>0.51 to 1.00 occupants per room</td>
<td>1,283</td>
<td>39%</td>
</tr>
<tr>
<td>1.01 to 1.50 occupants per room</td>
<td>117</td>
<td>4%</td>
</tr>
<tr>
<td>1.51 to 2.00 occupants per room</td>
<td>80</td>
<td>2%</td>
</tr>
<tr>
<td>2.01 or more occupants per room</td>
<td>21</td>
<td>1%</td>
</tr>
<tr>
<td>Percent Overcrowded by Tenure</td>
<td>218 (2.3%) total overcrowded renter-occupied units</td>
<td></td>
</tr>
</tbody>
</table>

Total 9,530

Source: U.S. Census, 2000
3. Page 70, Section H – Programs 1 and 2 will be revised as follows:

1. To comply with State law requirements (Government Code Section 65583(c)(1) (A) and 65583(c)(1) (B), the City must meet the unaccommodated need from the previous planning period (2001-2006). This requirement is in addition to the requirement to identify sites to accommodate the Regional Housing Needs Allocation (RHNA) for the new planning period (2007-2014) (see Program 1.1-2). The jurisdiction may not count capacity on the same sites for both planning periods.

To address the 2001 - 2006 RHNA, the City shall amend the General Plan and the Zoning Ordinance, as necessary, to provide adequate sites for 505 very low and low-income units at a minimum of 20 dwelling units per acre “by right” on certain sites or in certain zones. At least half (50 percent) of these sites shall be zoned for residential uses only. The sites rezoned must be able to accommodate a minimum of 16 units per site. To facilitate housing production, the City will focus on sites from 1 to 5 acres in size. Currently, a specific plan is required on sites that will be developed with 100 or more housing units. The parcels rezoned as a result of this program will not be subject to this requirement. The applications can be subject to design review as long as the project does not trigger the CEQA review process.

Adjacent uses and densities and the availability of services and transit should be considered when evaluating sites for higher density housing.

A list of potential vacant sites for rezoning from 16 units per acre to a minimum of 20 units per acre is included in Appendix III.

Funding Source: General Fund
Responsible Agency: Community Development Department, Planning Commission, City Council
Timeframe: Within one year of Housing Element adoption
Quantified Objective: 505 units (Programs 1 and 2 total 651 units)

2. In order to meet State law requirements (Government Code Sections 65583(c)(1) (A) and 65583(c)(1) (B)) to address the 2007 – 2017 RHNA, the City shall amend the General Plan and the Zoning Ordinance, as necessary, to provide adequate sites for 146 very low and low-income units at a minimum of 20 dwelling units per acre “by right” on certain sites or in certain zones. At least half (50 percent) of these sites shall be zoned for residential uses only. The sites rezoned must be able to accommodate a minimum of 16 units per site. To facilitate housing production, the City will focus on sites from 1 to 5 acres in size. Currently, a specific plan is required on sites that will be developed with 100 or more housing units. The parcels rezoned as a result of this program will not be subject to this requirement. The applications can be subject to design review as long as the project does not trigger the CEQA review process.
Adjacent uses and densities and the availability of services and transit should be considered when evaluating sites for higher density housing.

A list of potential vacant sites for rezoning from 16 units per acre to a minimum of 20 units per acre is included in Appendix III.

Funding Source: General Fund
Responsible Agency: Community Development Department, Planning Commission, City Council
Timeframe: Within three years of Housing Element adoption
Quantified Objective: 146 units (Programs 1 and 2 total 651 units)

4. Page 77, Section H – Program 4 will be revised as follows:

4. Amend Zoning Ordinance to comply with SB 2, permitting emergency shelters without a conditional use permit or other discretionary permits in the Commercial Service (CS), Commercial Park (CPK), Public (P) zoning districts, or other appropriate zones or sites, and define transitional and supportive housing as a residential use subject to the same standards that apply to other residential uses. These three zoning districts above have sufficient capacity to house emergency shelters with over 74 acres available. The Zoning Ordinance can include locational and operational criteria for homeless shelters such as:

- Hours of operation;
- Provisions for operations and management; and
- Compliance with County and State health and safety requirements for food, medical, and other supportive services provided on-site.

Such criteria should encourage and facilitate homeless shelters and transitional housing through clear and unambiguous guidelines for the application review process, and the basis for approval.

In addition, the City will amend the zoning ordinance to define transitional and supportive housing as a residential use subject to the same standards that apply to other residential uses.

The City will solicit input from local service providers (e.g., El Camino Homeless Organization (ECHO)) in the preparation and adoption of the amendment to the Zoning Ordinance to ensure that development standards and permit processing will not impede the approval and/or development of emergency and transitional housing.

Funding Source: General Fund
Responsible Agency: Community Development Department
Timeframe: Within one year of housing element adoption
Quantified Objective: n/a
Page 101, Appendix III – The following revisions will be made to Table V-48:

Appendix III

Table V-48 Potential Vacant Residential Rezone (by right) Parcels – HDR-16 to HDR-20

<table>
<thead>
<tr>
<th>APN</th>
<th>Address</th>
<th>Acres</th>
<th>Land Use</th>
<th>Zone</th>
<th>Density (after rezoning)</th>
<th>Max du/ac</th>
<th>Site Constraints</th>
</tr>
</thead>
<tbody>
<tr>
<td>029-271-001</td>
<td>4711 El Camino Real</td>
<td>1.67</td>
<td>HDR</td>
<td>RMF-16</td>
<td>20 units/acre</td>
<td>33.40</td>
<td>Slope</td>
</tr>
<tr>
<td>030-101-053</td>
<td>8959 Curbaril</td>
<td>0.87</td>
<td>HDR</td>
<td>RMF-16</td>
<td>20 units/acre</td>
<td>17.40</td>
<td></td>
</tr>
<tr>
<td>030-281-014, 015, 016</td>
<td>6709, 6725, 6735 Atascadero Ave.</td>
<td>0.72</td>
<td>HDR</td>
<td>RMF-16</td>
<td>20 units/acre</td>
<td>14.40</td>
<td></td>
</tr>
<tr>
<td>030-283-007, 008</td>
<td>6905 Navejoa</td>
<td>1.89</td>
<td>HDR</td>
<td>RMF-16</td>
<td>20 units/acre</td>
<td>37.80</td>
<td></td>
</tr>
<tr>
<td>031-241-019</td>
<td>8391 Amapoa Ave.</td>
<td>0.35</td>
<td>HDR</td>
<td>RMF-16</td>
<td>20 units/acre</td>
<td>7.00</td>
<td></td>
</tr>
<tr>
<td>031-244-010</td>
<td>8065 Amapoa Rd.</td>
<td>0.25</td>
<td>HDR</td>
<td>RMF-16</td>
<td>20 units/acre</td>
<td>5.00</td>
<td></td>
</tr>
<tr>
<td>045-311-014, 015, 016</td>
<td>Woodridge Multi- Family 1</td>
<td>5.85</td>
<td>HDR</td>
<td>RMF-16/ SP-1</td>
<td>20 units/acre</td>
<td>117.00</td>
<td>CUP currently required for SP-1</td>
</tr>
<tr>
<td>045-321-021</td>
<td>9355 Avenida Maria</td>
<td>1.95</td>
<td>HDR</td>
<td>RMF-16</td>
<td>20 units/acre</td>
<td>39.00</td>
<td></td>
</tr>
<tr>
<td>045-321-022</td>
<td>9405 Avenida Maria</td>
<td>0.98</td>
<td>HDR</td>
<td>RMF-16</td>
<td>20 units/acre</td>
<td>19.60</td>
<td></td>
</tr>
<tr>
<td>045-321-020</td>
<td>10785 El Camino Real</td>
<td>1.98</td>
<td>HDR</td>
<td>RMF-16</td>
<td>20 units/acre</td>
<td>39.60</td>
<td></td>
</tr>
<tr>
<td>049-042-018</td>
<td>1155 El Camino Real</td>
<td>5.54</td>
<td>HDR</td>
<td>RMF-16</td>
<td>20 units/acre</td>
<td>110.80</td>
<td></td>
</tr>
<tr>
<td>049-042-025</td>
<td>1055 El Camino Real</td>
<td>1.81</td>
<td>HDR</td>
<td>RMF-16</td>
<td>20 units/acre</td>
<td>36.20</td>
<td></td>
</tr>
<tr>
<td>049-151-011</td>
<td>2705 El Camino Real</td>
<td>2.40</td>
<td>HDR</td>
<td>RMF-16</td>
<td>20 units/acre</td>
<td>48.00</td>
<td>Slope</td>
</tr>
<tr>
<td>049-151-020</td>
<td>2453 El Camino Real</td>
<td>1.93</td>
<td>HDR</td>
<td>RMF-16</td>
<td>20 units/acre</td>
<td>38.60</td>
<td>Slope</td>
</tr>
<tr>
<td>049-151-056</td>
<td>23455 El Camino Real</td>
<td>1.95</td>
<td>HDR</td>
<td>RMF-16</td>
<td>20 units/acre</td>
<td>39.00</td>
<td>Slope</td>
</tr>
<tr>
<td>049-151-063</td>
<td>2535 El Camino Real</td>
<td>2.48</td>
<td>HDR</td>
<td>RMF-16</td>
<td>20 units/acre</td>
<td>49.60</td>
<td>Slope</td>
</tr>
<tr>
<td>049-151-009</td>
<td>2605 El Camino Real</td>
<td>2.39</td>
<td>HDR</td>
<td>RMF-16</td>
<td>20 units/acre</td>
<td>47.80</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>34.99</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>699.75</strong></td>
<td></td>
</tr>
</tbody>
</table>

1. The Woodridge Project has an approved specific plan so no new CUP would be required on this site.
MEMORANDUM

Date: November 17, 2009

To: Melinda Coy, Department of Housing and Community Development (HCD)

From: Amy Sinsheimer and Lisa Wise, Lisa Wise Consulting, on behalf of the City of Atascadero

Subject: City of Atascadero Housing Element Update – additional changes to Draft Housing Element document

This memo provides additional changes requested by HCD on November 17, 2009. The text below refers to the page number and any other location information in the September 2009. New text is shown underlined and deletions are in strikeout.

1. Page 83, Table V-46 will be revised as shown below:

<table>
<thead>
<tr>
<th>Program</th>
<th>Objective</th>
<th>.Extremely Low</th>
<th>.Very Low</th>
<th>.Low</th>
<th>.Moderate</th>
<th>.Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Construction</td>
<td>Adequate sites: 2001-2006</td>
<td>.10</td>
<td>.164</td>
<td>.331</td>
<td>.0</td>
<td>.505</td>
</tr>
<tr>
<td>1.1-2</td>
<td>Adequate sites: 2007-2014</td>
<td>.10</td>
<td>.90</td>
<td>.46</td>
<td>.0</td>
<td>.146</td>
</tr>
<tr>
<td>1.1-5</td>
<td>Mobile and group homes</td>
<td>.5</td>
<td>.0</td>
<td>.15</td>
<td>.0</td>
<td>.20</td>
</tr>
<tr>
<td>1.1-6</td>
<td>Expand sewer service</td>
<td>.0</td>
<td>.15</td>
<td>.35</td>
<td>.50</td>
<td>.100</td>
</tr>
<tr>
<td>1.1-7</td>
<td>2nd &amp; 3rd story units downtown</td>
<td>.2</td>
<td>.3</td>
<td>.5</td>
<td>.10</td>
<td>.20</td>
</tr>
<tr>
<td>1.1-9</td>
<td>Encourage higher density</td>
<td>.0</td>
<td>.0</td>
<td>.25</td>
<td>.50</td>
<td>.75</td>
</tr>
<tr>
<td>1.1-10</td>
<td>Density bonus</td>
<td>.0</td>
<td>.5</td>
<td>.10</td>
<td>.10</td>
<td>.25</td>
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<tr>
<td>1.1-11</td>
<td>Inclusionary ordinance</td>
<td>.0</td>
<td>.5</td>
<td>.15</td>
<td>.50</td>
<td>.70</td>
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<tr>
<td>1.1-12</td>
<td>Encourage second units</td>
<td>.0</td>
<td>.0</td>
<td>.20</td>
<td>.20</td>
<td>.40</td>
</tr>
<tr>
<td>1.1-16</td>
<td>Work with non-profit partners</td>
<td>.6</td>
<td>.6</td>
<td>.30</td>
<td>.40</td>
<td>.60</td>
</tr>
<tr>
<td>4.3-1</td>
<td>First-time homebuyer</td>
<td>.0</td>
<td>.0</td>
<td>.0</td>
<td>.5</td>
<td>.5</td>
</tr>
<tr>
<td>4.3-2</td>
<td>Leverage set-aside funds</td>
<td>.3</td>
<td>.7</td>
<td>.15</td>
<td>.15</td>
<td>.40</td>
</tr>
<tr>
<td>4.3-5</td>
<td>RDA funding for upper story units</td>
<td>.2</td>
<td>.3</td>
<td>.5</td>
<td>.0</td>
<td>.10</td>
</tr>
<tr>
<td>4.3-6</td>
<td>Extremely low income and disabled</td>
<td>.2</td>
<td>.3</td>
<td>.0</td>
<td>.0</td>
<td>.5</td>
</tr>
<tr>
<td>New Construction Subtotal</td>
<td></td>
<td>.39</td>
<td>.302</td>
<td>.552</td>
<td>.220</td>
<td>1,111</td>
</tr>
</tbody>
</table>

Rehabilitation

<table>
<thead>
<tr>
<th>Program</th>
<th>Objective</th>
<th>.Extremely Low</th>
<th>.Very Low</th>
<th>.Low</th>
<th>.Moderate</th>
<th>.Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1-1</td>
<td>Code enforcement rehabs</td>
<td>.5</td>
<td>.0</td>
<td>.10</td>
<td>.10</td>
<td>.30</td>
</tr>
<tr>
<td>2.1-2</td>
<td>Participate in grant programs</td>
<td>.2</td>
<td>.3</td>
<td>.10</td>
<td>.10</td>
<td>.25</td>
</tr>
<tr>
<td>2.1-4</td>
<td>Downtown commercial rehabs</td>
<td>.0</td>
<td>.5</td>
<td>.10</td>
<td>.25</td>
<td>.40</td>
</tr>
<tr>
<td>4.3-3</td>
<td>Repairs and retrofits</td>
<td>.0</td>
<td>.5</td>
<td>.35</td>
<td>.35</td>
<td>.75</td>
</tr>
<tr>
<td>Rehabilitation Subtotal</td>
<td></td>
<td>7</td>
<td>18</td>
<td>65</td>
<td>80</td>
<td>170</td>
</tr>
</tbody>
</table>

Preservation

<table>
<thead>
<tr>
<th>Program</th>
<th>Objective</th>
<th>.Extremely Low</th>
<th>.Very Low</th>
<th>.Low</th>
<th>.Moderate</th>
<th>.Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1-15</td>
<td>Work with non-profit partners</td>
<td>.2</td>
<td>.3</td>
<td>.15</td>
<td>.5</td>
<td>25</td>
</tr>
<tr>
<td>Preservation Subtotal</td>
<td></td>
<td>2</td>
<td>3</td>
<td>15</td>
<td>5</td>
<td>25</td>
</tr>
</tbody>
</table>

Conservation
November 19, 2009

Mr. Warren Frace
Community Development Director
City of Atascadero
6907 El Camino Real
Atascadero, CA 93422

Dear Mr. Frace:

RE: Review of the City of Atascadero’s Draft Housing Element

Thank you for submitting Atascadero’s draft housing element received for review on September 29, 2009, with revisions received on November 9 and 17, 2009. The Department is required to review draft housing elements and report the findings to the locality pursuant to Government Code Section 65585(b). A telephone conversation on November 4, 2009 with you and Ms. Lisa Wise, the City’s consultant, facilitated the review.

The Department commends Atascadero for its commitment to provide opportunities for higher density housing through Policy 1.1, Programs 1 and 2, rezoning approximately 32 acres for high density multifamily residential uses at a minimum density of 20 units per acre. Making sites available at appropriate densities increase housing opportunities for families and the City’s workforce while maximizing the effective use of land, creating livable neighborhoods and promoting economic vitality. The draft element addresses many statutory requirements; however, revisions will be necessary to comply with State housing element law (Article 10.6 of the Government Code). In particular, the element must include analyses of governmental constraints. The enclosed Appendix describes these and other revisions needed to comply with State housing element law.

The Department is committed to assist Atascadero in addressing all statutory requirements of housing element law. If you have any questions or need additional technical assistance, please contact Melinda Coy, of our staff, at (916) 445-5307.

Sincerely,

Cathy E. Creswell
Deputy Director

Enclosure
APPENDIX
CITY OF ATASCADERO

The following changes would bring Atascadero’s housing element into compliance with Article 10.6 of the Government Code. Accompanying each recommended change, we cite the supporting section of the Government Code.

Housing element technical assistance information is available on the Department’s website at www.hcd.ca.gov/hpd. Refer to the Division of Housing Policy Development and the section pertaining to State Housing Planning. Among other resources, the Housing Element section contains the Department’s latest technical assistance tool Building Blocks for Effective Housing Elements (Building Blocks) available at www.hcd.ca.gov/hpd/housing_element2/index.php, the Government Code addressing State housing element law and other resources.

A. Housing Needs, Resources, and Constraints

1. Include an inventory of land suitable for residential development, including vacant sites and sites having the potential for redevelopment, and an analysis of the relationship of zoning and public facilities and services to these sites (Section 65583(a)(3)). The inventory of land suitable for residential development shall be used to identify sites that can be developed for housing within the planning period (Section 65583.2).

Atascadero has a regional housing need allocation (RHNA) of 462 housing units, of which 180 are for lower-income households. In addition, as acknowledged in the element, the City must address a shortfall of sites from the prior planning period to accommodate 788 units pursuant to Chapter 614, Statutes of 2005 (AB 1233). To address this need, the element relies on rezoning of vacant sites to multifamily residential and second units. However, to demonstrate the adequacy of these sites and strategies to accommodate the City’s RHNA, the element must include complete analyses, as follows:

Progress in Meeting the RHNA: The element indicates that 15 units affordable to lower-income have been built or are under construction or approved (page 38), but provides no information documenting how affordability of the units was determined. As you know, the City’s RHNA may be reduced by the number of new units built since January 1, 2007; however, the element must describe the City’s methodology for assigning these units to the various income groups based on actual sales price or rent level of the units and demonstrate their availability in the planning period.

Second Units: As the element relies on second units to accommodate a small portion of the RHNA for lower-income households, it must include an analysis supporting the realistic capacity of second units in the planning period. This analysis should be based on the number of units approved in the previous planning period, whether or not the units are permitted by-right, the need for the units in the community, the resources or incentives available for their development and include an analysis of the anticipated affordability of second units (Government Code Section 65583.1(a)).
2. Analyze potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the types of housing identified in paragraph (1) of subdivision (c), and for persons with disabilities as identified in the analysis pursuant to paragraph (7), including land use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, and local processing and permit procedures. The analysis shall also demonstrate local efforts to remove governmental constraints that hinder the locality from meeting its share of the regional housing need in accordance with Section 65584 and from meeting the need for housing for persons with disabilities, supportive housing, transitional housing, and emergency shelters identified pursuant to paragraph (7) (Section 65583(a)(5)).

Land-Use Controls: While the element lists some City zoning and development standards on Table V-36, it must also analyze the cumulative impact of those standards on the cost and supply of housing and the ability to achieve maximum densities. For example, the element should specifically analyze the 30-foot height restriction especially as it relates to the ability to achieve 20 units per acre on sites to be rezoned to accommodate the RHNA shortfall.

Codes and Enforcement: The element indicates the City has adopted an ordinance requiring fire sprinklers in all newly constructed residential units (page 55). The element should describe and analyze this requirement for impacts on the supply, cost, and affordability as it relates to development of housing including second units.

Inclusionary Housing: Pursuant to conversations with staff, while the City has not yet adopted a formal inclusionary housing ordinance, it has implemented an inclusionary policy for new developments. The element should describe how the policy is implemented and analyze it for potential impacts on the cost and supply of housing. A specific description and analysis of the policy’s implementation framework, including levels of mandated affordability and a description of the types of options and incentives the City offers to encourage and facilitate compliance with the inclusionary requirements should be included. Analyzing the inclusionary provisions is particularly important given current market conditions and the cumulative impact of local regulations and will assist the City in the development of a formal ordinance. The City could engage the development community to facilitate this analysis.

Design Review: The element states the City has adopted an “Appearance Review Manual” for multifamily housing and “Downtown Design Guidelines” for projects within the Downtown revitalization area (page 56). The element should include an analysis of the design criteria review guidelines and process, including identifying requirements and approval procedures and analyzing the impact of the guidelines and process on housing costs and approval certainty. Please note, pursuant to Government Code Section 65583.2(h), sites to be rezoned to accommodate the RHNA shortfall may be subject to design review; however, the review and approval process must remain ministerial and the design review must not constitute a “project” as defined in Section 21100 of the Public Resources Code.
3. Analyze existing assisted housing developments that are eligible to change to non-low-income housing uses during the next 10 years due to termination of subsidy contracts, mortgage prepayment, or expiration of use restrictions (Sections 65583(a)(8) through 65583(a)(9)(D)).

The element identifies 162 units considered at-risk for conversion to market-rate but does not include a complete analysis of these units. The analysis must include a cost estimate of replacing and preserving the at-risk units, a list of entities with the capacity to acquire at-risk developments and potential funding resources. This analysis will assist in the development of appropriate programs targeted to preserve these units. For further information, refer to the Building Blocks’ website at http://www.hcd.ca.gov/hpd/housing_element2/EHN_atrisk.php.

B. Housing Programs

1. Include a program which sets forth a five-year schedule of actions the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the housing element through the administration of land-use and development controls, provision of regulatory concessions and incentives, and the utilization of appropriate federal and state financing and subsidy programs when available. The program shall include an identification of the agencies and officials responsible for the implementation of the various actions (Section 65583(c)).

To address the program requirements of Government Code Section 65583(c)(1-6), and to facilitate implementation, programs should include: (1) a description of the City’s specific role in implementation; (2) definitive implementation timelines; (3) objectives, quantified where appropriate; and, (4) identification of responsible agencies and officials. Programs to be revised include, but are not limited to the following:

Policy 1.1 – Program 7: Indicate when the City will publicize available incentives on the website.

Policy 1.1 – Programs 8, 12, 14, and 18, and Policy 4.3 – Programs 1, 3, 5, and 6: Describe specifically when the programs will be implemented or initiated.

Policy 1.1 – Program 16: Describe how the City will encourage developers to obtain loans for development of new multifamily housing affordable to lower-income households and the role the City will have in assisting in those applications.

Policy 1.1 – Program 17, Policy 4.1 – Program 2: Describe the City’s role in supporting these organizations and programs.

Policy 5.1 – Program 2: Describe how the City will work with the development community (e.g., annual meetings, stakeholder group, etc.).
2. Identify adequate sites which will be made available through appropriate zoning and development standards and with public services and facilities needed to facilitate and encourage the development of a variety of types of housing for all income levels, including rental housing, factory-built housing, mobile homes, and emergency shelters and transitional housing. Where the inventory of sites, pursuant to paragraph (3) of subdivision (a), does not identify adequate sites to accommodate the need for groups of all household income levels pursuant to Section 65584, the program shall provide for sufficient sites with zoning that permits owner-occupied and rental multifamily residential use by right, including density and development standards that could accommodate and facilitate the feasibility of housing for very low- and low-income households (Section 65583(c)(1)).

As noted in Finding A-1, the element does not include a complete site analysis and therefore, the adequacy of sites and zoning were not established. Based on the results of a complete sites inventory and analysis, the City may need to add or revise programs to address a shortfall of sites or zoning available to encourage a variety of housing types.

Policy 1.1 – Programs 1: While the Program commits to make sites available to accommodate the unaccommodated need from the previous planning period, please note, pursuant to AB 1233, the rezone must be completed within the first year of the 2009-2014 planning period.

Policy 1.1 – Programs 1 and 2: The element commits to rezoning sites identified in Appendix III to accommodate a shortfall of 146 units in the current planning period and 505 units from the previous planning period. While the Program states multifamily units will be allowed “by-right”, it must demonstrate the program complies with Government Code Section 65583.2(i), allowing renter and owner multifamily without a conditional use permit (CUP), PUD, or other discretionary action.

3. The housing element shall contain programs which "address, and where appropriate and legally possible, remove governmental constraints to the maintenance, improvement, and development of housing" (Section 65583(c)(3)).

As noted in Finding A-2, the element requires a complete analysis of potential governmental constraints. Depending upon the results of that analysis, the City may need to revise or add programs and address and remove or mitigate any identified constraints.

In addition, given the element recognizes the potential impact of fees on all housing developments, the City should consider amending Policy 6.1 – Program 8 to review impact fees and the capital facility fee schedule to mitigate impacts on all housing.
4. The housing program shall preserve for low-income household the assisted housing developments identified pursuant to paragraph (8) of subdivision (a). The program for preservation of the assisted housing developments shall utilize, to the extent necessary, all available federal, state, and local financing and subsidy programs identified in paragraph (8) of subdivision (a), except where a community has other urgent needs for which alternative funding sources are not available. The program may include strategies that involve local regulation and technical assistance (Section 65583(c)(6)).

The element identifies 162 units at-risk of converting to market-rate uses in the planning period (page 28). The element must include actions the City will take to assist in the preservation of these units. Actions could include a program to monitor the status of the at-risk units, informing non-profit housing organizations of opportunities to acquire at-risk units, provision of financial assistance, assist and support for funding applications, and facilitating tenant education. Additional information and resources are available on the Building Blocks' website at http://www.hcd.ca.gov/hpd/housing_element2/PRO_atrisk.php and at the California Housing Partnership Corporation website at http://www.chpc.net/.

C. Public Participation

Local governments shall make a diligent effort to achieve public participation of all economic segments of the community in the development of the housing element, and the element shall describe this effort (Section 65583(c)(7)).

While the element describes stakeholder interviews, and public workshops, it does not describe how the City made diligent effort to achieve the participation of all economic segments of the population. The element should describe the City's efforts to circulate the housing element among low- and moderate-income households and/or organizations that represent them. The element could also describe the success of the City's outreach efforts, summarize comments received, and describe how comments were incorporated into the element. For example, the element could describe organizations represented during the stakeholder interviews and the comments received during those interviews. For further information, refer to the Building Blocks' sample analysis at http://www.hcd.ca.gov/hpd/housing_element2/GS_publicparticipation.php.

D. Consistency with General Plan

The housing element shall describe the means by which consistency will be achieved with other general plan elements and community goals (Section 65583(c)(7)).

The City should also note recent statutory changes to Government Code Section 65302 (Chapter 369, Statutes 207 [AB 162]) which requires amendment of the safety and conservation elements of the general plan to include analysis and policies regarding flood hazard and management information upon the next revision of the housing element on, or after, January 1, 2009. For additional information, refer to Department's website at http://www.hcd.ca.gov/hpd/hrc/plan/he/ab_162_stat07.pdf.
June 14, 2010

California Department of Housing & Community Development
Attn: Melinda Benson
1800 3rd Street
P.O. Box 952053
Sacramento, CA 94252-2053

RE: City of Atascadero Draft Housing Element

Dear Ms. Benson:

Enclosed is one copy of the revised Draft City of Atascadero Housing Element for HCD’s second review. Text changes are marked in strikeout. At the conclusion of HCD’s review the City will review HCD’s comments and develop a final Draft Housing Element that incorporates any additional input. The final Draft Housing Element will be submitted to the City Council for review and approval. Upon approval by the City Council, staff will submit the Final Draft Housing Element to HCD for certification.

Please contact Lisa Wise at (805) 595-1345/ lisa@lisawiseconsulting.com or Amy Sinsheimer at (415) 216-3370 / amy@lisawiseconsulting.com should you have any questions regarding the Draft Housing Element.

Sincerely,

[Signature]
Lisa A. Wise

Co: Warren Frace, Community Development Director, City of Atascadero
    Callie Taylor, Associate Planner, City of Atascadero
<table>
<thead>
<tr>
<th>Location in Letter</th>
<th>Task</th>
<th>Responsibility</th>
<th>Status/Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.1 Progress in Meeting RHNA</td>
<td>p. 38, Table V-29 - In reference to the 15 affordable units to lower-income that have been built or under construction: - Describe the methodology for assigning these units to the various income groups based on actual sales price or rent level of the units and demonstrate their availability in the planning period.</td>
<td>City/LWC</td>
<td>Draft text revisions are listed below.</td>
</tr>
<tr>
<td>A.1 Second Units</td>
<td>p. 40, Table V-32 - Include an analysis supporting the realistic capacity of second units in the planning period (based on second unit estimate to accommodate some RHNA). - This should be based on the # of units approved in the previous planning period.</td>
<td>LWC/City</td>
<td>Draft text revisions are listed below.</td>
</tr>
<tr>
<td>A.2 Land-Use Controls</td>
<td>In addition to the zoning and development standards listed on Table V-36, must also analyze cumulative impact on the cost and supply of housing and the ability to achieve maximum densities. - Should specifically analyze the 30-ft height restriction especially as it relates to the ability to achieve 20 units per acre on sites to be rezoned to accommodate the RHNA shortfall.</td>
<td>City</td>
<td>Draft text additions are listed below.</td>
</tr>
<tr>
<td>A.2 Codes &amp; Enforcement</td>
<td>p. 55- Describe and analyze how the fire sprinkler ordinance requirement impacts the supply, cost, and affordability of hsg development (including 2nd units).</td>
<td>LWC/City</td>
<td>Proposed text revisions are listed below.</td>
</tr>
<tr>
<td>A.2 Inclusionary Housing</td>
<td>Inclusionary policy- Need to describe how policy is implemented and analyze it for potential impacts on the cost and supply of hsg. - Specifically describe and analyze the policy’s implementation framework, including levels of mandated affordability and a description of the types of options and incentives the City offers to encourage and facilitate compliance with the inclusionary requirements.</td>
<td>LWC</td>
<td>Proposed text addition is listed below.</td>
</tr>
<tr>
<td>A.2 Design Review</td>
<td>P. 56- Include analysis of the design criteria review guidelines and process, including identifying requirements and approval procedures and analyzing the impact of the guidelines and process on hsg costs and approval certainty.</td>
<td>LWC</td>
<td>Proposed text addition is listed below.</td>
</tr>
<tr>
<td>A.3 At-Risk Units</td>
<td>p. 28 At-Risk Units- Need to include complete analysis, which must include a cost estimate of replacing and preserving the at-risk units, a list of entities with the capacity to acquire at-risk developments and potential funding</td>
<td>City/LWC</td>
<td>Proposed text revision is listed below.</td>
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<tr>
<td>Section</td>
<td>Description</td>
<td>Proposed text revisions</td>
<td>Notes</td>
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<tr>
<td>B.1 Housing Programs</td>
<td>To comply with Gov. Code Section 65583 (c), programs to be revised include:</td>
<td>LWC/ City</td>
<td>Proposed text revisions are listed below.</td>
</tr>
<tr>
<td></td>
<td><strong>Policy 1.1-Program 7:</strong> Indicate when the City will publicize available incentives on the website.</td>
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<td><strong>Policy 1.1-Program 8, 12, 14, &amp; 18 &amp; Policy 4.3-Programs 1, 3, 5, 6:</strong> Specify when programs will be implemented or initiated.</td>
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<td></td>
<td><strong>Policy 1.1-Program 16:</strong> Describe how the City will encourage developers to obtain loans for development of new multifamily housing affordable to lower-income households and the role the City will have in assisting in those applications.</td>
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<td></td>
<td><strong>Policy 1.1-Program 17, Policy 4.1-Program 2:</strong> Describe the City’s role in supporting these organizations and programs.</td>
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<td><strong>Policy 5.1-Program 2:</strong> Describe how the City will work with the development community (e.g. annual meetings, stakeholder groups, etc.).</td>
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<tr>
<td>B.2 Programs</td>
<td>Revisit programs based on results of complete sites inventory and analysis.</td>
<td>LWC</td>
<td>Proposed text revisions are listed below.</td>
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<td></td>
<td><strong>Policy 1.1-Program 1:</strong> Note that if a rezone of sites is needed, it must be completed within the first year of the 2007-2014 planning period (AB 1233).</td>
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<td></td>
<td><strong>Policy 1.1-Program 1 &amp; 2:</strong> Must demonstrate the program complies with Gov’t Code Section 65583.2(l), allowing renter and owner multifamily without a CUP, PUD, or other discretionary action.</td>
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<tr>
<td>B.3</td>
<td>Revisit programs after complete analysis of Gov’t constraints is done.</td>
<td>LWC/City</td>
<td>Proposed text revision is listed below.</td>
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<td></td>
<td>Consider amending Policy 6.1-Program 8 to review impact fees and the capital facility fee schedule to mitigate impacts on all housing.</td>
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<tr>
<td>B.4</td>
<td>From the identification of at-risk units on p.28, the element must include actions the City will take to assist in the preservation of these units. Examples could include:</td>
<td>LWC/City</td>
<td>Proposed new program is listed below.</td>
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<td>- A program to monitor the status of the at-risk units;</td>
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<td>- Informing non-profit housing organizations of opportunities to acquire at-risk units;</td>
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<td></td>
<td>- Provision of financial assistance;</td>
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</tbody>
</table>
A.1 Progress in Meeting the RHNA
Proposed text revision (page 37):

Table V-29 illustrates the 2007-2014 RHNA (462 units). There have been 143 units constructed/approved within the planning period and an additional 17 second units. Six units were designated as very low-income housing, four of which were part of a Habitat for Humanity project. These units were completed and approved for occupancy in 2008. The other two units were permitted as part of a larger-scale residential development. The development project was approved with a density bonus and the applicant was conditioned to deed restrict 20 percent of the units as very low-income for a 30 year period. Permits for the remaining 18 affordable units have not yet been issued and are likely to be approved in the current planning period (these are not included in calculations in Table V-29).

Nine of the second units approved were considered affordable to low-income households. Affordability was determined by multiplying the typical Atascadero rental cost per square foot (as determined by the San Luis Obispo Multi-Family Housing Rental Survey Summary) by the square footage of the unit.

After accounting for permit and construction activity since 2007, the City has a remaining RHNA of 302 units. An analysis of vacant and underutilized sites available to meet the RHNA is discussed below. (According to State law, vacant and underutilized sites can only offset the current RHNA (2007-2014) not the previous RHNA (2001-2006).)

A.2 Land Use Controls
Proposed text revisions (page 51):

Table V-36 provides development standards for the residential zones and Table V-37 provides the development standards in the Downtown Zones. Minimum parcel size and setback requirements in Atascadero are not unusually strict and are not considered a constraint to the development of affordable housing. The height limit in residential zones has proven not to impede development or discourage density. The Hidden Oaks Apartments and Southside Villas condominium projects, 90 and 86 units, respectively, achieved densities over 20 units per acre while meeting the 30 foot, two story height restriction. The Emerald Ridge condominium development, approved in 2004, also met the height requirement while achieving a density of 18 units per acre with 132 units on 7.3 acres.

A.1 Second Units
Proposed text revision (page 39-40):

As Table V-32 shows, all but 146 units of 2007-2014 RHNA can be accommodated by the vacant land and the second unit potential. The potential for second units was determined based on historic second unit building trends from 2001 to 2008. Affordability for second units was determined by multiplying the typical Atascadero rental cost per square foot (as determined by the San Luis Obispo Multi-Family Housing Rental Survey Summary) by the square footage of the unit. Based on these analyses there is realistic capacity for 38 second units within the planning period.

The City needs to identify approximately 7.3 acres to rezone or upzone to 20 units per acre to meet the shortfall. Under State law, half of this acreage needs to be zoned for residential use only. Further, the rezoned parcels must allow multifamily residential uses "by right." In addition, the law requires that the sites selected for rezoning accommodate at least 16 units per site.

A.2 Codes and Enforcement
Proposed text revision (page 55):

Building Codes and Enforcement

Atascadero implements the 2007 edition of the California Building Code and other model construction codes, with amendments adopted by the California Building Standards Commission. These model codes establish standards and require inspections at various stages of construction to ensure code compliance and minimum health and safety standards. Although
these standards and the time required for inspections increase housing production costs and may impact the viability of rehabilitation of older properties, the codes are mandated for all jurisdictions in California. The City has also adopted an ordinance requiring fire sprinklers in all newly constructed residential units. The ordinance was instated for the protection of Atascadero residents because there are some locations in the City where emergency response times for fire personnel are over 10 minutes. Most residential sites in Atascadero are in a high or very high fire hazard severity zone. With the very hot summers in Atascadero and abundance of dry brush and native vegetation located in the residential zones, there is a high potential for fire. The installation of fire sprinklers adds approximately $2 per square foot to the cost of construction of single-family homes. The additional cost is likely to be passed along to the homebuyer as part of the final cost of the home or to renters in the form of a higher monthly rental price. The added cost does not pose a significant constraint to the construction of new units and second units.

Aside from this ordinance, the City has not adopted local amendments to the model codes that increase housing costs (the Plumbing Code has been amended to address large-lot development with septic systems). Building inspectors are responsible for ensuring that proposed projects meet State and local codes.

A.2 Inclusionary Policy
Proposed new text (page 60):

Inclusionary requirements and fees also add to housing development costs. In 2003, the City Council approved an Inclusionary Housing Policy for all developments requiring legislative approval including planned developments and projects requiring a Zone Change or General Plan Amendment. The Policy requires an in-lieu fee of five percent of the construction valuation of the market rate units within a project that does not provide 20 percent of the units as affordable. All inclusionary units shall be deed restricted for a period of 30 years. All residential projects under legislative approval are subject to the inclusionary requirement as follows:

- Projects of 1-10 units: pay in-lieu fee or build units.
- Projects of 11 or more units must build units or receive a Council approval to pay in-lieu fees.

The Inclusionary Housing Policy requires that all affordable units in single family land use areas be designated for moderate-income households. The distribution of affordable units in multi-family and mixed-use commercial land use areas area: 20 percent very low-income, 37 percent low-income, and 43 percent moderate-income. Affordable units must be constructed at the same time as the market-rate units and affordable units must be physically distributed throughout the project site, rather than concentrated in one area. To ensure compliance with these requirements, a construction timeline detailing the development of affordable units and a site map must be approved by the City Council.

With City Council approval alternatives to on-site construction or payment of in-lieu fees for inclusionary units may be allowed, including: off-site construction, land dedication, or combinations of construction, fees, and land dedications. As an incentive to provide affordable units, all inclusionary units shall be treated as density bonus units that are not counted as part of the maximum density entitlement of a site. As an increasing number of inclusionary units move toward construction, the development community has raised concerns regarding the financing and resale of these units. In an attempt to mitigate some of these financing issues, the City Council approved an equity-sharing program for the moderate-income homes. The equity-sharing program calls for the home to eventually be re-sold at the fair market value, with the City receiving its share of the sales proceeds to re-invest in affordable housing.

An Affordable Housing Funds Policy was adopted by the City in 2008 for allocation of Redevelopment Agency housing set-aside funds and City affordable housing in-lieu funds. The intent of the Policy is to guide both the Community Development Department and the Redevelopment Agency in evaluating projects and proposals that request financial assistance from the City's affordable housing in-lieu and Redevelopment set-aside funds. Fees deposited into the account may be used in the acquisition, construction, or rehabilitation of affordable housing. As of June 2009, the fund had a balance of $320,000.

A.2 Design Review
Proposed new text (page 60):

The Atascadero Appearance Review Manual was adopted by the City Council in 1987. The Manual includes direction regarding the relationship of buildings to the site, relationship of buildings and the site to the adjoining area, landscaping, building design, maintenance, and parking. The purpose of Appearance Review is to ensure that the architectural and general appearance of buildings and grounds are in keeping with the character of the neighborhood.

Appearance Review takes place at the staff, Planning Commission, and City Council level in conjunction with the building permit and planning processes. Projects do not go to the Planning Commission or City Council for design review only. Multi-
family building permits are reviewed at the planning department staff level for form and massing, site design, and minor architectural details. Design review for master plan developments of 12 or more units is conducted by the Planning Commission. However, any parcels rezoned as a result of implementation of Programs 1.1-1 and 1.1-2 will not be subject to any discretionary actions for project approval. The Commission reviews proposed developments for form and massing, architectural detailing, pedestrian links, and integration with the existing neighborhood. Planned developments are initially reviewed by the Planning Commission and then by the City Council. The plans are reviewed for form and massing, architectural detailing, sense of community, integration with the existing neighborhood, and streetscapes. The Appearance Review process does not appear to have a significant effect on housing affordability. Staff will continue to provide educational materials and training for the Planning Commission and City Council regarding the function and scope of Appearance Review to ensure it is not inadvertently used to reduce housing units.

A.3 At-Risk Units
Proposed text revisions (page 28-29):

State law requires that Housing Elements include an inventory and analysis of assisted multi-family housing units "at risk" of conversion to market-rate housing. The inventory must account for all units which subsidies expire within the planning period for the Housing Element update. The potential loss of existing affordable housing units is an important issue to the City due to potential displacement of lower-income tenants and the limited alternative housing options available for such persons. It is typically less expensive to preserve the affordability of existing units than to subsidize construction of new affordable units due to the rising cost of land and construction.

In Atascadero, there is one multi-family rental property at risk of converting from affordable units to market rate (see Table V-19). California Manor currently offers 95 affordable units for low-income seniors. There is currently a purchase agreement in place for the sale of the property. The City is working closely with the potential new owner to obtain State Low-Income Tax Credit financing in order to maintain affordability. The potential new owner has proposed to rehabilitate the apartments using the tax credits. Renovations will include the installation of a new roof, concrete siding, energy-efficient appliances, carpet, linoleum, cabinets, countertops, HVAC, and lighting.

According to the purchase agreement currently in place for California Manor, the acquisition cost for the facility is $11,500,000. Renovations costs are estimated at approximately $5.5 million, including construction, design, relocation, and soft costs.

If LIHTC financing is not approved, the City may consider assisting in maintaining affordability of the units by contributing in-lieu fee funds or working with the new owner to pursue alternate low-income housing funding sources. Potential funding sources may include Community Development Block Grants and HOME program funds.

In the case that buyer currently under contract for the property is not able to obtain funding, other potential buyers with access to low-income financing may include People's Self Help Housing, based in San Luis Obispo or Affordable Homes, based in Avila Beach (HCD list of qualified entities).

Hidden Oaks Apartments currently maintains affordability restrictions on 18 units. At this time, the owners have indicated that they do not plan on extending the affordability restrictions beyond 2012 and the units will likely convert to market rate.

In 2005, the City of Atascadero adopted an equity sharing program to create home-ownership opportunities for moderate-income households. Under the program, the unit is deed-restricted and the City holds a silent second note on the difference between the market price and the affordable moderate rate at the time of the first sale. Upon resale of the unit, the owner gets a portion of the equity. The percentage of the equity split between the City and unit owner is determined based on the length of time the owner has held the unit. The longer the owner retains ownership, the higher the percentage of equity the owner retains upon sale of the unit. The equity retained by the City is returned to the housing fund for investment in future affordable projects. The City currently maintains an equity share in 66 units. The units may be sold at any time as the decision to sell is at the discretion of the homeowner.

<table>
<thead>
<tr>
<th>Table V-19 At-Risk Assisted Housing Units</th>
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<tbody>
<tr>
<td>Development</td>
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<tr>
<td>---------------</td>
</tr>
<tr>
<td>Hidden Oaks Apartments</td>
</tr>
<tr>
<td>California Manor</td>
</tr>
<tr>
<td>City of Atascadero</td>
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<tr>
<td>-------------------</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: City of Atascadero, 2009

B.1 Housing Programs
Proposed text revisions (pages 72-80):

1.1-7 Continue to allow mixed residential and commercial development and promote second- and third-story residential development in the City’s downtown zoning districts. Taking into account market conditions and development costs, the City will provide, when possible, developer incentives such as expedited permit processing and fee deferrals for units that are affordable to lower income households. The City will publicize these incentives on the City’s website (www.atascadero.org) within one week of a confirmed decision to make them available in a timely fashion, and during the application process.

Funding Source: General Fund
Responsible Agency: Community Development Department, Planning Commission, City Council
Timeframe: Ongoing
Quantified Objective: 20 units

1.1-8 Adopt a Rural Residential Zone in the Zoning Ordinance consistent with its designation on the Zoning Map and standards that distinguish it from the Residential Suburban zone (to facilitate the development of a variety of housing types).

Funding Source: General Fund
Responsible Agency: Community Development Department
Timeframe: Within three years of Housing Element adoption the planning period
Quantified Objective: n/a

1.1-12 To encourage the development of second units, the City will evaluate the development standards and update the Zoning Ordinance for second units (secondary residential units). For example, the City will explore incentives such as reducing fees and eliminating the covered parking requirement for a secondary residential unit.

The City will also work with Atascadero Mutual Water Company to investigate the possibility of reductions to water connection fees for second units and consider an amnesty program that would reduce or eliminate fees for unpermitted second units.

Funding Source: General Fund
Responsible Agency: Community Development Department, Public Works Department, City Council
Timeframe: Within three years of Housing Element adoption the planning period
Quantified Objective: 40 units
1.1-14 Adopt an ordinance to allow vertical multi-family residential on the second floor in General Commercial land use designations with a Conditional Use Permit and horizontal mixed-use subject to a PD and General Plan Amendment

Funding Source: General Fund
Responsible Agency: Community Development Department, City Council
Timeframe: Within three years of Housing Element adoption the planning period
Quantified Objective: n/a

1.1-18 Amend the Zoning Ordinance to establish minimum required densities in the medium and high density residential zones to preserve the limited supply of multi-family zoned land for multi-family uses.

Funding Source: General Fund
Responsible Agency: Community Development Department, Planning Commission, City Council
Timeframe: Within three years of Housing Element adoption the planning period
Quantified Objective: n/a

4.3-1 Consider developing a first-time homebuyers program to enable lower-income households (up to 80 percent of AMI) to purchase their first homes. Assistance could be provided in the form of a loan secured by a deed of trust.

Funding Source: Redevelopment Agency Set-Aside Funds
Responsible Agency: Community Development Department, Redevelopment Agency
Timeframe: Within three years of Housing Element adoption the planning period
Quantified Objective: 5 units

4.3-3 Consider establishing a housing rehabilitation program that provides loans and rebates to income-qualified households to correct Health and Safety Code violations and make essential repairs and retrofits. The maximum loan limit could be $20,000 with 0% interest and could be limited to lower-income households (<80 percent AMI).

Eligible home improvements could include structural systems, plumbing systems, weather proofing, and exterior repainting.

The City would develop an outreach program to advertise to City residents that the program is available.

Funding Source: Redevelopment Agency Set-Aside Funds
Responsible Agency: Community Development Department, Redevelopment Agency
Timeframe: Within three years of Housing Element adoption the planning period
Quantified Objective: 75 units

4.3-5 Establish a program to assist building owners in converting upper floor residential space in the downtown to deed restricted extremely low-, very low- and low-income units.

Funding Source: Redevelopment Agency Set-Aside Funds and In-lieu Fees
Responsible Agency: Community Development Department, Redevelopment Agency
Timeframe: Within three years of Housing Element adoption the planning period
Quantified Objective: 10 units

4.3-6 Work with nonprofits and identify funding to address the housing needs of extremely low-income households and totally and permanently disabled persons.

Funding Source: Redevelopment Agency Set-Aside Funds and other funding sources, as appropriate
Responsible Agency: Community Development Department, Redevelopment Agency
Timeframe: Identify funding sources annually through the planning period
Quantified Objective: 5 units

1.1-16 Continue to encourage developers to work with agencies such as the California Housing Finance Authority (CHFA) and the Department of Housing and Urban Development (HUD) to obtain loans for development of new multifamily rental housing for low income households. This will be accomplished by working with appropriate non-profit organizations, such as People’s Self Help Housing and the San Luis Obispo County Housing Trust Fund, to identify opportunities. Specifically, the City will:
   - Contact potential affordable housing developers.
   - Identify funding opportunities and pursue financing.
   - Assist in preparing applications for funds.
   - Provide regulatory concessions and incentives, as necessary, to encourage and facilitate the construction of affordable housing.

Funding Source: General Fund
Responsible Agency: Community Development Department, Redevelopment Agency
Timeframe: Ongoing
Quantified Objective: n/a

1.1-17 Continue to encourage and support expanding the role of the San Luis Obispo Housing Authority in Atascadero and their administration of the Section 8 housing voucher program. The City utilizes this relationship for program implementation and income verifications, and will apply for additional Section 8 vouchers, as appropriate.

Funding Source: HUD Section 8
Responsible Agency: Community Development Department, City Council, Housing Authority
Timeframe: Ongoing, when eligible
Quantified Objective: n/a

5.1-2 Continue to work with development community to identify and mitigate any constraints on access to financing for multifamily development. The City will conduct regular stakeholder meetings with members of the development community including representatives from local non-profit housing organizations, developers, and real estate brokers to solicit feedback.

Funding Source: General Fund
Responsible Agency: Community Development Department
Timeframe: Ongoing
Quantified Objective: n/a

B.2 Programs

Proposed text revisions (pages 70-71):

1.1-1 To comply with State law requirements (Government Code Section 65583(c)(1) (A) and 65583(c)(1) (B), the City must meet the unaccommodated need from the previous planning period (2001-2006). This requirement is in addition to the requirement to identify sites to accommodate the Regional Housing Needs Allocation (RHNA) for the new planning period (2007-2014) (see Program 1.1-2). The jurisdiction may not count capacity on the same sites for both planning periods.

To address the 2001 - 2006 RHNA, the City shall amend the General Plan and the Zoning Ordinance, as necessary, to provide adequate sites for 505 very low and low-income units at a minimum of 20 dwelling units per acre “by right” (without a Conditional Use Permit or other discretionary action) on certain sites or in certain zones. At least half (50 percent) of these sites shall be zoned for residential uses only. The sites rezoned must be able to accommodate a minimum of 16 units per site. To facilitate housing production, the City will focus on sites from 1 to 5
acres in size. The applications can be subject to design review as long as the project does not trigger the CEQA review process.

Adjacent uses and densities and the availability of services and transit should be considered when evaluating sites for higher density housing.

A list of potential vacant sites for rezoning from 16 units per acre to a minimum of 20 units per acre is included in Appendix III.

Funding Source: General Fund
Responsible Agency: Community Development Department, Planning Commission, City Council
Timeframe: Within one year of Housing Element adoption
Quantified Objective: 505 units

1.1-2 In order to meet State law requirements (Government Code Sections 65583(c)(1) (A) and 65583(c)(1) (B)) to address the 2007 – 2017 RHNA, the City shall amend the General Plan and the Zoning Ordinance, as necessary, to provide adequate sites for 146 very low and low-income units at a minimum of 20 dwelling units per acre “by right” (without a Conditional Use Permit or other discretionary action) on certain sites or in certain zones. At least half (50 percent) of these sites shall be zoned for residential uses only. The sites rezoned must be able to accommodate a minimum of 16 units per site. To facilitate housing production, the City will focus on sites from 1 to 5 acres in size. The applications can be subject to design review as long as the project does not trigger the CEQA review process.

Adjacent uses and densities and the availability of services and transit should be considered when evaluating sites for higher density housing.

A list of potential vacant sites for rezoning from 16 units per acre to a minimum of 20 units per acre is included in Appendix III.

Funding Source: General Fund
Responsible Agency: Community Development Department, Planning Commission, City Council
Timeframe: Within three years of Housing Element adoption
Quantified Objective: 146 units

B.3 Proposed text revisions (page 82):

6.1-8 The City shall review impact fees and the capital facility fee schedule to reduce fees and barriers to affordable housing development, particularly affordable units. (See also Program 4.3-2 for the potential use of Redevelopment Agency Set-Aside Funds for fee waivers.)

Funding Source: General Fund
Responsible Agency: Community Development Department, Public Works Department, Planning Commission, City Council
Timeframe: Within one year of Housing Element adoption
Quantified Objective: n/a

B.4 Proposed new program (page 75): The City shall continue to monitor the status of subsidized affordable projects, rental projects, and mobile homes in the City and provide technical and financial assistance, when possible, to ensure long-term affordability. This will involve contacting owner/operators of subsided projects annually to determine the status of the units and their potential to convert to market-rate. If projects are at-risk, the City will maintain contact with local organizations and housing providers who may have an interest in acquiring at-risk units, and, when feasible, keep track of and apply for funding opportunities to preserve at-risk units, and assist other organizations in applying for funding to acquire at-risk units.
C. Public Participation

Proposed text revisions (page 3):

Government Code §65583(c)(6)(B) requires the City to “make a diligent effort to achieve public participation of all economic segments of the community in the development of the housing element.” Accordingly, this document incorporates input received from the general public, City Council, and Planning Commission of Atascadero. The City facilitated a series of stakeholder interviews on June 9, 2009, and a public workshop on June 16, 2009, to solicit input by citizens from different geographic areas and economic segments in the City, financial and real estate professionals, decision-makers, and others to provide policy guidance. The public was notified of opportunities to comment on the Housing Element at a Planning Commission meeting on September 1, 2009 and a City Council meeting on September 22, 2009. The City also held a series of workshops with Tierra West Advisors, Inc. to develop priorities for the Redevelopment Agency low and moderate housing funds. Public workshops were held on February 28, 2008 and April 29, 2008.

To ensure that the interests of low- and moderate-income residents were represented in the Housing Element update process, the City specifically sought interviews with representatives from Habitat for Humanity, Transitional Food and Shelter, People’s Self Help Housing, the San Luis Obispo County Housing Trust Fund, and the El Camino Homeless Organization (ECHO). Representatives from low- and moderate-income housing organizations including non-profit housing development firms and homeless service groups were also mailed notifications for the Planning Commission and City Council hearings.

Input from the interviews, workshops, and hearings is incorporated in the Housing Element. The Housing Element is posted for public review on the City’s web site (www.atascadero.org).
Memo

To: Melinda Benson, Department of Housing and Community Development (HCD)
From: Amy Sinshemer and Lisa Wise, Lisa Wise Consulting on behalf of the City of Atascadero
Date: August 4, 2010
Re: City of Atascadero Housing Element Update – Changes to draft Housing Element Document

This memo provides changes and additions to the Atascadero Draft Housing Element Update document based on our conversation with HCD on August 2, 2010. The text below refers to the page number and any other location information in the June 14, 2010 draft. New text is shown underlined and deletions are in strikeout.

1. Page 3, Section 2. – The following edits will be made to the Public Participation section:

2. Public Participation
Government Code §65583(c)(6)(B) requires the City to “make a diligent effort to achieve public participation of all economic segments of the community in the development of the housing element.” Accordingly, this document incorporates input received from the general public, City Council, and Planning Commission of Atascadero. The City facilitated a series of stakeholder interviews on June 9, 2009, and a public workshop on June 16, 2009, to solicit input by citizens from different geographic areas and economic segments in the City, financial and real estate professionals, decision-makers, and others to provide policy guidance. The main issues brought up during public comment were:

- Modification of second unit ordinance – City should make it easier to permit manufactured homes/modify the ordinance to allow larger units. Also second units should be easier to permit.
- Create an RMF-20 zone to increase the maximum density for Downtown and the mixed use commercial.
- Consider extension of second unit amnesty.
- Cap fees for second units and affordable units.
- Work with Atascadero Mutual Water Company (AMWC) to reduce meter fees for second units.
- Create policies for Redevelopment Agency (RDA) funds.

The public was notified of opportunities to comment on the Housing Element at a Planning Commission meeting on September 1, 2009 and a City Council meeting on September 22, 2009. The main issues brought up by the Planning Commissioners were:

- Make goals and objectives in housing element quantifiable.
- Make balanced use of RDA funds.
- Create a program to use RDA funds and inclusionary set-aside funds to assist very low and low-income households.
- Don’t use City funds to fund housing element programs.
- Suggest having design guidelines for multi-family housing.
- The current fee structure provides no incentive for affordable housing.
- Is there overcrowding in low-income neighborhoods?
- Suggest a new amnesty program for second units. Can affordable second units be credited towards the RHNA?
- Can blight be addressed using RDA funds? There is a need for a formal housing rehabilitation program.
- Water fees are too high and are not applied equally to different types of construction projects.

The main issues brought up by the public were:

- Address housing for the temporarily and permanently disabled including SROs, studio apartments and group homes
- Address transitional housing for persons in recovery

The City also held a series of workshops with Tierra West Advisors, Inc. to develop priorities for the Redevelopment Agency low and moderate housing funds. Public workshops were held on February 28, 2008 and April 29, 2008.

To ensure that the interests of low- and moderate-income residents were represented in the Housing Element update process, the City specifically sought interviews with representatives from Habitat for Humanity, Transitional Food and Shelter, People’s Self Help Housing, the San Luis Obispo County Housing Trust Fund, and the El Camino Homeless Organization (ECHO). Representatives from low- and moderate-income housing organizations including non-profit housing development firms and homeless service groups were also mailed notifications for the Planning Commission and City Council hearings. At the recent stakeholder interviews, community members were given the opportunity to ask questions and to provide recommendations on goals, policies, and programs. This input is incorporated in the Housing Element. Community input will continue as the process moves forward.

Input from the interviews, workshops, and hearings is incorporated in the Housing Element. The Housing Element is posted on the City’s web site (www.atascadero.org).

2. Page 29, Section 5. – The following edits will be made to the second paragraph in this section:

In Atascadero, 142 units are in one there are 95 units in a multi-family rental property at risk of converting from affordable units to market rate (see Table V-19). California Manor currently offers 95 affordable units for low-income seniors. There is currently a purchase agreement in place for the sale of the property. The City is working closely with the potential new owner to obtain State Low-Income Tax Credit financing in order to maintain affordability. The potential new owner has proposed to rehabilitate the apartments using the tax credits. Renovations will include the installation of a new roof, concrete siding, energy-efficient appliances, carpet, linoleum, cabinets, countertops, HVAC, and lighting.

3. Page 55, Chapter G. Constraints, Section 1. - The following edits will be made to the text below and Table V-36 as shown below:

Table V-36 provides development standards for the residential zones and Table V-37 provides the development standards in the Downtown Zones. Minimum parcel size and setback requirements in Atascadero are not unusually strict and are not considered a constraint to the development of affordable housing. The height limit in residential zones has proven not to impede development or discourage density. The Hidden Oaks Apartments and Southside Villas
condominium projects, 90 and 86 units, respectively, achieved densities over 20 units per acre while meeting the 30 foot, two story height restriction. The Emerald Ridge condominium development, approved in 2004, also met the height requirement while achieving a density of 18 units per acre with 132 units on 7.3 acres. Additionally, as noted in Table V-36 a waiver of the two story height restriction is possible on a project-by-project basis as part of the Conditional Use Permit process.

<table>
<thead>
<tr>
<th>Table V-36 Residential Zones Development Standards</th>
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<tbody>
<tr>
<td>Development Standard</td>
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<td><strong>Min lot size (acres)</strong></td>
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</tbody>
</table>
| **Max Height (feet)** | **30 ft. max.** | | | | | | | (2 stories max.)
| **Setbacks** (feet) | **Front** | **25 ft. min** | | | | | | Exceptions for shallow lots, flag lots, sloping lots, and variable block. |
| | **Side** | **5 ft. min** | | | | | | Exceptions for corner lots, key lots, small corner lots, accessory buildings, common wall development, zero lot line development, access easements. |
| | **Rear** | **Principle residential building - 10 ft. min** | | | | | | Accessory building - 5 ft. min |
| | **Interior** | **Principle residential buildings - 10 ft or ½ height of taller of 2 buildings** | | | | | | Accessory building - 10 ft. (some code exceptions apply) |

Notes:
1. Depending upon conformance with performance standards set in each zone.
2. Smaller lot sizes allowed with a Planned Development.
3. Smaller lot sizes allowed for PD projects, including condominiums and mobile home developments, provided that the overall density within the project conforms with Section 9-3.17 (RMF Zone - Density).
4. Except for 2nd story dwellings over commercial and industrial uses.
5. Two dwelling units, and/or their accessory garages constructed on adjoining lots with minimum building code separation.
6. A group of dwelling units on adjoining lots may be established so that all units about 1 side property line.
7. Whichever is greater.
8. These height limitations may be modified through conditional use permit approval, provided the Planning Commission first finds the project will not result in substantial detrimental effects on the enjoyment and use of adjoining properties and that the modified height will not exceed the lifesaving equipment capabilities of the Fire Department (Zoning Ordinance Section 9-4.113).

4. Page 75, Policy 1.1, Program 1. - The following edits will be made to Program 1:

1. To comply with State law requirements (Government Code Section 65583(c)(1) (A) and 65583(c)(1) (B), the City must meet the unaccommodated need from the previous planning period (2001-2006). This requirement is in addition to the requirement to identify sites to accommodate the Regional Housing Needs Allocation (RHNA) for the new planning period (2007-2014) (see Program 1.1-2). The jurisdiction may not count capacity on the same sites for both planning periods.

To address the 2001 - 2006 RHNA, the City shall amend the General Plan and the Zoning Ordinance, as necessary, to provide adequate sites for 505 very low and low-income units at a minimum of 20 dwelling units per acre “by right” (without a Conditional Use Permit or other discretionary action) on certain sites or in certain zones. At least half (50 percent) of these sites shall be zoned for residential uses only. The sites rezoned must be able to accommodate a minimum of 16 units per site. To facilitate housing production, the City will focus on sites from 1 to 5 acres in size. Currently, a specific plan is required on sites that will be developed with 100 or more housing units. The parcels rezoned as a result of this program will not be subject to this
requirement. The applications can be subject to design review as long as the project does not trigger the CEQA review process.

Adjacent uses and densities and the availability of services and transit should be considered when evaluating sites for higher density housing.

A list of potential vacant sites for rezoning from 16 units per acre to a minimum of 20 units per acre is included in Appendix III.

Funding Source: General Fund
Responsible Agency: Community Development Department, Planning Commission, City Council
Timeframe: Within one year of Housing Element adoption, At the time of Housing Element adoption (anticipated in December 2010).
Quantified Objective: 505 units (Programs 1 and 2 total 651 units)

5. Page 78, Insert new Program 11, as shown below:

11. Update feasibility analysis of inclusionary housing policy to reflect current market conditions. As part of the feasibility study explore options to streamline and clarify the various options available to a developer. The City will also evaluate impacts to market rate housing related to current market conditions, project applications, estimated affordable housing requirements, fee collection, and actual construction of affordable housing units. If the policy presents an obstacle to the development of the City’s fair share of regional housing needs, the City will revise the policy accordingly.

Funding Source: General Fund
Responsible Agency: Community Development Department, Redevelopment Agency
Timeframe: Within one year of Housing Element adoption
Quantified Objective: n/a

6. Pages 78 and 79, under Policy 1.1, Programs 11 through 18 will be renumbered up one number due to the creation of a new program 11, as detailed above.

7. Page 82, Policy 4.1, Program 2. – The following edits will be made to Program 2:

2. Continue to support local motel voucher programs for temporarily displaced and extremely low-income persons. The motel voucher program is funded through the City’s CDBG funding. Motel vouchers are available to aid residents experiencing emergency situations, such as a house fire, in finding temporary housing. The City works with non-profit organizations (such as Loaves and Fishes) to aid the residents in need and provide technical support for the motel voucher program.

Funding Source: General Fund
Responsible Agency: Community Development Department
Timeframe: Ongoing
Quantified Objective: n/a
August 11, 2010

Mr. Warren Frace
Community Development Director
City of Atascadero
6907 El Camino Real
Atascadero, CA 93422

Dear Mr. Frace:

RE: Review of the City of Atascadero's Revised Draft Housing Element

Thank you for submitting Atascadero's draft housing element received for review on June 21, 2010, with revisions received on August 4, 2010. The Department is required to review draft housing elements and report the findings to the locality pursuant to Government Code Section 65585(b). A telephone conversation on November 4, 2009 with you, Ms. Callie Taylor, of your staff, and Ms. Amy Sinsheimer, from Lisa Wise Consulting, Inc., the City’s consultant, facilitated the review.

The revised draft element addresses most of the statutory requirements described in the Department’s January 14, 2010 review. For example, the element now includes a complete sites inventory and adequate analysis of government constraints. However, Program 1.1 states rezones to accommodate the shortfall of sites from the previous planning period will be completed concurrent with the adoption of the element anticipated to be December 2010. Pursuant to Government Code Section 65584.09 and 65583(c)(1) (AB 1233), the element must demonstrate the rezones to accommodate the shortfall of sites from the previous planning period will be completed within one year of the beginning of the planning period (August 30, 2009). Please be aware, should the City fail to complete the rezones by August 30, 2010, the Department cannot find the element in compliance until the required rezoning is complete and it reflects that rezoning. Once the element addresses this requirement, it will be in compliance with State housing element law (Article 10.6 of the Government Code).

The Department appreciates the cooperation and assistance provided by Ms. Sinsheimer throughout the course of the review. If you have any questions, please contact Melinda Benson, of our staff, at (916) 445-5307.

Sincerely,

Cathy E. Creswell
Deputy Director