Atascadero City Council
Staff Report – Community Development Department

6th Cycle Housing Element Update
Draft Plan
(CPP19-0067)

RECOMMENDATIONS:

Council:

1. Review and comment on the Draft Housing Element and receive public input.

2. Authorize staff to submit the Draft Plan to the State for initial review.

REPORT IN BRIEF:

The Housing Element is one of seven State mandated elements (chapters) of the City’s General Plan. The State requires that Housing Elements be updated and certified regularly to reflect the most recent trends in demographics and employment that may affect existing and future housing demand and supply. Atascadero previously updated the General Plan Housing Element in 2014, and a new Housing Element must now be completed, reviewed and certified by the State Department of Housing and Community Development (HCD), and adopted prior to December 2020. State Housing Element law requires that each City and County identify and analyze existing and projected housing needs within their jurisdictions, and prepare goals, policies, programs and quantified objectives to further the development, improvement, and preservation of housing.

The Draft Housing Element has been prepared for review and initial comment. The Housing Element is intended to outline goals and policies consistent with the City’s General Plan and community vision in addition to addressing State requirements and laws. This new Housing Element will encompass housing policies and programs to be implemented through the year 2028. Following draft review by the City, the Housing Element will be submitted to the State for review and comment, as well as circulated to the public for input, prior to returning to the City for subsequent review. The document must then be submitted to the State for final certification prior to December 2020.
DISCUSSION:

Background

The Housing Element is a comprehensive statement by the community of its current and future housing needs and proposed actions to facilitate the provision of additional housing to meet those needs at all income levels. The policies contained in the Housing Element are an expression of the statewide housing goal of meeting the housing needs in our region, as well as a reflection of the unique concerns of the community. Housing Elements are required to:

1. Assess and address constraints to housing development
2. Provide an assessment of population housing needs
3. Analyze progress toward implementing the previous Housing Element
4. Guide housing development policy
5. Identify opportunities to meet the City’s housing needs and identified Regional Housing Needs Allocation (RHNA)
   a. Identify resources that support housing for all income groups
   b. Complete an inventory of existing and new sites for housing development in support of meeting the City’s RHNA

Housing Element law does not require the City to build all units identified as part of the RHNA, but rather implement a plan to accommodate for these units throughout the City. The Housing Element is not the only tool to solve housing problems but aims to identify constraints and barriers and provide realistic solutions where able.

The City started the Housing Element update process in January of 2020. A joint Planning Commission and City Council hearing took place on January 28, 2020. At that time, the Consultant outlined the process and received comments. In April 2020, the City Council reviewed the City’s Regional Housing Needs allocation (RHNA) and provided input on identified sites and policies to meet the identified housing needs. The City's housing consultant incorporated input from the April site selection and policy identification meeting into the draft plan.

Analysis

Draft Housing Element

The Housing Element is divided into 7 chapters outlining and analyzing the City’s current regulatory framework, demographics, RHNA requirements, housing programs, and constraints to housing development. The plan also includes a review of past Housing Element programs and the County’s regional chapter outlining the regional goals for housing based on the Countywide Regional Compact. The Chapters are organized as follows:

A. Introduction
B. Housing Plan
C. Regional Chapter
D. Needs Assessment
E. Housing Constraints
F. Housing Resources
G. Program Accomplishments 2014-2019
Housing Plan (Chapter B)

The draft Housing Plan includes Goals, Policies and Programs aimed at supporting housing development throughout the City. The City’s overarching objective is to ensure that decent, safe housing is available to all current and future residents at a cost that is within the reach of the diverse economic segments in Atascadero. Additionally, the City must ensure that adequate services and infrastructure are available to serve our housing supply. To make adequate provisions for the housing needs of people at all income levels, state law (Government Code 65583[c]) requires that the City, at a minimum, identify specific programs that do all of the following:

- Identify adequate sites, with appropriate zoning and development standards and services to accommodate the locality’s share of the regional housing needs for each income level.
- Assist in development review and approval of adequate housing to meet the needs of extremely low-, very low-, low-, and moderate-income households.
- Address and, where possible, remove governmental constraints to the maintenance, improvement, and development of housing, including housing for people at all income levels, as well as housing for people with disabilities.
- Conserve and improve the condition of the existing affordable housing stock and preserve assisted housing developments at risk of conversion to market-rate housing.
- Promote equal housing opportunities for all people, regardless of race, religion, sex, marital status, ancestry, national origin, color, familial status, or disability.

Housing Element policies and programs are intended to show how the City will comply with State housing law and support the production of affordable housing. Policies set the general framework to adopt the goal, while programs include an action that the City must take to implement a policy or goal and can include quantifiable objectives that will be used to report the City’s progress on Housing Plan Implementation to the State annually. Ongoing policies and programs that remain relevant have been carried over from the previous Housing Element. New policies and programs have been included in alignment with recent State law changes and to further project streamlining.

The programs included in the plan identify the actions that will be taken to make sites available during the planning period with appropriate land use and development standards and with services/facilities to accommodate the City’s share of regional housing need for each income level. The programs also address identified housing issues in Atascadero and approaches to meet State law housing requirements.

An overview of the Key Housing Element Programs

The programs illustrated below are the most notable programs of the draft Housing Element.

- **Program 1.A: Adequate Sites**
  “The City of Atascadero has a remaining RHNA of 266 units for the 2018-2028 RHNA planning period after credits for permitted or approved units are taken into consideration. Overall, the City can adequately accommodate the City’s current
RHNA under existing General Plan and Zoning Regulations standards. The residential sites inventory to address the current RHNA consists of 11 mostly vacant sites with capacity to yield 497 new units. The City will maintain an inventory of available sites for residential development and provide it to prospective residential developers upon request, and the City will continue to track the affordability of new housing projects and progress toward meeting the City’s RHNA. The City will also continue allowing housing development on RMF-24 properties identified in the Housing Element Sites Inventory as a by-right use, not subject to a conditional use permit or specific plan.

The City of Atascadero is not responsible for the actual construction of these units. The City is, however, responsible for creating a regulatory environment in which the private market could build these units. This includes the creation, adoption, and implementation of General Plan policies, zoning and development standards, and/or incentives to encourage the construction of various types of units.”

At the April 14th City Council meeting, an analysis was presented identifying potential housing sites and rezone requests. Based on current zoning and availability of sites that meet the State’s size and density requirements, the City has adequate sites under current zoning to meet the remaining RHNA requirements. The RHNA is accommodated through a combination of assumed development of vacant and underutilized high density residential properties as well as assumed increases in ADU construction based on new State laws that limit the City’s ability to impose certain development standards and charge certain fees. The residential multi-family zoned sites identified in the Housing Element are identified to be allowed by-right but can be subject to meeting objective design standards.

- Program 1.B: No Net Loss

“Government Code Section 65863 stipulates that a jurisdiction must ensure that its Housing Element inventory can accommodate its share of the RHNA by income level throughout the planning period. If a jurisdiction approves a housing project at a lower density or with fewer units by income category than identified in the Housing Element, it must quantify at the time of approval the remaining unmet housing need at each income level and determine whether there is sufficient capacity to meet that need. If not, the city or county must “identify and make available” additional adequate sites to accommodate the jurisdiction’s share of housing need by income level within 180 days of approving the reduced-density project.

The City will evaluate residential development proposals for consistency with goals and policies of the General Plan and the 2020-2028 Housing Element sites inventory and make written findings that the density reduction is consistent with the General Plan and that the remaining sites identified in the Housing Element are adequate to accommodate the RHNA by income level. If a proposed reduction of residential density will result in the residential sites inventory failing to accommodate the RHNA by income level, the City will identify and make available additional adequate sites to accommodate the its share of housing need by income level within 180 days of approving the reduced density project.”
This program addresses new State law related to development of sites identified in the Housing Element that are used to meet the City’s RHNA. Under new State requirements, if an identified site is developed below density or for an income level above that identified in the Housing Element, the City must prove that additional sites exist to meet the remaining housing need. HCD assumes that all high density multi-family residential sites identified in the Housing Element will be developed with units at the low-, very low-, or extremely low-income level. If any of these sites is developed with moderate or market rate units, the City (in many cases staff will make this finding for by-right sites) must make findings upon project approval that adequate high-density housing sites exist, and must identify additional sites to transfer that lower income development potential to. The sites identified in the Housing Element are by-right sites, so development of these sites cannot be denied if all zoning standards are met. So while the City must assume development at the lower income levels to meet the State’s RHNA requirements, the City cannot ensure that development will occur that qualifies as lower income housing. If it is found that there are not adequate sites that can accommodate the remaining need, the City must rezone additional multi-family property within 180-days. This State required program means that staff will need to maintain a list of eligible properties and areas for rezoning that can be used to track and shift RHNA development opportunities.

Based on past development patterns in the City, it is likely that the identified sites will not develop as HCD assumes unless developed by a non-profit entity or unless strategies are enacted to facilitate affordability by design. In concert with Programs 3.B and 3.C, the City could consider limiting unit sizes in the multi-family zone to encourage developments that are affordable by design and ensure development of high-density sites with affordable options that aren’t concentrated or deed restricted. Fortunately, the State’s recognition of accessory dwelling units in meeting the needs of lower-income households has given the City a sizable buffer within the adequate sites inventory for lower-income housing capacity. However, should existing sites not be developed in a way that meets the targeted need, the Council will be compelled to rezone eligible properties to high density multi-family use. Staff has already identified a number of properties along El Camino Real at the north end of the City that have rezoning potential and received a number of rezone requests from property owners. Further analysis of additional housing sites is expected as part of the Citywide General plan update scheduled to begin early next year.

- **Program 1.C: Mixed-Use Development**

  “Continue to allow mixed residential and commercial development and promote second- and third-story residential development in the Downtown zoning districts. To increase project certainty and streamline development, the City will consider identifying appropriate, mid-block locations, outside of the downtown, for future mixed-use/residential development (in commercial zoning districts) while considering appropriate jobs/housing balance and fiscal impacts. Considering market conditions and development costs, the City will provide, when possible, developer incentives such as expedited permit processing and flexible development standards for units that are affordable to lower-income households. The City will publicize these incentives on the City’s website (www.atascadero.org) to make them available in a timely fashion.”
The City’s existing General Plan (Policy LOC 3.1) allows for multi-family development on mid-block commercial sites within the General Commercial land use designation with approval of a Conditional Use Permit. This program recognizes the need for the City to examine potential sites for non-commercial development where higher intensity commercial development is not viable or where bringing a 24-hour presence to the corridor may be beneficial in the support of adjacent economic hubs. Appropriate sites may be those that are not conducive to commercial development due to location, size, or slope. Analysis of this strategy could include maintaining commercial zoning and the use of overlay zones to accomplish specific design requirements.

This program asks that the City explore pre-designating commercial sites that may be appropriate for residential development ensuring greater certainty for potential developers while also ensuring that non-identified sites be targeted for commercial development. Under this program, the City is only compelled to explore this idea. Analysis of sites is identified to occur during the Citywide General Plan Update and can be integrated into a comprehensive land use strategy. Taking a comprehensive look at land uses along the corridor will allow the Council to understand the positives and negatives to different types of mixed-use and residential development styles and ratios. Adoption of such a program or policy remains at the discretion of the Council.

As development at a density of at least 20 units per acre is assumed by the State to provide housing to lower-income households, this program also calls for developer incentives for mixed-use development. The City currently prioritizes and assists applicants with permit processing for lower-income projects and continues to explore other options to incentivize affordable housing.

- **Program 2.B: Inclusionary Housing Ordinance**
  “Evaluate the City’s inclusionary housing policy and consider replacing the current inclusionary policy with an inclusionary housing ordinance. An inclusionary ordinance must be consistent with state density bonus regulations and address changing economic and regulatory considerations. The City will continue to monitor the impact of its inclusionary housing policy/ordinance on production of market rate housing in response to market conditions. If the City’s inclusionary housing approach presents an obstacle to the development of the City’s fair share of regional housing needs, the City will revise the policy/ordinance accordingly.”

This program asks that the City review the current inclusionary housing policy and consider replacing the policy with an inclusionary housing ordinance. In the past, the application of inclusionary housing requirements to Planned Developments and Specific Plan has greatly assisted the City in meeting our housing goals, both in units constructed and fees collected to support affordable housing development. As the State reduces the ability of Cities to review housing projects through a discretionary process, thereby reducing the number of projects required to participate in the City’s current program, analysis of alternatives will provide for expanded opportunities to meet affordable housing goals.
• **Program 2.F: Mixed-Use Standards**

“Adopt mixed-use development standards that facilitate high-quality development and that strike a balance between the community’s need for housing and the City’s need to preserve viable commercial land uses to help sustain the City’s ability to provide essential services. During the formulation of development standards, the City will assess the potential for residential density increases for mixed-use projects. The City will pursue the drafting of new mixed-use developments standards and Objective Design Standards (Program 3.B) to ensure that the City’s planning and design goals for mixed-use projects and multi-family housing are met.”

This program speaks to the Housing Accountability Act (SB 167, AB 678, AB 1515 [2017] – GC Section 65589.5) which dictates that development projects within commercial zoning districts that include at least two-thirds of the project as residential floor space cannot be denied if all applicable zoning standards are met. However, meeting all zoning standards means that the project must be consistent with basic land use standards such as no residential uses on the ground floor, maximum height, parking, landscaping, and must seek no exceptions. Adding objective design standards can add to the list of ordinance requirements allowing for greater design certainty on projects that State law exempts from discretionary review.

The program noted above calls for the City to adopt mixed-use development standards that facilitate high-quality development and that strike a balance between the community’s need for housing and the City’s need to preserve viable commercial land uses. During the formulation of development standards, the City will assess the potential for residential density increases for mixed-use projects. The plan calls for the City to coordinate the drafting of new mixed-use development standards and Objective Design Standards (Program 3.B) to ensure that the City’s planning and design goals for mixed-use projects and multi-family housing are met. Developing standards will provide certainty to the development community and will streamline the design process. These standards can also require preservation of floor space for viable commercial land uses and design requirements to ensure enhanced activation of the El Camino Real and Morro Rd corridor.

• **Program 2.G: Specific Plans**

“Continue to require the use of specific plans or planned developments for residential projects of 100 or more single-family units to ensure that the distribution of land uses, infrastructure requirements, and implementation measures are consistent with the General Plan and the City’s development goals and needs.”

This program clarifies that a Specific Plan or Planned Development zoning is needed for the creation of new single-family neighborhoods where there are 100 or more houses. Clarification in this program notes that it is not intended to speak to multi-family apartment projects where the zoning to allow for such density already exists. The program directs the City to continue to require the use of specific plans or planned developments for residential projects of 100 or more single-family units to ensure that the distribution of land uses, infrastructure requirements, and implementation measures are consistent with the General Plan and the City’s development goals and needs.
Program 3.A: Development Process Streamlining
“Continue streamlining the project review process by:

- Reviewing, and if necessary, revising local review procedures to facilitate a streamlined review process
- Accommodating SB 35 streamlining applications or inquiries by creating and making available to interested parties an informational packet that explains the SB 35 streamlining provisions in Atascadero and provides SB 35 eligibility information
- Continuing to consolidate all actions relating to a specific project on the same Council or Commission agenda
- Continuing to review minor project modifications through the Design Review Committee and more substantial changes through a Planning Commission process
- Maintaining pre-approved stock development plans to streamline the plan check process for ADUs”

Program 3.A emphasizes the need for streamlined review. HCD encourages permit streamlining for projects that include certain levels of affordable housing. This includes maximum review timeframes for permits and limitations on triggers for discretionary review processes. Included in this program are stock plans for ADU’s. This activity is currently being pursued as a regional effort and may be funded through SLOCOG, SB2, or LEAP funding.

Program 3.B: Objective Design Standards
“Adopt objective design standards to ensure that the City can provide local guidance on design and standards for by-right projects as allowed by state law. Adoption of objective design standards will facilitate high-quality residential development and compliance with state objectives. The objective design standards will ensure provision of adequate private open space, parking, and related features as well as architectural design, consistent with state law. Part of the objective design standards creation process will include assessing how the standards can be used to encourage a variety of housing types and limit the size of residential units on multi-family zoned properties to encourage units that are affordable by design.”

Program 3B calls for the City to adopt objective design standards (strictly focused on assessing compliance with criteria). The State has passed legislation that makes it increasingly difficult for Cities to exercise discretionary approval of housing projects (Housing Accountability Act). While some projects may still be subject to discretionary review, others are exempt and only objective design standards can be applied. Developing such standards will ensure quality development and compliance with State objectives. The City may adopt a set of objective design standards that dictate architectural quality, adequate private open space, adequate parking, appropriate landscaping, site design requirements, and related features. The objective design standards can facilitate methods to encourage a variety of housing types encouraging smaller units on multi-family zoned properties to ensure units that are affordable by design while preserving quality outdoor space, adequate parking, and quality aesthetics.
Program 3.C: Multi-Family Housing Permitting

“To reduce constraints to multi-family housing production, the City will review and if necessary, revise the Conditional Use Permit (CUP) requirements for multi-family housing. The Atascadero Zoning Regulations require a CUP for residential projects in the RMF zone over 11 units, excluding RMF-24 properties identified in the Housing Element sites inventory which are allowed by right. The City will consider revising the CUP requirement once objective design standards are adopted. This will not affect the by-right approval of multi-family projects in the RMF-24 zone on Housing Element sites, which are not subject to a CUP or a Specific Plan. The permitting process for multi-family housing will be consistent with any by-right or streamlining requirements identified in state law. The City will periodically evaluate the approval process for projects requiring a CUP or other discretionary review and monitor the impact the requirement has on project certainty, cost, and approval time.”

To reduce constraints to multi-family housing production, and consistent with the intent of SB35 and the Housing Accountability Act, program 3.C suggests considering a revision to the Conditional Use Permit (CUP) requirements for multi-family housing. The program calls for the City to consider removing the CUP requirement entirely once objective design standards are adopted. The adoption of objective design standards can accommodate many of the same things that the conditional use permit process is designed for.

Program 3.D: RMF Zone Height

“Amend the Zoning Regulations to remove number of stories limit in the Residential Multi-Family (RMF) Zone and regulate based on height in feet, allowing for adequate emergency response and community character preservation.”

The current height limitation in the multi-family zone is a two part standard. The maximum height cannot exceed 35-feet nor can any building be more that 2 stories. The limit on the number of stories results in lower density projects and less flexibility on site design and planning. The proposed program calls for the City to amend the Zoning Regulations to remove “number of stories limit” in the Residential Multi-Family (RMF) Zone while maintaining the 35-foot limit to ensure neighborhood compatibility. The CUP process will remain available for developments desiring to exceed this limit.

Program 3.E: Small Lot Subdivisions

“Consider adopting small lot subdivision standards that incorporate specific site and building development standards (such as parking, height, yard space, architecture) in exchange for flexible minimum lot sizes. Consider allowing small lot subdivisions without rezoning. Small lot subdivision standards can eliminate the need for multi-family planned developments that are currently subject to a rezoning process. Establishing a set of high-quality standards for each small lot subdivision, instead of minimum lot size, can save substantial staff time and applicant costs and would allow for increased creativity with site design while increasing ownership opportunities for all income segments of the community (affordable by design).”
Program 3.E calls for the City to consider adoption of flexible minimum lot sizes for single family residential neighborhoods that incorporate specific site and building development standards (such as parking, height, yard space, architecture, building siting, unit size). This would alleviate many projects from going through a rezoning process if the development met City required standards. At this time, the minimum lot size for multi-family development is one half acre unless a planned development overlay zone is adopted. Establishing small lot standards will prescribe a set of quality standards for each subdivision, will save substantial staff time and applicant costs while providing certainty for both applicants and the City. This could allow for increased creativity with site design while increasing ownership opportunities for all income segments of the community (affordable by design).

- **Program 3.H: Special Needs Housing Laws**
  "Review the Zoning Regulations and if necessary, make changes to ensure compliance with the Supportive Housing Streamlining Act (AB 2162) and AB 101 (Low-Barrier Navigation Centers). AB 2162 requires supportive housing to be considered a use by right in zones where multi-family and mixed uses are permitted, including nonresidential zones permitting multi-family uses, if the proposed housing development meets specified criteria. AB 101 requires that Low-Barrier Navigation Centers (LBNC) be a by-right use in areas zoned for mixed-use and nonresidential zones permitting multi-family uses. LBNC provide temporary room and board with limited barriers to entry while case managers work to connect homeless individuals and families to income, public benefits, health services, permanent housing, or other shelter."

Under program 3.H, the City is tasked with analyzing current zoning regulations to ensure compliance with State law for transitional housing, emergency shelters, and Low Barrier Navigation Centers. Amendments to the zoning ordinance will be brought forward as needed to remain in compliance with these laws.

**Summary of Quantified Objectives**
The programs listed in the Housing Plan (Chapter B) provide quantified objectives towards meeting the State and City housing goals. Programs that relate to supporting the construction of housing units to meet the City’s RHNA include measurable objectives used during the State’s annual reporting process to ensure that the City is on track in meeting identified goals. Table B.1 summarizes the City’s quantified objectives for the 2020-2028 planning period by income group.

- The Construction Objective represents the City’s remaining (after crediting the units with approved or issued permits) 2018-2028 RHNA of 266 units, as well as objectives for the density bonus and inclusionary housing programs.
- The Rehabilitation Objective represents objectives in the Housing Rehabilitation and Preservation program.
- The Conservation objective refers to maintenance of the current level of assistance through the Housing Choice (formerly Section 8) Voucher program from the County of San Luis Obispo Housing Authority.
Table B.1: Quantified Objectives

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*Note: The City of Atascadero is not responsible for the actual construction of these units. The City is, however, responsible for creating a regulatory environment in which the private market could build these units. This includes the creation, adoption, and implementation of General Plan policies, zoning standards, and/or incentives to encourage the construction of various types of units.

Regional Chapter

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 housing and resiliency 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 a regional Chapter to be integrated into each jurisdiction’s Housing Elements, aimed at showcasing the ongoing commitment of each agency to this collaborative effort. The regional Chapter presents a regional vision and policies focused specifically on fostering regional collaboration to plan and develop housing and supportive infrastructure. The regional effort is an ongoing and iterative process. Identifying regional funding opportunities will be a collaborative process with the input of all 8 jurisdictions and is subject to changes based on funding opportunities and identified needs. The regional partners are committed to improving the jobs/housing balance throughout the regional and identifying infrastructure projects and housing opportunities that support these integrated efforts.

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.

The regional chapter includes an initial list of aspirational regional policies that further the Regional Compact vision. The list of regional goals offers ways that the County, cities, SLOCOG, and other partners can consider moving forward, together. Many of the regional goals relate to inter-agency partnerships and a regional approach to infrastructure funding. Participation in the regional effort and incorporation of the regional chapter into the City’s Housing Element not only solidifies our commitment to work together as a region but may also further expand grant opportunities. The chapter includes the following eight regional policies:

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.).

Part of this effort also includes a regional toolkit of programs and activities that can be adopted to support these goals. The City's draft Housing Element already identifies a number of policies and programs that achieve this regional vision. The City will continue to participate in collaborative regional efforts to address jobs/housing balance, best practices for housing development and support, and building and prioritizing resilient infrastructure to serve the region into the future.

**Housing Constraints**

Chapter E analyzes the City's current zoning regulations, building codes, code enforcement, infrastructure, fees, and permit processes (governmental constraints) to determine any constraints to housing development or preservation. In addition, per State law, the chapter also analyzes non-governmental constraints such as land and housing costs, environmental constraints, and availability of financing. If constraints are identified, a program is usually included in the Housing Plan to further analyze and address the potential constraint.

**Governmental Constraints:**
The chapter identifies the following governmental housing constraints within the City’s regulatory framework:

- 2 story maximum for multi-family development (Program 3.D proposes to eliminate this restriction)
- Low limit (12 units) trigger for discretionary entitlement for multi-family development (Program 3.C has been added to further analyze)
- Emergency Shelter Overlay Zoning district and Supportive housing regulations need to address new State laws (Programs 3.H and 3.I have been included to ensure consistency)
- The City lacks quantifiable objective design standards to facilitate housing development subject to SB35 and the Housing Accountability Act and to provide clarity for developers while achieving high-quality design. (Program 3.B calls for the adoption of objective design standards)
The consultant’s analysis also found that the City does not impose greater site improvement or building code regulations on housing projects than is otherwise required by the State and/or surrounding communities. In addition, permit processing times are in line with or more expeditious that surrounding jurisdictions and comply with State streamlining requirements.

**Non-Governmental Constraints:**

Identified non-governmental constraints include land and construction costs, availability of financing, and environmental constraints. While the City cannot control these factors, programs are included in the plan to support applicants and developers through outreach efforts.

**Past Program Accomplishments**

The draft Housing Element includes a chapter outlining the City’s accomplishments during the previous planning period (2014-2019). This evaluation provides valuable information on the extent to which programs have achieved stated objectives and whether these programs continue to be relevant to addressing current and future housing needs in Atascadero. The evaluation provides the basis for recommended modifications to policies and programs and the establishment of new housing objectives.

The below table summarizes the quantified objectives contained for the 2014-2019 Housing Element and compares the City’s progress toward fulfilling these objectives. The City recognizes that it had limited resources to address the varied affordable housing needs in the community. As part of the 2014-2019 Housing Element, the City established a set of quantified objectives for housing construction, rehabilitation, and preservation. The City made significant progress towards the construction and conservation goal. The City’s rehabilitation goals, however, fell short due to the loss of its primary rehabilitation funding tool when the RDA was dissolved.

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<td>164</td>
<td>393</td>
</tr>
<tr>
<td>Progress</td>
<td>48 (49%)</td>
<td>28(45%)</td>
<td>178(258%)</td>
<td>308(188%)</td>
<td>562</td>
</tr>
<tr>
<td>Rehabilitation Objectives</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Goal(b)</td>
<td>7</td>
<td>13</td>
<td>55</td>
<td>55</td>
<td>130</td>
</tr>
<tr>
<td>Progress</td>
<td>--</td>
<td>--</td>
<td>--</td>
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<tr>
<td>Conservation Objectives</td>
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</tr>
<tr>
<td>Goal(c)</td>
<td>2</td>
<td>3</td>
<td>15</td>
<td>5</td>
<td>25</td>
</tr>
<tr>
<td>Progress</td>
<td>71 (1,420%)</td>
<td>--</td>
<td>--</td>
<td></td>
<td>71</td>
</tr>
</tbody>
</table>
The City accomplished these objectives by implementing numerous programs since 2014. In addition to ongoing efforts, the most notable projects and implemented programs include:

- The La Plaza project providing 42 residential units downtown, 38 of which are likely to be considered as affordable by design based on unit size.
- Over 80 units approved through the PD overlay process
- 60 units issued in accordance with the state density bonus law.
- Over 25 permits issued for ADUs
- Worked with People’s Self-Help Housing to produce 34 affordable housing units and worked with the Corporation for a Better Housing to produce 60 very low- and low-income units.
- The City updated the zoning ordinance in 2017 to include updated definitions and requirements for farmworker housing in accordance with State law.

A full list of objectives and accomplishments can be found in draft Chapter G.

Next Steps
This hearing begins the process of coordination and review by HCD and the public. Following authorization by the City Council, the Draft Housing Element will be sent to HCD for their review and the 60-day public review period will begin. It is typical for the State’s reviewer to recommend edits to the document. In addition, issues and modifications may occur as a result of public comment. The HCD review process is iterative and interactive and any changes, will be brought back to the Council for review prior to finalizing the document for adoption. Final adoption of the document and certification by HCD needs to take place by December 31 to remain in compliance with State laws. The City is on track to meet this deadline with the State and public comment period scheduled to end in late August. Once HCD has approved the document, and Council has had a chance to review any substantial changes, if any, the document will be brought before the Planning Commission for review and recommendation prior to Council review for final adoption.

Conclusion
The Housing Element update is a State mandated process that aims to provide a regulatory and land-use framework aimed at addressing housing needs and providing opportunities for the construction of housing that meets the needs of current and future residents. The draft Housing Element has been prepared and goals, policies, and programs have been identified that support housing development throughout the City and comply with State housing laws. This Housing Element will cover the planning period from 2020-2028. Per State law, adoption and certification must occur by December 2020.
FISCAL IMPACT:

None. The Housing Element is a state mandated activity. While review of potential Housing Element policies does not have a direct fiscal impact, changes in land-use policies will generally produce an overall positive or negative fiscal impact for the City depending on the policy. Creation of housing units generally has a negative fiscal impact upon City resources.

ATTACHMENT:

Draft Housing Element