



CITY OF ATASCADERO CITY COUNCIL AGENDA

HYBRID MEETING INFORMATION:

In accordance with City Council Resolution No. 2022-010 and the requirements of AB 361, the City Council Meeting will be available via teleconference for those who wish to participate remotely. The City Council meeting will also be held in the City Council Chambers and in-person attendance will be available at that location.

HOW TO OBSERVE THE MEETING REMOTELY:

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

HOW TO SUBMIT PUBLIC COMMENT:

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

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

AMERICAN DISABILITY ACT ACCOMMODATIONS:

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

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

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

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CITY OF ATASCADERO CITY COUNCIL

AGENDA

Tuesday, May 24, 2022

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

City Council Regular Session:

6:00 P.M.

City Council Closed Session:

**Immediately following
the conclusion of the City
Council Regular Session**

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

PLEDGE OF ALLEGIANCE: Mayor Moreno

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

APPROVAL OF AGENDA: Roll Call

Recommendation: Council:

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

CLOSED SESSION – REPORT (IF ANY)

1. May 10, 2022

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

1. City Council Draft Action Minutes – May 10, 2022

- Recommendation: Council approve the May 10, 2022 Draft City Council Regular Meeting Minutes. [City Clerk]

2. April 2022 Accounts Payable and Payroll

- Fiscal Impact: \$2,797,945.95
- Recommendation: Council approve certified City accounts payable, payroll and payroll vendor checks for April 2022. [Administrative Services]

3. Downtown Parking Business Improvement Area (DPBIA) Annual Assessment

- Fiscal Impact: None.
- Recommendation: Council adopt Draft Resolution, declaring intent to levy the annual Downtown Parking and Business Improvement Area assessment, and set a public hearing for June 14, 2022. [City Manager]

4. Atascadero Tourism Business Improvement District (ATBID) Annual Assessment

- Fiscal Impact: None.
- Recommendation: Council:
 1. Approve the ATBID Annual Report.
 2. Adopt Draft Resolution declaring intent to levy an annual Business Improvement District assessment on lodging businesses within the Atascadero Tourism Business Improvement District, and set a public hearing for June 14, 2022. [City Manager]

5. Atascadero Tourism Business Improvement District (ATBID) Board Appointment of Three Board Members for New Term

- Fiscal Impact: None.
- Recommendation: Council appoint Patricia Harden, Deana Alexander and Amar Sohi to the ATBID Advisory Board for the term expiring June 30, 2024. [City Manager]

6. Adopting a List of Projects for Fiscal Year 2022-2023 Funded by SB 1: The Road Repair and Accountability Act of 2017

- Fiscal Impact: Approval of the Draft Resolution adopting the list of projects for SB 1 Funding will allow the City to receive an estimated \$675,246 in 2022-2023 SB1 funding.
- Recommendation: Council adopt Draft Resolution adopting a list of projects to be funded with Road Maintenance and Rehabilitation Account revenues from SB 1 (The Road Repair and Accountability Act of 2017) for Fiscal Year (FY) 2022-2023. [Public Works]

7. Traffic Way and Ardilla Avenue Pavement Rehabilitation

- Fiscal Impact: \$385,791
- Recommendation: Council award a construction contract for \$385,791 to Souza Construction for the Traffic Way and Ardilla Avenue Pavement Rehabilitation Project – Project No. C2020R01 (which includes the Traffic Way/US 101 Alleyway Rehabilitation Project).

8. Diablo Canyon Power Plant – REACH Letter of Support

- Fiscal Impact: None.
- Recommendation: Council authorize the Mayor to sign a letter on behalf of the City, drafted by REACH and the Diablo Canyon Power Plant (DCPP) MOU stakeholder group, in support of responsible and economically beneficial reuse opportunities at DCPP if and when DCPP is closed. [City Manager]

9. Virtual Meetings – AB 361 Requirements

- Fiscal Impact: None.
- Recommendation: Council adopt the Draft Resolution making findings consistent with the requirements of AB 361 to continue to allow for the conduct of virtual meetings. [City Manager]

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

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

B. MANAGEMENT REPORTS:

1. Affordable/Inclusionary Housing Impact Fee Nexus Studies

- Fiscal Impact: None.
- Recommendations: Council review and provide direction on potential strategies for an affordable housing program in an effort to implement City Housing Element Policy. [Community Development]

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

Mayor Moreno

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

Mayor Pro Tem Newsom

1. City / Schools Committee
2. Design Review Committee
3. League of California Cities – Council Liaison
4. Visit SLO CAL Advisory Committee

Council Member Bourbeau

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

Council Member Dariz

1. Air Pollution Control District
2. California Joint Powers Insurance Authority (CJPIA) Board
3. City of Atascadero Finance Committee
4. Community Action Partnership of San Luis Obispo (CAPSLO)

Council Member Funk

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

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

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

- E. RECESS TO CLOSED SESSION FOLLOWING CONCLUSION OF CITY COUNCIL REGULAR SESSION**

COUNCIL CLOSED SESSION:

- 1. CLOSED SESSION -- PUBLIC COMMENT**
- 2. COUNCIL LEAVES TO BEGIN CLOSED SESSION**
- 3. CLOSED SESSION -- CALL TO ORDER**
 - a. Conference with Real Property Negotiators**
(Govt. Code 54956.8)
Real Property: 5970 El Camino Real (APN 030181031)
Agency Negotiator: Rachelle Rickard, City Manager
Negotiating Parties: Fred C. Pflum Revocable Trust
Subject of Negotiations: Purchase price and/or terms of payment
- 4. CLOSED SESSION – ADJOURNMENT**

Announcement(s) of any reportable action(s) taken in Closed Session that occur(s) after the adjournment of Regular Session will be made at the beginning of the next Regular City Council meeting as Closed Session is not recorded or videotaped.

Please note: Should anyone challenge any proposed development entitlement listed on this Agenda in court, that person may be limited to raising those issues addressed at the public hearing described in this notice, or in written correspondence delivered to the City Council at or prior to this public hearing. Correspondence submitted at this public hearing will be distributed to the Council and available for review in the City Clerk's office.

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CITY OF ATASCADERO CITY COUNCIL

DRAFT MINUTES

Tuesday, May 10, 2022

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

City Council Regular Session:

6:00 P.M.

City Council Closed Session:

**Immediately following
the conclusion of the City
Council Regular Session**

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

Mayor Moreno called the meeting to order at 6:01 p.m. and Council Member Funk led the Pledge of Allegiance.

ROLL CALL:

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

Absent: None

Others Present: None

Staff Present: City Manager Rachelle Rickard, Administrative Services Director Jeri Rangel, Community Development Director Phil Dunsmore, Fire Chief Casey Bryson, Police Chief Bob Masterson, Public Works Director Nick DeBar, City Attorney Brian Pierik, Deputy City Manager/City Clerk Lara Christensen, Public Works Analyst Ryan Betz, IT Manger Luke Knight, and IT Support Specialist Charles Alexander

APPROVAL OF AGENDA:

MOTION: By Council Member Bourbeau and seconded by Mayor Pro Tem Newsom to:
1. Approve this agenda; and,

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

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

PRESENTATIONS:

1. Proclamation declaring May as National Foster Care Awareness Month

The City Council presented a Proclamation to Mikayla Anderson and Rosario Depew, SLO County Social Services, proclaiming May as National Foster Care Awareness Month.

A. CONSENT CALENDAR:

1. City Council Draft Action Minutes – April 26, 2022

- Recommendation: Council approve the April 26, 2022 Draft City Council Regular Meeting Minutes. [City Clerk]

2. Department of Defense Firefighter Property (FFP) Program

- Fiscal Impact: There is no cost to participate in the program. There will be costs to ship, deliver or pick up property received. Any costs associated with acquiring property will be budgeted.
- Recommendation: Council adopt Draft Resolution authorizing the City Manager to enter into a cooperative agreement between the State of California Department of Forestry and Fire Protection (CAL FIRE) in order to allow the City to take custody and use excess Department of Defense (DOD) property for use in providing fire and emergency medical services, including disaster relief activities. [Fire & Emergency Services]

3. Apple Valley Assessment Districts

- Fiscal Impact: Annual assessments for 2022/2023 will total \$38,500 for road/drainage system maintenance and \$63,000 for landscape and lighting maintenance. These amounts will be assessed to the owners of parcels in Apple Valley. Contributions of \$11,000 for half the cost of the park will be made from the City's General Fund, and an equal revenue source will be recognized from contributions made by the developer.
- Recommendation: Council:
 1. Adopt Draft Resolution A initiating proceedings for the levy and collection of annual assessments for Atascadero Street and Storm Drain Maintenance District No. 01 (Apple Valley) for fiscal year 2022/2023.
 2. Adopt Draft Resolution B accepting and preliminarily approving the Engineer's Annual Levy Report regarding the Atascadero Street and Storm Drain Maintenance District No. 01 (Apple Valley).
 3. Adopt Draft Resolution C declaring the City's intention to levy and collect annual assessments within Atascadero Street and Storm Drain Maintenance District No. 01 (Apple Valley) in fiscal year 2022/2023, and to appoint a time and place for the public hearing on these matters.
 4. Adopt Draft Resolution D initiating proceedings for annual levy of assessments for the Atascadero Landscaping and Lighting Maintenance District No. 01 (Apple

Valley) for fiscal year 2022/2023 pursuant to the provisions of Part 2 of Division 15 of the California Streets and Highways Code.

5. Adopt Draft Resolution E for preliminary approval of the Annual Engineer's Levy Report for the Atascadero Landscaping and Lighting Maintenance District No. 01 (Apple Valley) for fiscal year 2022/2023.
6. Adopt Draft Resolution F declaring the City's intention to levy and collect assessments for the Atascadero Landscaping and Lighting Maintenance District No. 01 (Apple Valley) for fiscal year 2022/2023. [Administrative Services]

4. De Anza Estates Assessment Districts

- Fiscal Impact: Annual assessments for 2022/2023 will total \$30,562 for road/drainage system maintenance and \$15,875 for landscape and lighting maintenance. These amounts will be assessed to the owners of parcels in De Anza Estates. The City General Fund will contribute \$1,400 for the fiscal year 2022/2023 for half of the maintenance costs of the trails and open space.
- Recommendation: Council:
 1. Adopt Draft Resolution A initiating proceedings for the levy and collection of annual assessments for Atascadero Street and Storm Drain Maintenance District No. 03 (De Anza Estates) for fiscal year 2022/2023.
 2. Adopt Draft Resolution B accepting and preliminarily approving the Engineer's Annual Levy Report regarding the Atascadero Street and Storm Drain Maintenance District No. 03 (De Anza Estates).
 3. Adopt Draft Resolution C declaring the City's intention to levy and collect annual assessments within Atascadero Street and Storm Drain Maintenance District No. 03 (De Anza Estates) in fiscal year 2022/2023, and to appoint a time and place for the public hearing on these matters.
 4. Adopt Draft Resolution D initiating proceedings for annual levy of assessments for the Atascadero Landscaping and Lighting Maintenance District No. 03 (De Anza Estates) for fiscal year 2022/2023 pursuant to the provisions of Part 2 of Division 15 of the California Streets and Highways Code.
 5. Adopt Draft Resolution E for preliminary approval of the Annual Engineer's Levy Report for the Atascadero Landscaping and Lighting Maintenance District No. 03 (De Anza Estates) for fiscal year 2022/2023.
 6. Adopt Draft Resolution F declaring the City's intention to levy and collect assessments for the Atascadero Landscaping and Lighting Maintenance District No. 03 (De Anza Estates) for fiscal year 2022/2023. [Administrative Services]

5. Las Lomas (Woodridge) Assessment Districts

- Fiscal Impact: Annual assessments for 2022/2023 will total \$99,189 for road/drainage system maintenance and \$70,452 for landscape and lighting maintenance. These amounts will be assessed to the owners of parcels in Las Lomas (Woodridge). The City General Fund will contribute \$2,600 for the fiscal year 2022/2023 for 25% of the maintenance costs of the trails and open space.
- Recommendation: Council:
 1. Adopt Draft Resolution A initiating proceedings for the levy and collection of annual assessments for Atascadero Street and Storm Drain Maintenance District No. 02 (Woodridge) for fiscal year 2022/2023.
 2. Adopt Draft Resolution B accepting and preliminarily approving the Engineer's Annual Levy Report regarding the Atascadero Street and Storm Drain Maintenance District No. 02 (Woodridge).

3. Adopt Draft Resolution C declaring the City's intention to levy and collect annual assessments within Atascadero Street and Storm Drain Maintenance District No. 02 (Woodridge) in fiscal year 2022/2023, and to appoint a time and place for the public hearing on these matters.
4. Adopt Draft Resolution D initiating proceedings for annual levy of assessments for the Atascadero Landscaping and Lighting Maintenance District No. 02 (Woodridge) for fiscal year 2022/2023 pursuant to the provisions of Part 2 of Division 15 of the California Streets and Highways Code.
5. Adopt Draft Resolution E for preliminary approval of the Annual Engineer's Levy Report for the Atascadero Landscaping and Lighting Maintenance District No. 02 (Woodridge) for fiscal year 2022/2023.
6. Adopt Draft Resolution F declaring the City's intention to levy and collect assessments for the Atascadero Landscaping and Lighting Maintenance District No. 02 (Woodridge) for fiscal year 2022/2023. [Administrative Services]

6. Adoption of Atascadero Transit's Updated Title VI Plan 2022-2025

- Fiscal Impact: None. However, the City benefits from FTA capital and operating assistance funding and this funding could be withheld should the City fail to submit a Title VI Plan.
- Recommendation: Council adopt Atascadero Transit's updated Title VI Plan for 2022-2025. [Public Works]

7. Centennial Plaza Planned Development (ZCH) 22-0022

- Fiscal Impact: None
- Recommendation: Council adopt on second reading, by title only, Draft Ordinance approving a Zoning Map Amendment adding a Planned Development overlay zone, based on findings. [Community Development]

8. Virtual Meetings – AB 361 Requirements

- Fiscal Impact: None
- Recommendation: Council adopt the Draft Resolution making findings consistent with the requirements of AB 361 to continue to allow for the conduct of virtual meetings. [City Manager]

**MOTION: By Council Member Bourbeau and seconded by Council Member Dariz to approve the Consent Calendar. (#A-2: Resolution No. 2022-012) (#A-3: Resolution Nos. 2022-013 through 2021-018) (#A-4: Resolution Nos. 2021-019 through 2021-024) (#A-5: Resolution Nos. 2021-025 through 2021-030) (#A-6: Resolution No. 2021-031) (#A-7: Ordinance No. 655) (#A-8: Resolution No. 2022-032.
*Motion passed 5:0 by a roll-call vote.***

UPDATES FROM THE CITY MANAGER:

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

COMMUNITY FORUM:

The following persons spoke during Community Forum: Geoff Auslen and Maggie Payne

Mayor Moreno closed the COMMUNITY FORUM period.

B. PUBLIC HEARINGS:

1. Weed Abatement – Hearing of Objections

- Fiscal Impact: None.
- Recommendation: Council:
 1. Hear all objections to the proposed removal of vegetative growth and/or refuse and allow or overrule any objections, and,
 2. Authorize the Fire Chief to proceed and perform the work of abatement. [Fire & Emergency Services]

Ex Parte Communications

No Council Members had anything to report.

Fire Chief Bryson gave the report and answered questions from the Council.

PUBLIC COMMENT:

The following persons spoke on this item: Geoff Auslen

Mayor Moreno closed the Public Comment period.

MOTION: By Council Member Funk and seconded by Mayor Pro Tem Newsom to authorize the Fire Chief to proceed and perform the work of abatement.

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

2. Proposition 218 Majority Protest Process Relative to Proposed Increase to Wastewater (Sewer) Rates

- Fiscal Impact: Approving staff recommendations will generate an estimated \$650,000 in additional revenue from sewer service charges collected in FY22/23.
- Recommendation: Council:
 1. Conduct a public hearing to receive all written and verbal testimony regarding the proposed wastewater (sewer) rates and consider the results of protest proceedings in accordance with Proposition 218.
 2. Adopt one of the following resolutions certifying the protest results:
 - A. For a non-majority protest – Draft Resolution A certifying that the number of valid written protests were not received from property owners representing a majority of the parcels subject to the proposed rate increase.

OR

- B. For a majority protest – Draft Resolution B certifying that the number of valid written protests were received from property owners representing a majority of the parcels subject to the proposed rate increase.

3. If no majority protest exists, adopt Draft Resolution C approving proposed wastewater rates effective July 1, 2022. [Public Works]

Ex Parte Communications

No Council Members had anything to report.

Public Works Analyst Betz gave the report and answered questions from the Council.

PUBLIC COMMENT:

The following persons spoke on this item: None

Mayor Moreno closed the Public Comment period.

MOTION: By Council Member Bourbeau and seconded by Council Member Funk to adopt Resolution No. 2022-033 certifying that the number of valid written protests were not received from property owners representing a majority of the parcels subject to the proposed rate increase and adopt Resolution No. 2022-034 approving proposed wastewater rates effective July 1, 2022.

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

C. MANAGEMENT REPORTS:

1. AB 481 – Military Equipment Policy

- Fiscal Impact: None.
- Recommendations: Council introduce for first reading, by title only, a Draft Ordinance adopting a Military Equipment Policy in accordance with Assembly Bill 481. [Police Department]

Police Chief Masterson gave the report and answered questions from the Council.

PUBLIC COMMENT:

The following persons spoke on this item: None

Mayor Moreno closed the Public Comment period.

MOTION: By Council Member Dariz and seconded by Mayor Pro Tem Newsom to introduce for first reading, by title only, a Draft Ordinance adopting a Military Equipment Policy in accordance with Assembly Bill 481.

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

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ATASCADERO, CALIFORNIA, ADOPTING A MILITARY EQUIPMENT USE POLICY IN ACCORDANCE WITH AB 481

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

D. COUNCIL ANNOUNCEMENTS AND COMMITTEE REPORTS:

The following Council Members made brief announcements and gave brief update reports on their committees since their last Council meeting:

Mayor Moreno

1. City Selection Committee
2. County Mayors Round Table
3. SLO Council of Governments (SLOCOG)

Council Member Bourbeau

1. Integrated Waste Management Authority (IWMA)

Council Member Funk

1. Homeless Services Oversight Council

E. INDIVIDUAL DETERMINATION AND / OR ACTION: None

F. RECESS REGULAR MEETING TO CLOSED SESSION

Mayor Moreno recessed the Regular Meeting at 6:53 p.m. and called the Closed Session Meeting to order.

COUNCIL CLOSED SESSION:

1. CLOSED SESSION -- PUBLIC COMMENT

2. COUNCIL LEAVES TO BEGIN CLOSED SESSION

3. CLOSED SESSION -- CALL TO ORDER

a. Conference with Real Property Negotiators

(Govt. Code 54956.8)

Real Property: 5970 El Camino Real (APN 030181031)

Agency Negotiator: Rachelle Rickard, City Manager

Negotiating Parties: Fred C. Pflum Revocable Trust

Subject of Negotiations: Purchase price and/or terms of payment

b. Conference with Legal Counsel – Anticipated Litigation

Significant exposure to litigation pursuant to Government Code

Section 54956.9(d)(2): 1 potential case – California Voting Rights Act

4. CLOSED SESSION – ADJOURNMENT

G. ADJOURN

Following Closed Session, the meeting was adjourned at 7:28 pm; no reportable action.

MINUTES PREPARED BY:

Lara K. Christensen
City Clerk

APPROVED:



Atascadero City Council

Staff Report - Administrative Services Department

April 2022 Accounts Payable and Payroll

RECOMMENDATION:

Council approve certified City accounts payable, payroll and payroll vendor checks for April 2022.

DISCUSSION:

Attached for City Council review and approval are the following:

Payroll

Dated	4/14/22	Checks # 35417-35430	\$	11,592.84
		Direct Deposits		328,842.23
Dated	4/28/22	Checks # 35431-35445		13,964.87
		Direct Deposits		319,584.96

Accounts Payable

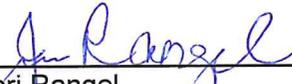
Dated	4/1/22-4/30/22	Checks # 170633-170902 & EFTs 4358-4393		2,123,961.05
TOTAL AMOUNT				\$ 2,797,945.95

FISCAL IMPACT:

Total expenditures for all funds is \$ 2,797,945.95

CERTIFICATION:

The undersigned certifies that the attached demands have been released for payment and that funds are available for these demands.



 Jeri Rangel
 Director of Administrative Services

ATTACHMENT:

April 2022 Eden Warrant Register in the amount of \$ 2,123,961.05

City of Atascadero
Disbursement Listing

For the Month of April 2022

Check Number	Check Date	Vendor	Description	Amount
4358	04/01/2022	STATE DISBURSEMENT UNIT	Payroll Vendor Payment	467.07
4359	04/04/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEI	Payroll Vendor Payment	21,932.50
4360	04/04/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEI	Payroll Vendor Payment	32,901.61
4361	04/04/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEI	Payroll Vendor Payment	2,145.94
4362	04/04/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEI	Payroll Vendor Payment	2,624.83
4363	04/04/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEI	Payroll Vendor Payment	6,709.33
4364	04/04/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEI	Payroll Vendor Payment	8,422.92
4365	04/04/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEI	Payroll Vendor Payment	9,976.85
4366	04/04/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEI	Payroll Vendor Payment	16,633.29
4367	04/05/2022	RABOBANK, N.A.	Payroll Vendor Payment	57,551.60
4368	04/05/2022	EMPLOYMENT DEV DEPARTMENT	Payroll Vendor Payment	17,803.26
4369	04/05/2022	EMPLOYMENT DEV. DEPARTMENT	Payroll Vendor Payment	2,867.56
170633	04/05/2022	ANTHEM BLUE CROSS HEALTH	Payroll Vendor Payment	217,241.43
170634	04/05/2022	BENEFIT COORDINATORS CORP	Payroll Vendor Payment	9,253.40
170635	04/05/2022	LINCOLN NATIONAL LIFE INS CO	Payroll Vendor Payment	2,049.65
170636	04/05/2022	MEDICAL EYE SERVICES	Payroll Vendor Payment	1,828.73
170637	04/08/2022	13 STARS MEDIA	Accounts Payable Check	774.20
170638	04/08/2022	2 MEXICANS, LLC	Accounts Payable Check	6,495.00
170639	04/08/2022	ACCESS PUBLISHING	Accounts Payable Check	200.00
170640	04/08/2022	AIRFLOW FILTER SERVICE, INC.	Accounts Payable Check	163.52
170641	04/08/2022	AIR-RITE HEATING & COOLING	Accounts Payable Check	3,458.44
170642	04/08/2022	ALL SIGNS AND GRAPHICS, INC.	Accounts Payable Check	97.88
170643	04/08/2022	ALLAN HANCOCK COLLEGE	Accounts Payable Check	3,063.60
170644	04/08/2022	ALLAN HANCOCK COLLEGE	Accounts Payable Check	1,360.00
170645	04/08/2022	ALLIANT INSURANCE SERVICES INC	Accounts Payable Check	182.00
170646	04/08/2022	AMERICAN WEST TIRE & AUTO INC	Accounts Payable Check	1,498.94
170647	04/08/2022	AT&T	Accounts Payable Check	290.28
170648	04/08/2022	ATASCADERO CHAMBER OF COMMERCE	Accounts Payable Check	2,000.00
170649	04/08/2022	ATASCADERO GLASS, INC.	Accounts Payable Check	1,355.00
170650	04/08/2022	ATASCADERO HAY & FEED	Accounts Payable Check	1,367.32
170652	04/08/2022	ATASCADERO MUTUAL WATER CO.	Accounts Payable Check	11,603.00
170653	04/08/2022	AURORA WORLD, INC.	Accounts Payable Check	2,292.45
170654	04/08/2022	AVILA TRAFFIC SAFETY	Accounts Payable Check	744.94
170655	04/08/2022	BASSETT'S CRICKET RANCH, INC.	Accounts Payable Check	209.83
170656	04/08/2022	BATTERY SYSTEMS, INC.	Accounts Payable Check	133.45
170657	04/08/2022	BAY AREA DRIVING SCHOOL, INC.	Accounts Payable Check	115.50
170658	04/08/2022	KEITH R. BERGHER	Accounts Payable Check	1,181.25
170659	04/08/2022	BERRY MAN, INC.	Accounts Payable Check	1,082.75
170660	04/08/2022	BOUND TREE MEDICAL, LLC	Accounts Payable Check	904.76
170661	04/08/2022	BREZDEN PEST CONTROL, INC.	Accounts Payable Check	65.00
170662	04/08/2022	BUBBLE FUN	Accounts Payable Check	500.00
170663	04/08/2022	BURKE, WILLIAMS, & SORENSON LLP	Accounts Payable Check	21,001.31
170664	04/08/2022	CALPORTLAND COMPANY	Accounts Payable Check	680.91

City of Atascadero
Disbursement Listing

For the Month of April 2022

Check Number	Check Date	Vendor	Description	Amount
170665	04/08/2022	CARQUEST OF ATASCADERO	Accounts Payable Check	109.90
170666	04/08/2022	CASH	Accounts Payable Check	100.00
170667	04/08/2022	CHARTER COMMUNICATIONS	Accounts Payable Check	90.00
170668	04/08/2022	CITY OF MORRO BAY	Accounts Payable Check	754.40
170669	04/08/2022	CLEVER CONCEPTS, INC.	Accounts Payable Check	82.95
170670	04/08/2022	COPWARE, INC.	Accounts Payable Check	840.00
170671	04/08/2022	CRYSTAL SPRINGS WATER	Accounts Payable Check	20.00
170672	04/08/2022	CUESTA POLYGRAPH & INVEST. LLC	Accounts Payable Check	3,577.74
170673	04/08/2022	DAVE BANG ASSC., INC.	Accounts Payable Check	890.07
170674	04/08/2022	SHARON J. DAVIS	Accounts Payable Check	364.00
170675	04/08/2022	NICHOLAS DEBAR	Accounts Payable Check	300.00
170676	04/08/2022	HYRUM C. DEL CASTILLO	Accounts Payable Check	300.00
170677	04/08/2022	BRISTA DEL RIO	Accounts Payable Check	1,721.00
170678	04/08/2022	DESTINATION TRAVEL NETWORK	Accounts Payable Check	75.00
170679	04/08/2022	DIVISION OF STATE ARCHITECT	Accounts Payable Check	470.40
170680	04/08/2022	DOOMSDAY SKATE, LLC	Accounts Payable Check	252.00
170681	04/08/2022	PHILIP DUNSMORE	Accounts Payable Check	300.00
170682	04/08/2022	EARTH SYSTEMS PACIFIC	Accounts Payable Check	17,477.50
170683	04/08/2022	EARTHSHINE	Accounts Payable Check	81.00
170684	04/08/2022	EL CAMINO VETERINARY HOSP	Accounts Payable Check	729.98
170685	04/08/2022	EPIC IT SUPPORT	Accounts Payable Check	14,014.25
170686	04/08/2022	FARM SUPPLY COMPANY	Accounts Payable Check	413.67
170687	04/08/2022	FGL ENVIRONMENTAL	Accounts Payable Check	1,454.00
170688	04/08/2022	FIESTA MAHAR MANUFACTURNG CORP	Accounts Payable Check	141.60
170689	04/08/2022	FILIPPIN ENGINEERING, INC.	Accounts Payable Check	38,383.25
170690	04/08/2022	FURNITURE INSTALLATION TEAM	Accounts Payable Check	1,974.24
170691	04/08/2022	GAS COMPANY	Accounts Payable Check	1,146.01
170692	04/08/2022	CHRISTOPHER HALL	Accounts Payable Check	219.00
170693	04/08/2022	HANSEN BRO'S CUSTOM FARMING	Accounts Payable Check	13,090.00
170694	04/08/2022	HIGH COUNTRY OUTDOOR, INC.	Accounts Payable Check	450.00
170696	04/08/2022	HOME DEPOT CREDIT SERVICES	Accounts Payable Check	4,924.97
170697	04/08/2022	STEVEN KAHN	Accounts Payable Check	196.23
170698	04/08/2022	LAUTZENHISER'S STATIONARY	Accounts Payable Check	677.63
170699	04/08/2022	LEHIGH HANSON	Accounts Payable Check	968.42
170700	04/08/2022	LENOVO (UNITED STATES) INC.	Accounts Payable Check	1,795.11
170701	04/08/2022	LIFE ASSIST, INC.	Accounts Payable Check	900.99
170702	04/08/2022	MADRONE LANDSCAPES, INC.	Accounts Payable Check	421.00
170703	04/08/2022	MAILSTREAM, INC.	Accounts Payable Check	1,875.00
170704	04/08/2022	MARK'S TIRE SERVICE	Accounts Payable Check	241.98
170705	04/08/2022	SAMUEL HENRY MCMILLAN, JR.	Accounts Payable Check	125.00
170706	04/08/2022	ADAM MEDINA	Accounts Payable Check	115.68
170707	04/08/2022	MICHAEL K. NUNLEY & ASSC, INC.	Accounts Payable Check	14,576.56
170708	04/08/2022	MID-COAST FIRE PROTECTION, INC	Accounts Payable Check	2,720.64

City of Atascadero
Disbursement Listing

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170709	04/08/2022	MID-COAST MOWER & SAW, INC.	Accounts Payable Check	477.72
170710	04/08/2022	MIG	Accounts Payable Check	9,543.75
170711	04/08/2022	MINER'S ACE HARDWARE	Accounts Payable Check	200.08
170712	04/08/2022	MISSION UNIFORM SERVICE	Accounts Payable Check	355.27
170713	04/08/2022	MORRO BAY BUG COMPANY	Accounts Payable Check	343.67
170714	04/08/2022	MV TRANSPORTATION, INC.	Accounts Payable Check	11,420.16
170715	04/08/2022	NBS	Accounts Payable Check	7,171.39
170716	04/08/2022	NORTH COAST ENGINEERING INC.	Accounts Payable Check	463.00
170717	04/08/2022	OFFICE DEPOT INC.	Accounts Payable Check	743.38
170718	04/08/2022	O'REILLY AUTOMOTIVE, INC.	Accounts Payable Check	105.94
170719	04/08/2022	PACIFIC CNTRL COAST HLTH CTRS	Accounts Payable Check	2,230.00
170722	04/08/2022	PACIFIC GAS AND ELECTRIC	Accounts Payable Check	36,353.30
170723	04/08/2022	PAHLER HOME BUILDERS, LLC	Accounts Payable Check	142.96
170724	04/08/2022	PEAKWIFI, LLC	Accounts Payable Check	650.00
170725	04/08/2022	PROCARE JANITORIAL SUPPLY,INC.	Accounts Payable Check	777.25
170726	04/08/2022	QUINCY ENGINEERING, INC.	Accounts Payable Check	17,834.04
170727	04/08/2022	RAINSCAPE, A LANDSCAPE SVC CO.	Accounts Payable Check	11,855.57
170728	04/08/2022	RAMINHA CONSTRUCTION, INC.	Accounts Payable Check	43,510.00
170729	04/08/2022	JERI RANGEL	Accounts Payable Check	300.00
170730	04/08/2022	READYREFRESH BY NESTLE	Accounts Payable Check	82.63
170731	04/08/2022	RACHELLE RICKARD	Accounts Payable Check	300.00
170732	04/08/2022	BRIAN S. RICKS	Accounts Payable Check	75.00
170733	04/08/2022	SITEONE LANDSCAPE SUPPLY, LLC	Accounts Payable Check	199.35
170734	04/08/2022	SLO CO AIR POLLUTION CTRL DIST	Accounts Payable Check	1,651.87
170735	04/08/2022	SOFTWAREONE, INC.	Accounts Payable Check	2,758.45
170736	04/08/2022	SOUTH COAST EMERGENCY VEH SVC	Accounts Payable Check	1,836.00
170737	04/08/2022	SP MAINTENANCE SERVICES, INC.	Accounts Payable Check	728.00
170738	04/08/2022	SPEAKWRITE, LLC.	Accounts Payable Check	142.39
170739	04/08/2022	SPECIALIZED EQUIPMENT REPAIR	Accounts Payable Check	2,003.71
170740	04/08/2022	JENNIFER L. SPOTTEN	Accounts Payable Check	326.40
170741	04/08/2022	STANLEY CONVERGENT SECURITY	Accounts Payable Check	1,125.02
170742	04/08/2022	STAPLES CREDIT PLAN	Accounts Payable Check	52.18
170743	04/08/2022	SUNLIGHT JANITORIAL, INC.	Accounts Payable Check	4,850.00
170744	04/08/2022	SUPERIOR PLUS PROPANE	Accounts Payable Check	751.98
170745	04/08/2022	TESCO CONTROLS, INC.	Accounts Payable Check	290.00
170746	04/08/2022	CHRISTOPHER DANIEL THOMAS	Accounts Payable Check	125.00
170747	04/08/2022	U.S. POSTMASTER	Accounts Payable Check	2,656.88
170748	04/08/2022	U.S. POSTMASTER	Accounts Payable Check	800.00
170749	04/08/2022	ULTREX LEASING	Accounts Payable Check	263.18
170750	04/08/2022	UNIVAR SOLUTIONS USA, INC.	Accounts Payable Check	6,433.92
170751	04/08/2022	UNIVERSITY OF FLORIDA	Accounts Payable Check	390.00
170752	04/08/2022	VERIZON WIRELESS	Accounts Payable Check	1,795.75
170753	04/08/2022	VILLAGE ORIGINALS, INC.	Accounts Payable Check	920.42

City of Atascadero
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170754	04/08/2022	VINO VICE, INC.	Accounts Payable Check	388.50
170755	04/08/2022	VISIT SLO CAL	Accounts Payable Check	6,280.00
170756	04/08/2022	WALLACE GROUP	Accounts Payable Check	18,601.54
170757	04/08/2022	WARM FUZZY TOYS	Accounts Payable Check	872.64
170758	04/08/2022	TED E. WATERHOUSE	Accounts Payable Check	375.00
170759	04/08/2022	WCJ PROPERTY SERVICES	Accounts Payable Check	1,913.50
170760	04/08/2022	WEST COAST AUTO & TOWING, INC.	Accounts Payable Check	90.00
170761	04/08/2022	WEX BANK - 76 UNIVERSL	Accounts Payable Check	14,259.17
170762	04/08/2022	WEX BANK - WEX FLEET UNIVERSAL	Accounts Payable Check	11,662.30
170763	04/08/2022	WHITLOCK & WEINBERGER TRANS.	Accounts Payable Check	588.47
170764	04/08/2022	MICHAEL J. WILLMON	Accounts Payable Check	12.50
170765	04/08/2022	WISHPETS CO.	Accounts Payable Check	84.96
170766	04/08/2022	WORKBENCH	Accounts Payable Check	2,535.00
170767	04/08/2022	KAREN B. WYKE	Accounts Payable Check	699.90
170768	04/08/2022	ZOOM IMAGING SOLUTIONS, INC.	Accounts Payable Check	986.91
4370	04/14/2022	ANTHEM BLUE CROSS HSA	Payroll Vendor Payment	13,812.92
170769	04/14/2022	ATASCADERO MID MGRS ORG UNION	Payroll Vendor Payment	60.00
170770	04/14/2022	ATASCADERO POLICE OFFICERS	Payroll Vendor Payment	1,904.00
170771	04/14/2022	ATASCADERO PROF. FIREFIGHTERS	Payroll Vendor Payment	1,096.80
170772	04/14/2022	MASS MUTUAL WORKPLACE SOLUTION	Payroll Vendor Payment	7,136.96
170773	04/14/2022	NATIONWIDE RETIREMENT SOLUTION	Payroll Vendor Payment	600.99
170774	04/14/2022	NAVIA BENEFIT SOLUTIONS	Payroll Vendor Payment	1,674.10
170775	04/14/2022	SEIU LOCAL 620	Payroll Vendor Payment	813.73
170776	04/14/2022	VANTAGEPOINT TRNSFR AGT 106099	Payroll Vendor Payment	416.88
170777	04/14/2022	VANTAGEPOINT TRNSFR AGT 304633	Payroll Vendor Payment	7,691.83
170778	04/14/2022	VANTAGEPOINT TRNSFR AGT 706276	Payroll Vendor Payment	285.00
4371	04/15/2022	STATE DISBURSEMENT UNIT	Payroll Vendor Payment	467.07
4372	04/15/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEI	Payroll Vendor Payment	21,932.50
4373	04/15/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEI	Payroll Vendor Payment	33,730.86
4374	04/15/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEI	Payroll Vendor Payment	2,166.45
4375	04/15/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEI	Payroll Vendor Payment	2,650.48
4376	04/15/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEI	Payroll Vendor Payment	6,709.33
4377	04/15/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEI	Payroll Vendor Payment	8,634.62
4378	04/15/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEI	Payroll Vendor Payment	10,447.37
4379	04/15/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEI	Payroll Vendor Payment	16,705.75
4380	04/19/2022	RABOBANK, N.A.	Payroll Vendor Payment	59,650.54
4381	04/19/2022	EMPLOYMENT DEV DEPARTMENT	Payroll Vendor Payment	19,054.34
4382	04/19/2022	EMPLOYMENT DEV. DEPARTMENT	Payroll Vendor Payment	2,860.22
170779	04/22/2022	13 STARS MEDIA	Accounts Payable Check	723.19
170780	04/22/2022	2 MEXICANS, LLC	Accounts Payable Check	2,125.00
170781	04/22/2022	A & T ARBORISTS & VEGETATION	Accounts Payable Check	10,000.00
170782	04/22/2022	AGM CALIFORNIA, INC.	Accounts Payable Check	628.00
170783	04/22/2022	ALL SIGNS AND GRAPHICS, INC.	Accounts Payable Check	261.00

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Check Number	Check Date	Vendor	Description	Amount
170784	04/22/2022	ALLIANT INSURANCE SERVICES INC	Accounts Payable Check	661.00
170785	04/22/2022	ALLTECH SERVICES, INC.	Accounts Payable Check	28,867.22
170786	04/22/2022	ALTHOUSE & MEADE, INC.	Accounts Payable Check	475.00
170787	04/22/2022	AMERICAN WEST TIRE & AUTO INC	Accounts Payable Check	3,787.65
170788	04/22/2022	KELLY AREBALO	Accounts Payable Check	858.47
170790	04/22/2022	AT&T	Accounts Payable Check	1,052.71
170791	04/22/2022	ATASCADERO HAY & FEED	Accounts Payable Check	2,061.64
170792	04/22/2022	AVILA TRAFFIC SAFETY	Accounts Payable Check	163.00
170793	04/22/2022	TERRIE BANISH	Accounts Payable Check	75.00
170794	04/22/2022	BASSETT'S CRICKET RANCH, INC.	Accounts Payable Check	487.05
170795	04/22/2022	BERRY MAN, INC.	Accounts Payable Check	994.00
170796	04/22/2022	BOUND TREE MEDICAL, LLC	Accounts Payable Check	1,119.04
170797	04/22/2022	BRANCH SMITH PROPERTIES	Accounts Payable Check	374.00
170798	04/22/2022	BUBBLE FUN	Accounts Payable Check	370.00
170799	04/22/2022	BUSINESS ORIENTED SOFTWARE SOL	Accounts Payable Check	3,358.80
170800	04/22/2022	CA BUILDING STANDARDS COMM.	Accounts Payable Check	268.20
170801	04/22/2022	CA DEPT OF TAX AND FEE ADMIN.	Accounts Payable Check	3,796.00
170802	04/22/2022	CALPORTLAND COMPANY	Accounts Payable Check	137.07
170803	04/22/2022	CARQUEST OF ATASCADERO	Accounts Payable Check	57.91
170804	04/22/2022	CHARTER COMMUNICATIONS	Accounts Payable Check	7,599.60
170805	04/22/2022	COASTAL COPY, INC.	Accounts Payable Check	303.60
170806	04/22/2022	COBAN TECHNOLOGIES, INC.	Accounts Payable Check	31.32
170807	04/22/2022	COUNTY OF SAN LUIS OBISPO	Accounts Payable Check	268.00
170808	04/22/2022	CRYSTAL CRIMBCHIN	Accounts Payable Check	118.91
170809	04/22/2022	CULLIGAN/CENTRAL COAST WTR TRT	Accounts Payable Check	35.00
170810	04/22/2022	DEPARTMENT OF CONSERVATION	Accounts Payable Check	827.61
170811	04/22/2022	DEPARTMENT OF WATER RESOURCES	Accounts Payable Check	4,303.00
170812	04/22/2022	ECONOMIC & PLANNING SYSTEM INC	Accounts Payable Check	1,930.00
170813	04/22/2022	ALI ELMASRI	Accounts Payable Check	50.00
170814	04/22/2022	ENGEL AND GRAY, INC.	Accounts Payable Check	35,369.22
170815	04/22/2022	EPIC IT SUPPORT	Accounts Payable Check	950.00
170816	04/22/2022	ESCUELA DEL RIO	Accounts Payable Check	780.00
170817	04/22/2022	FAILSAFE TESTING, LLC	Accounts Payable Check	1,100.00
170818	04/22/2022	FARM SUPPLY COMPANY	Accounts Payable Check	199.35
170819	04/22/2022	FGL ENVIRONMENTAL	Accounts Payable Check	324.00
170820	04/22/2022	FILIPPIN ENGINEERING, INC.	Accounts Payable Check	53,803.25
170821	04/22/2022	FURNITURE INSTALLATION TEAM	Accounts Payable Check	202.28
170822	04/22/2022	ANNE E. GALLAGHER	Accounts Payable Check	481.25
170823	04/22/2022	GARRY BRILL PRODUCTIONS	Accounts Payable Check	150.00
170824	04/22/2022	GAS COMPANY	Accounts Payable Check	403.06
170825	04/22/2022	GSOLUTIONZ, INC.	Accounts Payable Check	1,700.00
170826	04/22/2022	HART IMPRESSIONS PRINTING	Accounts Payable Check	435.72
170827	04/22/2022	HERC RENTALS, INC.	Accounts Payable Check	480.75

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Check Number	Check Date	Vendor	Description	Amount
170828	04/22/2022	DEXTER HOWARD E ETUX	Accounts Payable Check	258.52
170829	04/22/2022	IRON MOUNTAIN RECORDS MGMNT	Accounts Payable Check	36.91
170830	04/22/2022	J. CARROLL CORPORATION	Accounts Payable Check	220.46
170831	04/22/2022	JK'S UNLIMITED, INC.	Accounts Payable Check	195.00
170832	04/22/2022	JOE A. GONSALVES & SON	Accounts Payable Check	3,000.00
170833	04/22/2022	DAREN KENNETT	Accounts Payable Check	190.20
170834	04/22/2022	KPRL 1230 AM	Accounts Payable Check	920.00
170835	04/22/2022	L.N. CURTIS & SONS	Accounts Payable Check	226.20
170836	04/22/2022	LAKE TECH, INC.	Accounts Payable Check	6,473.52
170837	04/22/2022	CAROL LANGLEY-BERG	Accounts Payable Check	38.94
170838	04/22/2022	CRAIG C. LOWRIE	Accounts Payable Check	325.00
170839	04/22/2022	RUSSELL C. LOWRIE	Accounts Payable Check	125.00
170840	04/22/2022	MARK43, INC.	Accounts Payable Check	132,694.00
170841	04/22/2022	MCMASTER-CARR SUPPLY CO.	Accounts Payable Check	206.98
170842	04/22/2022	SAMUEL HENRY MCMILLAN, JR.	Accounts Payable Check	100.00
170843	04/22/2022	MID-COAST MOWER & SAW, INC.	Accounts Payable Check	95.60
170844	04/22/2022	MINER'S ACE HARDWARE	Accounts Payable Check	470.89
170845	04/22/2022	MATTHEW J. MIRANDA	Accounts Payable Check	389.99
170846	04/22/2022	MISSION UNIFORM SERVICE	Accounts Payable Check	253.98
170847	04/22/2022	MORRO BAY BUG COMPANY	Accounts Payable Check	334.77
170848	04/22/2022	MOSS, LEVY, & HARTZHEIM LLP	Accounts Payable Check	2,000.00
170849	04/22/2022	MWI ANIMAL HEALTH	Accounts Payable Check	104.02
170850	04/22/2022	NEW TIMES	Accounts Payable Check	1,200.00
170851	04/22/2022	NIELSEN,MERKSAMER,PARRINELLO,	Accounts Payable Check	3,772.50
170852	04/22/2022	NUTRIEN AG SOLUTIONS, INC.	Accounts Payable Check	307.76
170853	04/22/2022	OFFICE DEPOT INC.	Accounts Payable Check	65.51
170854	04/22/2022	PACIFIC GAS AND ELECTRIC	Accounts Payable Check	24,610.56
170855	04/22/2022	PERRY'S PARCEL & GIFT	Accounts Payable Check	45.64
170856	04/22/2022	PERRY'S PARCEL & GIFT	Accounts Payable Check	350.00
170857	04/22/2022	PRO TOW	Accounts Payable Check	334.00
170858	04/22/2022	PROCARE JANITORIAL SUPPLY,INC.	Accounts Payable Check	111.98
170859	04/22/2022	READYREFRESH BY NESTLE	Accounts Payable Check	199.18
170860	04/22/2022	RECOGNITION WORKS	Accounts Payable Check	13.26
170861	04/22/2022	REVENUE & COST SPECIALISTS LLC	Accounts Payable Check	7,000.00
170862	04/22/2022	BRIAN S. RICKS	Accounts Payable Check	250.00
170863	04/22/2022	GREG ROACH	Accounts Payable Check	157.68
170864	04/22/2022	RODMAN REPAIR & FABRICATION	Accounts Payable Check	750.00
170865	04/22/2022	SAN LUIS POWERHOUSE, INC.	Accounts Payable Check	542.09
170866	04/22/2022	SCOTT O'BRIEN FIRE & SAFETY CO	Accounts Payable Check	198.00
170867	04/22/2022	SERVICE SYSTEMS ASSC, INC.	Accounts Payable Check	2,500.00
170868	04/22/2022	SITEIMPROVE, INC.	Accounts Payable Check	4,273.76
170869	04/22/2022	SLO COUNTY SHERIFF'S OFFICE	Accounts Payable Check	181.00
170870	04/22/2022	SP MAINTENANCE SERVICES, INC.	Accounts Payable Check	1,200.00

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Check Number	Check Date	Vendor	Description	Amount
170871	04/22/2022	SPECIALTY CONSTRUCTION, INC.	Accounts Payable Check	506,514.35
170872	04/22/2022	STANLEY CONVERGENT SECURITY	Accounts Payable Check	662.98
170873	04/22/2022	STEAM PRO CARPET CARE,LLC	Accounts Payable Check	373.20
170874	04/22/2022	TARGET SOLUTIONS LEARNING, LLC	Accounts Payable Check	93.36
170875	04/22/2022	TEMPLETON UNIFORMS, LLC	Accounts Payable Check	84.50
170876	04/22/2022	CHRISTOPHER DANIEL THOMAS	Accounts Payable Check	100.00
170877	04/22/2022	THOMSON REUTERS - WEST	Accounts Payable Check	180.35
170878	04/22/2022	RODOLFO B. TORRES	Accounts Payable Check	350.00
170879	04/22/2022	TRI-COUNTY OFFICE FURNITURE	Accounts Payable Check	267.77
170883	04/22/2022	U.S. BANK	Accounts Payable Check	26,018.11
170884	04/22/2022	ULTREX BUSINESS PRODUCTS	Accounts Payable Check	64.76
170885	04/22/2022	THOMAS F. VELASQUEZ	Accounts Payable Check	100.00
170886	04/22/2022	VERDIN	Accounts Payable Check	17,960.76
170887	04/22/2022	VERIZON WIRELESS	Accounts Payable Check	1,156.81
170888	04/22/2022	VINO VICE, INC.	Accounts Payable Check	777.00
170889	04/22/2022	VITAL RECORDS CONTROL	Accounts Payable Check	184.09
170890	04/22/2022	WELL SEEN SIGNS	Accounts Payable Check	992.06
4383	04/25/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEM	Payroll Vendor Payment	99.81
4384	04/28/2022	ANTHEM BLUE CROSS HSA	Payroll Vendor Payment	14,112.92
170891	04/28/2022	ATASCADERO MID MGRS ORG UNION	Payroll Vendor Payment	60.00
170892	04/28/2022	ATASCADERO POLICE OFFICERS	Payroll Vendor Payment	1,904.00
170893	04/28/2022	ATASCADERO PROF. FIREFIGHTERS	Payroll Vendor Payment	1,151.80
170894	04/28/2022	MASS MUTUAL WORKPLACE SOLUTION	Payroll Vendor Payment	7,140.16
170895	04/28/2022	NATIONWIDE RETIREMENT SOLUTION	Payroll Vendor Payment	609.62
170896	04/28/2022	NAVIA BENEFIT SOLUTIONS	Payroll Vendor Payment	1,674.10
170897	04/28/2022	SEIU LOCAL 620	Payroll Vendor Payment	809.57
170898	04/28/2022	VANTAGEPOINT TRNSFR AGT 106099	Payroll Vendor Payment	416.88
170899	04/28/2022	VANTAGEPOINT TRNSFR AGT 304633	Payroll Vendor Payment	7,338.25
170900	04/28/2022	VANTAGEPOINT TRNSFR AGT 706276	Payroll Vendor Payment	285.00
170901	04/28/2022	CASH	Accounts Payable Check	200.00
4385	04/29/2022	STATE DISBURSEMENT UNIT	Payroll Vendor Payment	467.07
4386	04/29/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEM	Payroll Vendor Payment	21,932.50
4387	04/29/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEM	Payroll Vendor Payment	32,868.98
4388	04/29/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEM	Payroll Vendor Payment	2,145.94
4389	04/29/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEM	Payroll Vendor Payment	2,650.48
4390	04/29/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEM	Payroll Vendor Payment	6,709.33
4391	04/29/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEM	Payroll Vendor Payment	8,460.37
4392	04/29/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEM	Payroll Vendor Payment	10,353.83
4393	04/29/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEM	Payroll Vendor Payment	17,219.36
170902	04/29/2022	MEREDITH BOWLES	Accounts Payable Check	720.00
				\$2,123,961.05



Atascadero City Council

Staff Report – City Manager’s Office

Downtown Parking & Business Improvement Area (DPBIA) Assessment

RECOMMENDATION:

Council adopt Draft Resolution, declaring intent to levy the annual Downtown Parking and Business Improvement Area assessment and set a public hearing for June 14, 2022.

DISCUSSION:

The City of Atascadero established a Downtown Parking and Business Improvement Area in 1986 (Chapter 11 of the Atascadero Municipal Code) for the purpose of *acquisition, construction or maintenance of parking facilities, decoration of public places, promotion of public events, and general promotion of business activities in the downtown area*. The formation and operation of a Parking and Business Improvement Area is governed by the California Streets & Highways Code (Section 36500 et. Seq.). The assessment was reduced to \$0.00 in 2010 at the behest of downtown landlords and as part of a program to encourage downtown businesses.

In January 2018, staff was approached by an informal committee of downtown business owners, who expressed interest in reinstating the full levy of the assessment for the Downtown Parking and Business Improvement Area (DPBIA). This committee spent months conducting outreach regarding the DPBIA including holding town hall meetings, sending letters and emails, and personally meeting with businesses subject to the DPBIA in order to garner support to request the Council reinstitute the full assessment. The Council reinstituted the assessment in June 2018 following a show of support from downtown business owners.

The Streets & Highways Code requires that the “advisory board” provide a report to the City Council annually for the expenditure of funds derived from the assessment paid by businesses in the downtown area. In order to ensure adoption of the assessment prior to the beginning of the Fiscal Year, the report and Resolution of Intention are submitted as a part of this agenda item. A hearing would then be conducted at the next regular City Council meeting scheduled for June 14, 2022.

The Chamber of Commerce serves as the advisory body and the sub-contractor to the City regarding the DPBIA. The informal committee of downtown business owners advises the Chamber of Commerce on expenditures and assists in the creation of the annual budget. The Chamber of Commerce has submitted a report identifying the proposed improvements and activities for the area, based upon the National Main Street Program's four-point approach. The report does not propose any changes to the boundaries of the DPBIA or of the assessment.

The Chamber of Commerce is proposing expenditures for 2022-2023 with the Downtown Parking and Business Improvement Area funds as follows:

	<u>2021-2022</u>	<u>2022-2023</u>
	<u>ESTIMATED</u>	<u>REQUESTED</u>
<u>REVENUES</u>		
BIA Assessments-Received from City	\$ 14,480	\$ 12,820
Revenue From Events	-	1,000
Total Revenues	<u>14,480</u>	<u>13,820</u>
<u>EXPENSES</u>		
Events	(5,341)	(8,000)
Beautification/Miscellaneous	-	(22,870)
Marketing	-	(2,057)
Administration	<u>(1,448)</u>	<u>(1,450)</u>
Total Expenses	<u>(6,789)</u>	<u>(34,377)</u>
Net Income	7,691	(20,557)
BEGINNING AVAILABLE BALANCE	<u>12,866</u>	<u>20,557</u>
ENDING AVAILABLE BALANCE	<u>\$ 20,557</u>	<u>\$ -</u>

The proposed expenditures will focus to a combination of events and beautification ideas to help promote the downtown and strengthen the businesses in the area. In 2021/2022 the downtown business owners organized Trick-Or-Treat on Entrada, Santa Photo Stop, #ATownWithHeart, and At Her Table events. In 2022/2023 the Chamber will be working with downtown business owners to use beautification funds to install string lighting over Entrada Avenue.

An annual Draft Resolution of Intention, declaring the City's intent to levy an annual Downtown Parking and Business Improvement Area assessment, and holding a public hearing is required by the California Streets & Highways Code for the City to levy and collect the assessments. Consistent with State law, the City Council is required to adopt a Draft Resolution of Intention and set a public hearing to receive public comment prior to the assessment being collected.

Staff is proposing that the hearing be conducted at the next regular City Council meeting scheduled for June 14, 2022.

FISCAL IMPACT:

None.

ALTERNATIVES:

1. The City Council may set an alternative date for the public hearing, but no later than June 28, 2022.
2. The City Council may discontinue the current program and assess a \$0 fee to businesses in the District.
3. The City Council may choose not to adopt the Resolution of Intention to levy assessment, thereby discontinuing the collection of Downtown Parking and Business Improvement Area assessments.

ATTACHMENTS:

1. Draft Resolution
2. Downtown Parking and Business Improvement Area Report and Proposed Expenditures for 2022-2023

DRAFT RESOLUTION

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ATASCADERO, CALIFORNIA, DECLARING THE CITY'S INTENT TO LEVY AN ANNUAL ASSESSMENT PURSUANT TO STREETS & HIGHWAYS CODE SECTION 36500 ET. SEQ.

WHEREAS, the City of Atascadero has formed a Parking and Business Improvement Area, pursuant to Section 36500 of the Streets and Highways Code of the State of California; and

WHEREAS, the City Council has received a report pursuant to Section 36533 of said Code; and

WHEREAS, the City Council has approved such report and is required to adopt a resolution of intention pursuant to Section 36534; and

WHEREAS, the report proposes no changes to the boundaries or assessment amounts that currently apply in said area; and

WHEREAS, the report identifies the proposed improvements and activities for the area based upon the National Main Street Program Four Points approach, on file in the City Clerk's Office and incorporated herein by this reference.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Atascadero:

SECTION 1. The City Council hereby declares its intent to levy and collect assessments within the Parking and Business Improvement Area for Fiscal Year 2022-2023.

SECTION 2. The area is known as the Downtown Parking and Business Improvement Area. The area is generally located in the downtown core including the area between Highway 41 on the south, Rosario Avenue on the north, Highway 101 on the west, and an irregular boundary generally along Santa Ysabel Avenue on the east.

SECTION 3. Consistent with Section 36527 of the Streets and Highways Code, Ordinance No. 116 proposes the following uses of Downtown Parking and Business Improvement Area revenue:

- a. The acquisition, construction, or maintenance of parking facilities for the benefit of the area.
- b. Decoration of public place in the area.
- c. Promotion of public events that are to take place on or in public places in the area.
- d. The general promotion of business activities in the area.

SECTION 4. A report, which includes a full and detailed description of the improvements and activities to be provided in the 2022-2023 fiscal year, the boundaries of the area, and the proposed assessments to be levied upon the businesses within the area, are on file in the City Clerk’s Office and incorporated herein by this reference.

SECTION 5. The City Council will hold a public hearing on the levy of the proposed assessment for Fiscal Year 2022-2023 on June 14, 2022 at 6:00 p.m., or sometime shortly thereafter, in the City Council Chambers, 6500 Palma Avenue, Atascadero, California.

SECTION 6. Written or oral protests may be made at the hearing. The form of the protests shall comply with Sections 36524 and 36524 of the Streets and Highways Code.

SECTION 7. The City Clerk is hereby directed to give notice of the public hearing by causing this Resolution to be published once in a newspaper of general circulation in the City not less than seven days before said hearing.

PASSED AND ADOPTED at a regular meeting of the City Council held on the ____ day of _____, 2022.

On motion by Council Member _____, and seconded by Council Member _____, the foregoing Resolution is hereby adopted in its entirety on the following roll call vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAINED:

CITY OF ATASCADERO

Heather Moreno, Mayor

ATTEST:

Lara K. Christensen, City Clerk

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney

Exhibit A

Atascadero Chamber of Commerce Downtown Parking and Business Improvement Area Annual Report for Fiscal Year 2022-2023

The California Streets and Highways Code Section 36533 requires the preparation of a report for each fiscal year for which assessments are to be levied and collected to pay the costs of improvements and activities of the Improvement Area. The report may propose changes, including, but not limited to the boundaries of the parking and business improvement area or any benefit zones within the area, the basis and method of levying the assessments, and any changes in the classification of businesses.

No boundary changes are proposed for Fiscal Year 2022-2023. The boundaries are more specifically described as follows:

From the south corner of Morro Road at the Highway 101 over-crossing then in the generally northwest direction immediately adjacent to Highway 101, to a point at the intersection of El Camino Real and Rosario Avenue, then easterly along Rosario Avenue, to a point at the intersection of Rosario and Palma Avenue, then easterly along Palma Avenue to the rear lot line of parcels on the east side of Traffic Way, then north along said rear lot lines to include Lot 24 of Block LA, of Atascadero, then northerly along the center line of Traffic Way, to a point, then easterly to include the presently existing National Guard Armory Property. Then to a point easterly to the intersection of West Mall and Santa Ysabel Avenue at the West Mall bridge, then southerly along Santa Ysabel Avenue to a point at the intersection of the southerly leg of Hospital Drive and Santa Ysabel Avenue, then easterly from that point to the extension of proposed Highway 41, then southwesterly to the Morro Road/Highway 101 over-crossing, point of beginning.

Since 2000, the City, Community Redevelopment Agency, Chamber of Commerce, other organizations and the community have worked to strengthen the downtown business community, and implement the downtown revitalization strategy. In 2009, as the economic downturn was affecting businesses, the City Council made the decision to levy a \$0 assessment on the businesses in the District. The State of California dissolved all redevelopment agencies in 2011, and the City, Chamber of Commerce, and other organizations have worked in collaboration to continue the efforts of the Community Redevelopment Agency to provide better services to and strengthen the businesses in the downtown.

In 2017, an informal committee of downtown business owners formed to promote economic vitality and encourage business growth in the downtown. This committee will advise the Chamber of Commerce on expenditures and will assist in the creation of the annual budget for the Downtown Parking and Business Improvement Area (DPBIA). The Atascadero Chamber of Commerce will serve as the advisory body and the

sub-contractor to the City regarding the Downtown Parking and Business Improvement Area. The Chamber of Commerce is requesting that the City levy an assessment of 100% of the business license fee for businesses in the DPBIA. Each licensed business in the Improvement Area shall contribute to the assessment. Activities and improvements in the DPBIA are funded by the assessment.

The proposed work plan and budget for Fiscal Year 2022/2023 is as follows:

	<u>2021-2022</u>	<u>2022-2023</u>
	<u>ESTIMATED</u>	<u>REQUESTED</u>
<u>REVENUES</u>		
BIA Assessments-Received from City	\$ 14,480	\$ 12,820
Revenue From Events	-	1,000
Total Revenues	<u>14,480</u>	<u>13,820</u>
<u>EXPENSES</u>		
Events	(5,341)	(8,000)
Beautification/Miscellaneous	-	(22,870)
Marketing	-	(2,057)
Administration	(1,448)	(1,450)
Total Expenses	<u>(6,789)</u>	<u>(34,377)</u>
Net Income	7,691	(20,557)
BEGINNING AVAILABLE BALANCE	<u>12,866</u>	<u>20,557</u>
ENDING AVAILABLE BALANCE	<u>\$ 20,557</u>	<u>\$ -</u>

This report shall be filed with the City Clerk on behalf of the DPBIA for Fiscal Year 2022-2023.

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Atascadero City Council

Staff Report – City Manager’s Office

Atascadero Tourism Business Improvement District (ATBID) Annual Assessment

RECOMMENDATIONS:

Council:

1. Approve the ATBID Annual Report.
2. Adopt Draft Resolution declaring intent to levy an annual Business Improvement District assessment on lodging businesses within the Atascadero Tourism Business Improvement District, and set a public hearing for June 14, 2022.

DISCUSSION:

The City of Atascadero established the Atascadero Tourism Business Improvement District (ATBID) to levy annual assessments under the Parking and Business Improvement Area Law of 1989, by adopting Title 3, Chapter 16 of the Atascadero Municipal Code in April 2013. The activities to be funded by the assessments, on lodging businesses within the ATBID, are tourism promotions and marketing programs to promote the City as a tourism destination. The formation and operation of a Tourism Business Improvement District is governed by the California Streets & Highways Code (Section 36500 et. Seq.). The budget for the ATBID is submitted in conjunction with the City’s annual budget.

The City Council appointed ATBID Advisory Board Members to serve at the pleasure of the Council. The Advisory Board is made up of lodging business owners or employees, or other representatives holding the written consent of a lodging business owner within the ATBID area.

The Streets & Highways Code requires that the Advisory Board provide a specific report to the City Council annually for the expenditure of funds derived from the assessment paid by lodging businesses within the City. The annual report must identify: (1) proposed activities, programs and projects for the fiscal year; (2) the approximate cost of such activities, programs and projects for the fiscal year; (3) the amount of surplus or deficit revenues carried over from a previous fiscal year; and (4) contributions received other than assessments. The annual report must meet the requirements of the California

Streets and Highway Code §36533. The City Council may approve the report as filed or may modify any particular contained in the report and approve it as modified.

During the 2021-23 budget cycle, staff estimated that ATBID revenues for fiscal year 2020-21 would increase by 11% from fiscal year 2019-20. Actual ATBID revenues exceeded estimate for fiscal year 2020-21 and saw an increase of 23% over the previous fiscal year. ATBID revenue is expected to exceed revenue projections in fiscal year 2022. As of the writing of this report, staff projects that assessment revenue for fiscal year 2021-22 will be \$356,000, up 22% from the budgeted revenue and up 28% from 2020-21 actual assessment revenue. The current budget projects that assessment revenue for fiscal year 2022-23 will be \$298,170, however, with recent upward revenue trends, there is a good possibility that revenues will exceed that projection. Expenditures for fiscal year 2021-22 are expected to come in under budget by about \$18,540, or about 6%.

The ATBID fund balance is now projected to be \$473,720 at June 30, 2022, and \$464,910 at June 30, 2023.

The Annual Report includes the above assumptions. Staff recommends the Council approve the Annual Report, adopt the Resolution of Intention, and set a date and time for a public hearing. The purpose of the public hearing is to receive public comment prior to the assessment being collected. Staff is proposing that the hearing be conducted at the next regular City Council meeting scheduled for June 14, 2022.

FISCAL IMPACT:

None.

ALTERNATIVE:

The City Council may modify the Annual Report before approval.

ATTACHMENTS:

1. Draft Resolution
2. ATBID Annual Report

DRAFT RESOLUTION

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ATASCADERO, CALIFORNIA, DECLARING ITS INTENTION TO LEVY AN ANNUAL ASSESSMENT ON LODGING BUSINESSES WITHIN THE ATASCADERO TOURISM BUSINESS IMPROVEMENT DISTRICT, PURSUANT TO STREETS & HIGHWAYS CODE SECTION 36500 ET.SEQ.

WHEREAS, the City Atascadero (“City”) has formed the Atascadero Tourism Business Improvement District, pursuant to Section 26500 of the Streets & Highways Code of the State of California; and

WHEREAS, the City Council has received an annual report pursuant to Section 36533 of said Code; and

WHEREAS, the City Council has approved said report and is required to adopt a resolution of intention pursuant to Section 36534.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Atascadero:

SECTION 1. The City Council hereby declares its intent to levy and collect assessments within the Atascadero Tourism Business Improvement District for Fiscal Year 2022-2023.

SECTION 2. The ATBID includes all of the lodging businesses, including hotels, motels, bed and breakfasts, and each business defined as a “hotel” in Section 3-3.02 of Chapter 3 (Transient Occupancy Tax) of the Atascadero Municipal Code (“Lodging Businesses”) within the corporate boundaries of the City.

SECTION 3. The activities to be funded by the levy of assessments against Lodging Businesses within the ATBID are tourism promotions and marketing programs to promote the City as a tourism destination and projects, programs, and activities that benefit Lodging Businesses located and operating within the boundaries of the ATBID. The proposed activities will primarily be targeted at increasing transient stays at Lodging Businesses.

SECTION 4. The City Council sets June 14, 2022, as the date of the public hearing on the levy of assessments. The public hearing will be held at 6:00 p.m. or as soon thereafter as practicable, in the City of Atascadero Council Chambers, 6500 Palma Ave., Atascadero, California 93422.

SECTION 5. A protest may be made orally or in writing by any owner of a Lodging Business that is within the ATBID boundaries and subject to the ATBID assessment. Written protests must be received by the City Clerk, City of Atascadero, before the close of the public hearing and may be delivered or mailed to the City Clerk, Atascadero, 6500 Palma Ave., Atascadero, California 93422. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing.

SECTION 6. Further information regarding the proposed ATBID may be obtained from the City Manager’s Office, City of Atascadero, 6500 Palma Ave., Atascadero, CA 93422.

SECTION 7. The City Clerk is directed to provide notice of the public hearing on the proposed ATBID by causing this resolution to be published once in a newspaper of general circulation in the City not less than seven days before said hearing.

PASSED AND ADOPTED at a regular meeting of the City Council held on the ___th day of ____, 2022.

On motion by Council Member _____ and seconded by Council Member _____, the foregoing Resolution is hereby adopted in its entirety on the following roll call vote:

- AYES:
- NOES:
- ABSENT:
- ADOPTED:

CITY OF ATASCADERO

Heather Moreno, Mayor

ATTEST:

Lara K. Christensen, City Clerk

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney

ATBID Annual Report Fiscal Year 2022-2023

(Pursuant to Streets & Highways Code Section 36533)

1. Proposed activities, programs and projects for the fiscal year:
 - Contract Services
 - Marketing Firm
 - Administration Services
 - Marketing Plan
 - Maintenance of Visual Assets
 - Photography & Content
 - Creative Services
 - Digital Marketing
 - Website Content & Updates (i.e., Visit Atascadero; VisitSLOCAL)
 - Social Media
 - Advertising
 - Print & Promotional Items
 - Digital
 - Reactive Opportunities
 - Public Relations
 - Group FAM (familiarization tours for journalists, tour operators and meeting & event coordinators)
 - Individual Journalist Hosted Itineraries
 - Press Releases
 - Tour & Travel
 - Collaboration with CCTC FAMs
 - Collaboration with Visit CA FAMs
 - Collaboration with Visit SLOCAL FAMs
 - Consumer Outreach
 - Event Sponsorships Opportunities
 - Event Marketing
 - Email Marketing
 - Administration of TBID fund
2. Approximate cost of such activities, programs and projects for the fiscal year is projected to be \$313,620.
3. Amount of fund balance as of June 30, 2022 is projected to be \$473,720.
4. Estimated fund balance for June 30, 2023 is budgeted at \$464,910.
5. Contributions received other than assessments:
 - Estimated interest income of \$6,950 for fiscal year 2021/22
 - Estimated interest income for fiscal year 2022/23 is budgeted at \$6,640.

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Atascadero City Council

Staff Report – City Manager’s Office

Atascadero Tourism Business Improvement District (ATBID) Board Appointment of Three Board Members for New Term

RECOMMENDATION:

Council appoint Patricia Harden, Deana Alexander and Amar Sohi to the ATBID Advisory Board for the term expiring June 30, 2024.

DISCUSSION:

In 2013, the lodging businesses in Atascadero requested the Council establish a Tourism Business Improvement District in order to levy annual assessments that would fund tourism promotions and marketing programs to promote the City as a tourism destination. The City Council established the ATBID, appointed Board Members, and levied assessments beginning June 1, 2013.

When the initial Advisory Board was appointed, it was comprised of three members serving three-year terms, and two members serving two-year terms. In 2015, the Municipal Code was changed to clarify that after the initial formation, all subsequent Board Members will serve two year staggered terms. The terms of the Board Member positions currently held by Patricia Harden, Deana Alexander and Amar Sohi are set to expire on June 30, 2022.

Once Board Member terms are close to expiring, the ATBID’s Rules and Procedures lay out the nomination process that must be followed. Before the expiration of terms, a letter is mailed out to each Lodging Business notifying them of a meeting for the purpose of making nominations for the Board seats that are scheduled to be vacant in July. At this meeting, lodging business owners are nominated and a written ballot election determines the nominees to be recommended to the City Council. The results of the nomination meeting are then forwarded to the City Clerk to be placed on the Council’s agenda as a recommendation for filling the Board vacancies.

The Atascadero Municipal Code § 3-16.07 (b) states that membership on the ATBID Board is limited to Lodging Business owners or employees or other representatives holding the written consent of a Lodging Business owner within the ATBID area who has

fully paid its assessment at the time of the appointment, and remain fully paid during the term of the membership on the Board.

This year, letters were mailed out to each of the Lodging Businesses on March 14, 2022 and the Lodging Business nomination meeting was held April 19, 2022. Patricia Harden, Deana Alexander and Amar Sohi were selected by the lodging owners present at the nomination meeting to be recommended to the City Council for appointment to the ATBID Board. Once appointed, following would be the new ATBID Board going forward:

**TOURISM BUSINESS IMPROVEMENT DISTRICT (TBID)
(2-Year Terms)**

BOARD MEMBER	LODGING FACILITY	TERM EXPIRES 6/30/2023	TERM EXPIRES 6/30/2024
Patricia Harden	Springhill Suites Marriott		X
Amar Sohi	Holiday Inn Express		X
Deana Alexander	The Carlton		X
Tom O'Malley	The Portola Inn	X	
Corina Ketchum	Hilton Home 2 Suites	X	

FISCAL IMPACT:

None.

ALTERNATIVE:

Council may reject the recommendation of the lodging business owners and request a new recommendation from the lodging business owners.

ATTACHMENTS:

None.



Atascadero City Council

Staff Report - Public Works Department

Adopting a List of Projects for Fiscal Year 2022-2023 Funded by SB 1: The Road Repair and Accountability Act of 2017

RECOMMENDATION:

Council adopt Draft Resolution adopting a list of projects to be funded with Road Maintenance and Rehabilitation Account revenues from SB 1 (The Road Repair and Accountability Act of 2017) for Fiscal Year (FY) 2022-2023.

DISCUSSION:

Background

The Road Repair and Accountability Act of 2017 (SB 1) provides funding for local and state jurisdictions to address roadway maintenance and rehabilitation needs, as well as other transportation related projects. This act became law in April 2017 and annual reporting guidelines for local agencies (cities and counties) were finalized in August 2017. These guidelines describe annual reporting requirements and processes for local agencies receiving SB 1 revenues, which primarily involves having local agencies identify a list of projects to be funded with SB 1 revenues each fiscal year and reporting expenditures for those projects.



Analysis

SB 1 was designed intentionally to provide the most flexibility to local agencies as to how to use these funds, but with a “fix it first” approach to roadway improvements. Annual funds can be used on multiple projects or a single project can be funded with multiple annual revenue allocations. “Betterment” improvement projects can be funded with SB 1 funds but require local agencies’ roadway systems to have a comprehensive Pavement Condition Index (PCI) of 80 or higher – Atascadero’s last comprehensive PCI was 50 (2019).

In general, staff recommends directing SB 1 revenues to fund roadway repairs, maintenance, and rehabilitation on arterial and collector functional classification roadways. These roadways receive the heaviest use in town and are driven by most of the public compared to residential functional classification roadways. Furthermore, Measure F14 funds have been used exclusively on collectors and residential (local) roadways. Arterials and collectors are typically more expensive to repair, support

commerce and business activities, have enhanced improvements (sidewalks, bike lanes, etc.), and have higher risk for liability if in disrepair. Staff believes committing additional funding to arterials and collectors will allow the City to continue to improve the busiest and most visible roads in Atascadero.

SB 1 guidelines require local agencies to pass a resolution each year that identifies a list of projects for SB 1 funding. The following table summarizes the SB 1 budgeted and estimated revenues FY 17/18 through FY 22/23.

Fiscal Year	Budgeted	Actual/ Estimated*	Difference
2017-2018	\$ 178,071	\$ 181,060	\$ 2,989
2018-2019	530,440	571,180	40,740
2019-2020	511,890	526,611	14,721
2020-2021	568,200	557,213	(10,987)
2021-2022	577,400	613,566 *	36,166
2022-2023	594,140	675,246 *	81,106
	<u>\$ 2,960,141</u>	<u>\$ 3,124,876</u>	<u>\$ 164,735</u>

The City Council used the combined partial first year (FY 17/18) and most of the second year (FY 18/19) revenues toward the El Camino Real (North) Pavement Rehabilitation project from San Anselmo Road (East) to San Benito Road. That project was completed in fall of 2018. The remaining amounts from FY 18/19, FY 19/20, FY 20/21 and FY 21/22 have been allocated to the El Camino Real (South) Pavement Resurfacing project.

In accordance with the adopted budget, staff recommends allocating the FY 22/23 SB 1 funds as follows:

- El Camino Real (South) Pavement Resurfacing Project. This project involves pavement maintenance and repairs for 1.90 miles of El Camino Real between the south City limits and El Bordo Avenue. This project was primarily constructed in fiscal year 2021-2022, however it is anticipated that the project will finish up during the early part of FY 2022-2023. Staff recommends that FY 2022-2023 SB1 Funds be used for any remaining construction costs for this project.
- Traffic Way Rehabilitation North Project. This Project includes heavy pavement rehabilitation, drainage improvements, pavement markings, traffic signage, and other miscellaneous and related work for 1.09 miles of Traffic Way between Chico Road and Santa Cruz Road. Any remaining SB1 Funds not needed for the El Camino Real (South) Pavement Resurfacing Project will be allocated to this project.

Conclusion

The attached Draft Resolution (Attachment 1) will provide the necessary documentation required to be included with the submitted project list to the California Transportation Commission (CTC), which is due on July 1, 2022. This deadline was extended due to the COVID-19 pandemic.

FISCAL IMPACT:

Approval of the Draft Resolution adopting the list of projects for SB 1 Funding will allow the City to receive an estimated \$675,246 in 2022-2023 SB1 funding.

ATTACHMENT:

Draft Resolution

DRAFT RESOLUTION

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ATASCADERO, CALIFORNIA, ADOPTING A LIST OF PROJECTS FOR FISCAL YEAR 2022-2023 FUNDED BY SB 1: THE ROAD REPAIR AND ACCOUNTABILITY ACT OF 2017

WHEREAS, Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017 (Chapter 5, Statutes of 2017) was passed by the Legislature and signed into law by the Governor in April 2017 in order to address the significant multimodal transportation funding shortfalls statewide; and

WHEREAS, SB 1 includes accountability and transparency provisions that will ensure the residents of the City are aware of the projects proposed for funding in the community and which projects have been completed each fiscal year; and

WHEREAS, the City must include a list of all projects proposed to receive funding from the Road Maintenance and Rehabilitation Account (RMRA), created by SB 1, in the City budget, which must include a description and the location of each proposed project, a proposed schedule for the project's completion, and the estimated useful life of the improvement; and

WHEREAS, the City will receive an estimated \$675,246 of RMRA funding in Fiscal Year 2022-2023 from SB 1; and

WHEREAS, the City has undergone a public process to ensure public input into the community's transportation priorities and capital improvement plans; and

WHEREAS, the City used a Pavement Management System to assist in the development of the SB 1 project list to ensure revenues are being used on the most high-priority and cost-effective projects that also meet the community's priorities for transportation investment; and

WHEREAS, the funding from SB 1 will help the City maintain and rehabilitate 139 centerline miles of roads, 20 bridges, and add active transportation infrastructure throughout the City this year and hundreds of similar projects in the future; and

WHEREAS, the 2019 Pavement Management Program found that the City's streets and roads are in a "fair" condition and the revenue will help increase the overall quality of the road system over the next decade, with the anticipation of bringing the streets and roads into a "good" condition; and

WHEREAS, without revenue from SB 1, the City's streets and roads may continue to degrade into a condition that would require higher costs and expenses to maintain and repair; and

WHEREAS, if the Legislature and Governor failed to act, city streets and county roads would have continued to deteriorate, resulting in many and varied negative impacts on the community; and

WHEREAS, cities and counties own and operate more than 81 percent of streets and roads in California, and from the moment an individual opens the front door to drive to work, bike to school, or walk to the bus station, they are dependent upon a safe, reliable local transportation network; and

WHEREAS, modernizing the local street and road system provides well-paying construction jobs and boosts local economies; and

WHEREAS, the local street and road system is also critical for farm to market needs, interconnectivity, multimodal needs, and commerce; and

WHEREAS, police, fire, and emergency medical services all need safe reliable roads to react quickly to emergency calls and a few minutes of delay can be a matter of life and death; and

WHEREAS, maintaining and preserving local streets and the road system will reduce drive times and traffic congestion, improve bicycle safety, and make the pedestrian experience safer and more appealing, which leads to reduced vehicle emissions helping the State achieve its air quality and greenhouse gas emissions reductions goals; and

WHEREAS, restoring roads before they fail reduces construction time, which results in less air pollution from heavy equipment and less water pollution from site run-off; and

WHEREAS, the overall investment in the local streets, roads, and complete streets infrastructure, with a focus on basic maintenance and safety, using cutting-edge technology, materials and practices, will have significant positive co-benefits statewide.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Atascadero:

SECTION 1. That the recitals set forth hereinabove are true, correct and valid.

SECTION 2. The list of projects planned to be funded with SB 1 RMRA revenues for Fiscal Year 2022-2023 include:

Project: El Camino Real Resurfacing – South

Description: Pavement maintenance and rehabilitation of approximately 1.90 miles of arterial roadway to improve deteriorated pavement conditions and better define roadway configuration for all roadway users, including motorists, bicyclists, and pedestrians.

Location: South City Limits to El Bordo Avenue

Estimated Useful Life: 10 to 20 years

Schedule for Completion: Summer 2022

AND

Project: Traffic Way Rehabilitation North Project

Description: Heavy pavement rehabilitation, drainage improvements, pavement markings, traffic signage, and other miscellaneous and related work for 1.09 miles of Traffic Way.

Location: Chico Road to Santa Cruz Road

Estimated Useful Life: 10 to 20 years

Schedule for Completion: Summer 2024

PASSED AND ADOPTED at a regular meeting of the City Council held on the 24th day of May, 2022.

On motion by Council Member _____ and seconded by Council Member _____, the foregoing resolution is hereby adopted in its entirety by the following vote:

- AYES:
- NOES:
- ABSENT:
- ADOPTED:

CITY OF ATASCADERO

Heather Moreno, Mayor

ATTEST:

Lara K. Christensen, City Clerk

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney



Atascadero City Council

Staff Report – Public Works Department

Traffic Way and Ardilla Avenue Pavement Rehabilitation Project Construction Award

RECOMMENDATION:

Council award a construction contract for \$385,791 to Souza Construction for the Traffic Way and Ardilla Avenue Pavement Rehabilitation Project – Project No. C2020R01 (which includes the Traffic Way/US 101 Alleyway Rehabilitation Project).

DISCUSSION:

Background

Traffic Way (from El Camino Real to Ardilla Avenue) and Ardilla Avenue (from Traffic Way to Atascadero Avenue) are classified as minor arterial roadways, serving as the primary conduit (along with the Hwy 41 undercrossing) for traffic crossing from the downtown core to the west side of Hwy 101. Rehabilitation of these segments of Traffic Way and Ardilla Avenue was included on the Five-Year Capital Improvement Plan (CIP) beginning with the 2017-2019 Budget. As part of the 2021-2023 Budget process, the Traffic Way/US 101 Alleyway Rehabilitation Project was added to the CIP to address the failed pavement in the public alleyway behind the businesses on the west side of El Camino Real against US 101 and north of Traffic Way. While the CIP and adopted Budget show two separate projects, it was intended that these projects be designed, bid and constructed as a single project for efficiency, as the location proximity and pavement conditions require similar construction techniques and treatments.

Design Analysis

The previously noted segments of Traffic Way, Ardilla Avenue and the US 101 Alleyway are in poor condition (PCI's of 30, 49 and 35 respectively) and require significant maintenance work by City staff. In particular, the pavement conditions below the US 101 overcrossing has badly deteriorated and needs repair. While the area below the overcrossing is within Caltrans' right-of-way, pursuant to the Maintenance Agreement between the City (previously SLO County) and Caltrans, the City is responsible for the maintenance of the pavement on all surface streets crossing above (to edge of bridge) or below US 101.

Roadway conditions vary across the three segments included in this project. The outside lanes on Traffic Way between El Camino Real and the US 101 NB Offramp are new pavement, completed as part of the Traffic Way CDBG Sidewalk Infill Project in

2021. The majority of Ardilla Avenue and Traffic Way have sufficient pavement thickness such that the most efficient and cost-effective treatment is to mill the road surface to a depth of 3-inches and overlay with new asphalt. Localized failed pavement sections will be replaced with full depth (10-inch thick) asphalt.

As part of the project design, existing drainage issues on the US 101 Alleyway were taken into consideration, with final design modifying grades to improve drainage. Additionally, pavement rehabilitation projects trigger a requirement that the City complete an assessment and upgrade curb ramps where not in compliance with existing ADA regulations. For the Traffic Way/Ardilla Avenue project, the existing non-compliant curb ramp at the southwest corner of the Ardilla Avenue/Santa Lucia Road intersection will be replaced to meet ADA requirements.

City staff contracted with Earth Systems Pacific to provide Geotechnical Recommendations for Roadway Rehabilitation, and with MBS Surveys to provide topographic surveys, but completed project engineering design in-house.

Bid Analysis

The project was publicly bid for a minimum of 30 days, starting April 1, 2022, in accordance with State Contracting Laws and Atascadero Purchasing Policy, with the bid opening occurring on May 5, 2022. A total of three bids were received ranging from \$385,791 to \$568,293. The bids were reviewed for accuracy and compliance with the City of Atascadero bidding requirements, and the City Engineer has determined that Souza Construction of San Luis Obispo is the lowest responsive bidder at \$385,791.

The adopted budget includes \$362,500 in Urban State Highway Account Grant monies, and \$200,000 in Local Transportation Funds (LTF) for project funding. To date, there has been approximately \$20,000 spent for the design and bid phases of the project. Other non-construction costs remaining include: material testing, coordination, and inspection fees that are estimated to be around \$57,870, or about 15% of construction costs. Staff is recommending contracting with a qualified material testing firm for Quality Assurance (QA) testing.

During construction, some inconvenience is expected to vehicular and pedestrian traffic along the roadway segments. Specifically, full depth asphalt repair is expected to result in lane closures for short durations of time. However, it is anticipated that this work is likely to be done at night to minimize traffic control impacts. The contractor will be required to prepare a traffic control plan, and City staff will work with the contractor to minimize travel delays and impediments to driveways. Property owners on each roadway segment will be notified of the construction schedule prior to work beginning. City staff deliberately bid this project at this time and has written into the project requirements that the work be done between June 15th and August 15th in order to coincide with the Atascadero Unified School District summer break.

ENVIRONMENTAL REVIEW:

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

FISCAL IMPACT:

The following tables summarize the proposed expenditures and funding for the project. Traffic Way and Ardilla Avenue rehabilitation work is funded with Urban State Highway Account Grant Funds (USHA), while the Traffic Way/US 101 Alleyway rehabilitation work is funded with Local Transportation Funds (LTF). All funding is included in the FY2021-2023 Budget.

ESTIMATED EXPENDITURES	
Traffic Way and Ardilla Avenue Rehabilitation:	
Design and Bid Phase	\$10,000
Construction Contract	259,500
Construction Inspection / Testing / Administration @ 15%	38,925
Construction Contingency @ 20%	51,900
<i>Subtotal:</i>	360,325
Traffic Way/US 101 Alleyway Rehabilitation:	
Design and Bid Phase	\$ 10,000
Construction Contract	126,291
Construction Inspection / Testing / Administration @ 15%	18,944
Construction Contingency @ 20%	25,260
<i>Subtotal:</i>	180,495
Total Estimated Expenditures:	\$ 540,820

BUDGETED FUNDING SOURCES	
USHA Funds (Traffic Way/Ardilla Ave. Project)	\$362,500
LTF Fund (Traffic Way/US 101 Alleyway)	\$200,000
Total Budgeted Funding Sources:	\$562,500

ALTERNATIVES:

Council can direct staff to cancel or re-bid the project. This is not recommended as the roadways are in poor condition and it is anticipated that re-bidding the project would result in higher bids.

ATTACHMENT:

Bid Summary

City of Atascadero

Office of the City Clerk

Bid Summary

TO: Public Works
FROM: Dillon Dean James, Deputy City Clerk 
BID NO.: 2022-002
OPENED: 5/5/2022
PROJECT: Traffic Way and Ardilla Ave Pavement Rehab Project (C2020)

3

Bids were received and opened today, as follows:

<u>Name of Bidder</u>	<u>Base Bid Total</u>	<u>Add Alternate</u>
Souza Engineering Contracting, Inc. dba Souza Construction	\$385,790.50	
Papich Construction Company, Inc.	\$446,540.00	
R. Burke Corporation	\$568,293.00	



Atascadero City Council

Staff Report - City Manager

Diablo Canyon Power Plant - REACH Letter of Support

RECOMMENDATION:

Council authorize the Mayor to sign a letter on behalf of the City, drafted by REACH and the Diablo Canyon Power Plant (DCPP) MOU stakeholder group, in support of responsible and economically beneficial reuse opportunities at DCPP if and when DCPP is closed.

DISCUSSION:

The Diablo Canyon Decommissioning Engagement Panel (DCDEP) formed in May 2018 to facilitate local public input on the closure of Diablo Canyon Power Plant (DCPP). The DCDEP provided a forum for public input regarding reuse of facilities and lands related to the operations of the DCPP. The power plant itself is located on a portion of the property that is commonly referred to as Parcel P.

In March 2021, a Memorandum of Understanding (MOU) was approved with various public and private stakeholders committing to furthering the work of the DCDEP to provide a more focused and detailed reuse plan for Parcel P (Attachment 2). The MOU states that the “participants share the common objective of aligning and guiding the diverse range of public and private sector officials around a shared vision for the DCPP decommissioning process and future use of Parcel P, thereby championing social, cultural, environmental and economic interests of Central Coast residents.” The shared vision embraces job creation and clean energy innovation at the 600-acre industrial Parcel P site while honoring the complementary efforts to preserve the unique natural resources and cultural heritage of the surrounding 12,000 acres of Diablo Lands. REACH serves as the MOU stakeholder group coordinator and facilitator.

In 2021, REACH engaged consultants to conduct a series of 40 stakeholder interviews, host a workshop to facilitate consensus on potential reuse opportunities for Parcel P, develop a potential reuse “bubble map”, and devised a conceptual site plan for a mixed-use innovation park supporting research, education and commercial enterprise. As a result of this process, the consultants recommended that the scenario with the likelihood of success was to support Cal Poly as the lead entity to acquire Parcel P and promote the productive reuse of the site, aligned with the broader vision of the reuse opportunities.

REACH met monthly from January – April 2022 to further discuss and formalize consensus for Cal Poly taking on the role of lead entity for reuse of Parcel P. The result of this consensus is the letter titled, “Cal Poly Should Lead Diablo Canyon’s Next Chapter: An open letter advancing our vision for a world-class clean tech innovation park” provided as Attachment 1. The letter explains the vision to have the DCPD site “accelerate global clean-energy innovation — all while creating jobs and economic benefit for Central Coast residents and retaining the vast surrounding lands for conservation and tribal stewardship.” Other MOU partners have signed the letter and have invited other entities to join. The goal of the letter is to gain community support and publicity for the vision of reuse opportunities at the DCPD site, if and when closure of DCPD occurs in the future.

During the week of April 25, 2022, the Governor’s office confirmed that they are exploring options for keeping the DCPD open. Ultimately, the decision involves other regulatory bodies in addition to PG&E and is not entirely within the hands of the Governor. On May 3, 2022, the San Luis Obispo County Board of Supervisors unanimously approved the letter provided as Attachment 1, which removes the phrase “soon-retiring” from the first sentence in light of the Governor’s recent comments. Any renewed conversations regarding the potential for the plant to remain open do not diminish the need to prepare for a future without the plant nor preclude the ability to support the stakeholder group’s planning efforts. The concept described in the letter is a plan for what will happen if and when the DCPD closes and represents broad consensus achieved through a year-long process of extensive community stakeholder engagement and consulting expertise.

Authorizing the execution of the letter provided in Attachment 1 will support the ongoing efforts of the stakeholder group to identify and pursue responsible and economically beneficial reuse of Parcel P.

ALTERNATIVES:

1. Do not authorize the Mayor to sign the letter on behalf of the City.
2. Provide other direction to staff.

FISCAL IMPACT:

None related to the signing of the proposed letter.

ATTACHMENT:

1. Proposed Letter
2. Memorandum of Understanding, March 2021

May 3, 2022

Cal Poly should lead Diablo Canyon's next chapter

An open letter advancing our vision for a world-class clean tech innovation park



To California Central Coast residents, clean energy champions and innovators, and anyone interested in advancing an abundant, sustainable energy future:

Where the Diablo Canyon Power Plant sits on California's Central Coast, we see a new future as a hub of clean energy innovation. We see a research and development campus where industry and academia can hatch and collaborate on emerging renewable technologies. We see an expansion of existing desalination capabilities, a harbor for blue economy activity, a community center for Chumash heritage education and celebration, and a critical platform for enabling California to harness the wind energy right off our coast.

This is no idle daydream. One year ago, stakeholders spanning government, higher education, business, labor, tribal and conservation organizations [came together](#) to pursue a shared vision for the future of

May 3, 2022

Diablo Canyon's 585-acre industrial area. We've spent the last 12 months expanding the coalition and crystallizing the vision.

We've convened top experts in large-scale redevelopment and nuclear decommissioning, consulted national renewable energy researchers and industry leaders, explored suitable possibilities, weighed challenges and devised a conceptual site plan for a mixed-use innovation park supporting research, education and commercial enterprise. We've built strong consensus around what all the experts agree is a generational opportunity.

Put simply, this unique industrial site offers unrivaled energy assets for pioneering the next chapter of our state and nation's energy independence and resilience. With high-power transmission lines (500 kV and 230 kV) connecting to the state's electricity grid, extensive existing facilities, and proximity to the [offshore wind development](#) coming to the waters off our coast, this site can accelerate global clean-energy innovation — all while creating jobs and economic benefit for Central Coast residents and retaining the vast surrounding lands for conservation and tribal stewardship.

From our collective due diligence through the last year, we firmly believe that Cal Poly San Luis Obispo, with support from public-private partnerships and investments, can be the catalyst for this vision.

Cal Poly is a trusted community partner that contributes significantly to the region's economy, community and social fabric. It's also a widely regarded applied research powerhouse, with access to the extensive resources of the 23-campus California State University system and an established national network of donors, supporters and industry partners. Complemented by a combination of commercial enterprise and state- and federally funded research labs, the university's lauded Learn by Doing ethos can enhance and propel the vision of a hands-on center of innovation and collaboration. With an extensive history of capital project execution, stewardship and partnerships with Pacific Gas and Electric, Cal Poly is ideally poised as the logical successor entity to usher in an extraordinary new era for Diablo Canyon and the Central Coast.

The Central Coast is already a leading nexus of renewable energy, with massive utility-scale solar farms, the world's largest battery storage plant under development in Morro Bay and the West Coast's largest offshore wind energy area slated for lease auction this fall, among other projects. Add in a substantial skilled energy workforce and energy-exporting legacy, and the Central Coast is positioned as a primary player in the nation's clean-energy future.

Details big and small need to be hashed out. Among them: synchronizing development of future-use activities with the plant decommissioning; ensuring local businesses and workers are employed in the multi-billion dollar decommissioning process to the maximum extent possible; and remaining flexible to evolution as industry partners, regulatory processes, and investment come together.

May 3, 2022

But the clock is ticking. With strong community alignment behind Cal Poly, we are proactively seeking the long-term partnerships and investments needed to realize the vision of a climate-change innovation hub that supports good-paying, future-oriented jobs for our skilled workforce.

The Central Coast is already playing a pivotal role in driving our state’s sustainable economy forward, and we invite you to join us in unlocking the potential of this bold vision.

Sincerely,

U.S. Representative Salud Carbajal
24th District, U.S. House of
Representatives

Senator John Laird
17th District, CA State Senate

Assemblyman Jordan Cunningham
35th District, CA State Assembly

Jeffrey D. Armstrong
President, Cal Poly

Bruce Gibson
Board Chair, County of San Luis Obispo

Melissa James
President/CEO, REACH

Kaila Dettman
Executive Director, The Land
Conservancy of San Luis Obispo County

Joshua Medrano
Executive Secretary & Treasurer,
Tri-Counties Building and Construction Trades Council

Vice Mayor Carlyn Christianson
City of San Luis Obispo

Mayor Jeff Lee
City of Grover Beach

Mayor John Headding
City of Morro Bay

Mayor Ed Waage
City of Pismo Beach

May 3, 2022

Glenn Morris
CEO, Santa Maria Valley Chamber of Commerce

Chuck Davison
CEO, Visit SLO CAL

Mayor Caryn Ray Russom
As an individual Arroyo Grande City Council Member

Jane Swanson
President, Mothers for Peace

Nicole Moore
Interim CEO, South County Chambers of Commerce



MEMORANDUM OF UNDERSTANDING
BETWEEN
24TH DISTRICT, UNITED STATES CONGRESS
AND
17TH DISTRICT, CALIFORNIA STATE SENATE
AND
35TH DISTRICT, CALIFORNIA STATE ASSEMBLY
AND
COUNTY OF SAN LUIS OBISPO
AND
CAL POLY STATE UNIVERSITY, SAN LUIS OBISPO
AND
REACH
AND
THE LAND CONSERVANCY OF SAN LUIS OBISPO COUNTY
AND
TRI-COUNTIES BUILDING & CONSTRUCTION TRADES COUNCIL AF OF L CIO
AND
YTT NORTHERN CHUMASH NONPROFIT

WHEREAS, this Memorandum of Understanding (MOU) by and between Congressman, 24th District, United States; Senator, 17th District, California; Assemblyman, 35th District, California, the County of San Luis Obispo; Board of Trustees of the California State University by its campus at California Polytechnic State University, California; REACH; The Land Conservancy of San Luis Obispo County hereafter “LCSLO”; Tri-Counties Building & Construction Trades Council AF of L CIO; ytt Northern Chumash Nonprofit; hereinafter referred to collectively as “the Participants,” is for voluntary cooperation in pursuing a unified vision for the decommissioning of the Diablo Canyon Power Plant (DCPP) and future uses at the industry site, “Parcel P.”

WHEREAS, PG&E has announced its intent to cease power generation operations of DCPD no later than August 26, 2025, the interests of the community in closure, decommissioning and future use of Parcel P require urgent and ongoing attention. Therefore, the Participants are unified in support of the following vision. Concerning closure of DCPD, the community has a clear interest in mitigating the loss of many high paying jobs and a significant reduction in sales, property and unitary tax revenue, and the consequent negative impact on the regional economy. Concerning DCPD decommissioning, the community interest lies first in safety, which includes ensuring spent nuclear fuel is placed into dry cask storage as soon as possible and that the decommissioning process is begun immediately and is protective of human health, the environment and local quality of life; the community interest is also in timely decommissioning and in ensuring local businesses and local workforce members are utilized in the decommissioning process to the maximum extent possible through a community workforce agreement that specifies local hire provisions and adherence to local Joint Apprenticeship Training Standards, and other local programs supporting high paying careers and career pathways into the skilled building and construction trades. Finally, concerning future use, the community interest is in pursuing future uses at Parcel P, which include but are not limited to: renewable energy, research & development (renewable energy, blue economy, aquaculture, and so forth), water resilience, continued protection of Northern Chumash cultural resources, etc.

NOW, THEREFORE:

SECTION I Strategic Objective

The Participants share the common objective of aligning and guiding the diverse range of public and private sector officials around a shared vision for the DCPD decommissioning process and future use of Parcel P, thereby championing social, cultural, environmental and economic interests of Central Coast residents.

SECTION II Areas of Cooperation

The Participants intend to achieve the stated strategic objective through initiatives, consistent with Joint Ethics Regulation and all other applicable federal and state ethics regulations, focused on, but not limited to, the following areas of cooperation:

- a) Collaboration to pursue actions that will refine and advance the unified vision for DCPD decommissioning and future use of the Parcel P site.
- b) Define the key enabling requirements, priorities, and actions stemming from unified vision and pursue joint advocacy channels at legislative and regulatory bodies at the local, state and federal levels.

- c) Connect and liaise with other local, state, and federal entities of government, private industry partners, community organizations, and other interested parties to support the strategic objective of the Participants.

SECTION III Specific Activities

Specific activities to implement the areas of cooperation and to achieve the Participants' objective include:

- a) The Participants will lead development of the strategic objective into actions that achieve the objective.
- b) Participants commit to monthly meetings, on mutually agreed upon dates and times. Meetings will be held to align objectives and priorities consistent with this MOU between the Participants and stated vision and strategic objective.
- c) Congressman, 24th District, United States shall engage appropriate Federal agencies in ensuring the safety of decommissioning of Diablo Canyon Power Plant and pursuing a shared effort for economic development within the region.
- d) Senator, 17th District, California shall advocate for the region by engaging with statewide agencies and decision-makers such as the California Public Utilities Commission (CPUC), the California State Legislature, and the California Governor's Office. The Senator also supports a strong role for the decommissioning work to be done by Central Coast labor through local hire agreements and provisions. The Senator supports the future use of the site be repurposed for a resilient blue economy with focuses in renewable energy and higher education partnerships. The Senator supports prioritizing safety during the decommissioning with spent fuel in dry cask storage.
- e) Assemblyman, 35th District, California shall facilitate communications between the parties of the MOU and state agencies and regulatory bodies in order to help achieve overarching objectives and goals; advocate with the Public Utilities Commission, PG&E, and other relevant stakeholders to ensure that decommissioning funds are spent in a manner that is most beneficial to the local economy; work to ensure that local governmental bodies are given maximum input on decisions relating to decommissioning and its impact on our communities; promote and protect the local workforce before and during the decommissioning process; support and facilitate future use opportunities at the Parcel P site which enhance economic prosperity on the Central Coast, including: Offshore wind, water resilience, higher education, research and development, as well as other opportunities that serve the interests of 35th Assembly District constituents.

f) County of San Luis Obispo shall pursue legislative efforts that are aligned with its adopted legislative platform and support the Participants in the development of strategic objectives developed through the implementation of this MOU.

g) Cal Poly San Luis Obispo shall support MOU Participant partnership meetings, advocacy, and to-be-determined initiatives consistent with the Vision and Strategic Objective detailed in this document, specific to “Parcel P” decommissioning and future use, and consistent with Cal Poly’s Learn by Doing approach, interests, values and priorities.

h) REACH shall perform overall meeting coordination and facilitation, and implement and carry out actions pursuant to agreed objectives.

i) The Land Conservancy of San Luis Obispo County shall support and advise the Participants in their pursuit of future uses of Parcel P that address community interests, while primarily focusing on the permanent protection of private lands surrounding Parcel P owned by PG&E and Eureka Energy alongside multiple community partners. LCSLO may also support real property transactions associated with Parcel P, such as temporary holding of fee title, fundraising, and other temporary real estate activities.

j) Tri-Counties Building & Construction Trades Council AF of L CIO shall work with interested parties and the owner and operator of DCCP to develop the community workforce agreement to ensure that the local workforce and businesses are utilized to the maximum extent possible during the lengthy decommissioning process. Undertake outreach to regional building and construction trades council representatives and allied businesses to ensure an adequate highly skilled and growing workforce is maintained in the area including apprentices that are specifically trained for the scopes of work contained in the community workforce agreement.

k) ytt Northern Chumash Nonprofit representing yak tit^yu tit^yu yak tilhini Northern Chumash Tribe of San Luis Obispo County and Region with direct descendants from villages on the Pecho Coast, will support and promote the repurposing of Diablo Canyon Power Plant facilities for the benefit of the region and the Tribe’s economic and educational interests that include the preservation of Native American cultural and natural resources.

l) The Participants will support outreach relating to the unified vision through appropriate events and forums, as mutually agreed upon by the Participants and in a manner consistent with Joint Ethics Regulation and all other applicable federal and state ethics regulations.

SECTION IV
Points of Contact

Each Participant identifies the following primary point of contact for matters pertaining to communication and information exchange, as well as any notice required to be submitted under this MOU.

Points of Contact:

24th Congressional District: Caitlin Cox, District Representative, caitlin.cox@mail.house.gov

17th Senate District: Clint Weirick, District Representative, clint.weirick@sen.ca.gov

35th Assembly District: Nick Mirman, Chief of Staff, Nicholas.Mirman@asm.ca.gov

County of San Luis Obispo: Guy Savage, ACAO, gsavage@co.slo.ca.us

Cal Poly San Luis Obispo: Bob Linscheid, Economic Advisor, bob@wemanage.org

REACH: Julie Sinton Pruniski, Director of Strategic Initiatives, julic@reachcentralcoast.org

LCSLO: Kaila Dettman, Executive Director, kailad@lcslo.org

Tri-Counties Building & Construction Trades Council AF of L CIO: David Baldwin, Plumbers and Steamfitters, davidb@ua403.org

ytt Northern Chumash Nonprofit: Scott R. Lathrop, President, srlinslo@hotmail.com

SECTION V
Availability of Personnel and Resources

This Memorandum of Understanding, once in effect upon signature, does not create any legally binding rights or obligations as to any Participant.

This Memorandum of Understanding does not involve the exchange of funds, nor does it represent any obligation of funds by any Participant. All costs that may arise from activities covered by, mentioned in, or pursuant to this Memorandum of Understanding will be assumed by the Participant who incurs them, unless otherwise stipulated and decided pursuant to a future written arrangement. All activities undertaken pursuant to this Memorandum of Understanding are subject to the availability of funds, personnel and other resources of each Participant.

The personnel designated by a Participant for the execution of this Memorandum of Understanding will work under the orders and responsibility of the Participant and any other organization or institution to which they belong, at all times maintaining any preexisting employment relationship with the Participant and such organization or institution. Their work will not create an employer-employee relationship with another Participant or any other organization or institution, so in no case will that other Participant, or other organization or institution, be considered as a substitute or joint employer of the designated personnel.

SECTION VI
Compliance with Applicable Laws

All activities undertaken pursuant to this Memorandum of Understanding, and all personnel designated by the Participants for the execution of those activities undertaken pursuant to this Memorandum of Understanding are subject to all applicable laws, including all laws applicable in the jurisdiction where the activities are performed. Such personnel, if visiting the other Participant to participate in an activity pursuant to this Memorandum of Understanding, will not engage in any activity detrimental to this Memorandum of Understanding.

SECTION VII
Interpretation and Application

Any difference that may arise in relation to the interpretation or application of this Memorandum of Understanding will be resolved through consultations between the Participants, who will endeavor in good faith to resolve such differences.

SECTION VIII
No Legal Rights or Remedies

Nothing in this MOU creates any legally cognizable or enforceable rights or remedies as to any Participant. In no event will any disagreement arising under this MOU—including, but not limited to, any alleged breach of, or nonperformance under, this MOU—give rise to any cause of action, or any legal or equitable remedy, in any forum whatsoever. Nothing in this MOU waives any sovereign immunity, or any other applicable immunity, that any Participant may otherwise enjoy.

This understanding is for the exchange of information to improve the understanding of agency mission needs and future requirements. The exchange of information is solely to improve understanding and does not serve as a basis for contract formation.

SECTION IX
Final Provisions

This Memorandum of Understanding is effective from the date of its signature, for a four-year period, unless renewed or extended by the Participants in the same manner that the Participants may otherwise modify this MOU.

This Memorandum of Understanding is not transferable except with the written consent of the Participants.

This Memorandum of Understanding may be modified at any time by mutual consent of all the Participants. Any modification shall be made in writing and specify the date on which such modification is to become effective.

Any Participant may, at any time, withdraw from this Memorandum of Understanding by providing a written notice to the other Participants.

The termination of this Memorandum of Understanding shall not affect the conclusion of the cooperation activities that may have been initiated during the time this Memorandum of Understanding is in effect, unless the Participants mutually decide otherwise.

It is expressly understood and agreed that this Memorandum of Understanding embodies the entire understanding between the Participants regarding the MOU's subject matter.

Salud O. Carbajal
Salud O. Carbajal (Mar 2, 2021 17:57 EST)

Salud Carbajal
Congressman
24th Congressional District

Mar 2, 2021

Date

John Laird

John Laird
CA State Senator
17th Senate District Congressional District

Mar 3, 2021

Date

Jordan Cunningham

Jordan Cunningham
CA State Assemblyman
35th Assembly District

Mar 4, 2021

Date

Lynn Compton

Lynn Compton
Board Chair, County of San Luis Obispo

March 2, 2021

Date

Jeffrey O. Armstrong

Jeffrey Armstrong
President, Cal Poly San Luis Obispo

Mar 4, 2021

Date

Melissa James

Melissa James
CEO, REACH

Mar 4, 2021

Date

Kaila Dettman
Kaila Dettman (Mar 4, 2021 12:51 PST)

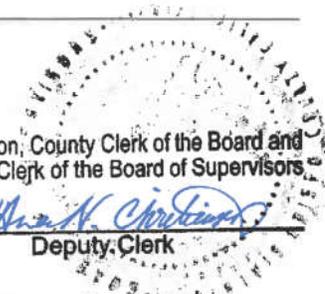
Kaila Dettman
Executive Director
The Land Conservancy San Luis Obispo

Mar 4, 2021

Date

ATTEST:
Wade Horton, County Clerk of the Board and
Ex-Officio Clerk of the Board of Supervisors

By, Wade Horton
Deputy Clerk




Joshua M Medrano (Mar 4, 2021 16:14 PST)

Joshua Medrano
Executive Secretary, Treasurer
Tri-Counties Building and Construction Trades Council

Joshua
Date


Scott Lathrop (Mar 4, 2021 16:51 PST)

Scott Lathrop
President, ytt Northern Chumash

Mar 4, 2021
Date

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Atascadero City Council

Staff Report - City Manager

Virtual Meetings – AB 361 Requirements

RECOMMENDATION:

Council adopt Draft Resolution making findings consistent with the requirements of AB 361 to continue to allow for the conduct of virtual meetings.

DISCUSSION:

On March 4, 2020, Governor Newsom declared a state of emergency due to the novel coronavirus COVID-19. That declaration is still in effect. Since March 12, 2020, Executive Orders from the Governor relaxed various Brown Act meeting requirements relating to teleconferencing rules, temporarily suspending the Brown Act provisions requiring the physical presence of council, board and commission members at public meetings. The most recent extension of those Orders expired on September 30, 2021.

On Friday, September 17, 2021, the Governor signed AB 361. AB 361 amends Government Code section 54953 to provide more clarity on the Brown Act's rules and restrictions surrounding the use of teleconferencing to conduct meetings. The newly enacted Government Code Section 54953(e) creates alternate measures to protect the ability of the public to appear before local legislative bodies.

With the passage of AB 361, local agencies are allowed to continue to conduct virtual meetings during a declared state of emergency, provided local agencies comply with specified requirements. The City Council previously adopted Resolution No. 2021-066 on September 28, 2021, finding that the requisite conditions exist for the legislative bodies of the City of Atascadero to conduct remote teleconference meetings in compliance with AB 361. (Government Code Section 54953(e).) AB 361 requires the City Council to reconsider the circumstances of the state of emergency not later than 30 days after teleconferencing for the first time pursuant to AB 361 and every 30 days thereafter in order to continue to conduct remote teleconference meetings. The City Council previously adopted Resolution No. 2021-069 on October 26, 2021, Resolution No. 2021-073 on November 23, 2021, Resolution No. 2021-074 on December 14, 2021, Resolution No. 2022-001 on January 11, 2022, Resolution No. 2022-003 on February 8, 2022, Resolution No. 2022-010 on March 8, 2022, Resolution No. 2022-010 on April 12, 2022, and Resolution No. 2022-032 on May 10, 2022, making the requisite findings to continue remote teleconferencing. Circumstances have not changed since the Council's adoption of Resolution No. 2022-006, Resolution No. 2022-010, and Resolution No. 2022-032.

In order to continue remote teleconferencing, the City Council must make the following findings (Gov. Code § 52953(e)(3)):

- The City Council has reconsidered the circumstances of the state of emergency.
- Any of the following circumstances exist:
 - The state of emergency continues to directly impact the ability of the members to meet safely in person.
 - State or local officials continue to impose or recommend measures to promote social distancing.

Social distancing is the term used for measures that reduce physical contact between infectious and susceptible people during a disease outbreak. While local and state mask mandates have been lifted, and the San Luis Obispo County local health emergency has been terminated, there are still some remaining social distancing measures in place to reduce the spread of COVID.

- The California Department of Public Health continues to strongly recommend masks for all persons, regardless of vaccine status, in indoor public settings and businesses.
- The City remains subject to the State Occupational Safety and Health Administration (CalOSHA) regulations which, among other requirements, continues to obligate an employer to provide training to employees on COVID-19 transmission and risk reduction, including “The fact that particles containing the virus can travel more than six feet, especially indoors, so physical distancing, face coverings, increased ventilation indoors, and respiratory protection decrease the spread of COVID-19, but are most effective when used in combination.” (CCR Section 3205(c)5(D).)
- CDC continues to have quarantine and isolation recommendations for those that have tested positive for COVID, those that have symptoms of COVID and for those that have been exposed to COVID. These isolation and quarantine requirements continue to often prevent employees and community members from attending meetings in person.

Should the Draft Resolution not be adopted, and the City Council (or an individual Council Member) elects to attend virtually, the City must comply with the provisions of Government Code Section 54953(3)(b):

- Agendas shall be posted at all teleconferencing locations
- Each teleconference location shall be identified on the agenda
- Each teleconference location shall be accessible to the public
- At least a quorum of the Council shall participate from locations with the boundaries of the City
- The public shall be provided an opportunity to address the Council directly at each teleconference location

Adoption of the Draft Resolution does not prohibit the conduct of a traditional or hybrid meeting in accordance with state and local regulations. At Council’s direction on March 8, 2022, and because CDC measures are still in place that could prevent a member of the public from participating in the meeting in person, if the Draft Resolution were not adopted staff will continue to conduct hybrid City Council meetings that allow public

participation both virtually and in-person. At this time, there is not staff available to conduct all advisory body meetings (such as Planning Commission, Design Review Committee, ATBID, CSTOC) in a hybrid fashion and adoption of the Draft Resolution allows these meetings to continue to be conducted virtually. If the Draft Resolution was not adopted, these advisory bodies would need to return to the traditional in-person meeting model, effective immediately.

FISCAL IMPACT:

None.

ATTACHMENT:

Draft Resolution

DRAFT RESOLUTION

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF ATASCADERO, CALIFORNIA,
PROCLAIMING THE CONTINUING NEED TO MEET BY
TELECONFERENCE PURSUANT TO
GOVERNMENT CODE SECTION 54953(e)**

WHEREAS, all meetings of the City of Atascadero legislative bodies are open and public as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963); and

WHEREAS, the Brown Act, Government Code section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, Government Code section 54953(e) was added by AB 361, signed by Governor Newsom on September 17, 2021; and

WHEREAS, on March 4, 2020, Governor Newsom declared a State of Emergency as a result of the COVID-19 pandemic; and

WHEREAS, on March 17, 2020, the City of Atascadero declared a State of Emergency as a result of the COVID-19 pandemic; and

WHEREAS, such State of Emergency remains in effect; and

WHEREAS, COVID-19 continues to threaten the health and lives of City of Atascadero residents; and

WHEREAS, the Delta and Omicron variants are highly transmissible in indoor settings and breakthrough cases are more common; and

WHEREAS, state officials have imposed or recommended measures to promote social distancing to include the wearing of masks indoors, regardless of vaccination status; and

WHEREAS, the City Council previously adopted Resolution No. 2021-066 on September 28, 2021, Resolution No. 2021-069 on October 26, 2021, Resolution No. 2021-073 on November 23, 2021, Resolution No. 2021-074 on December 14, 2021, Resolution No. 2022-001 on January 11, 2022, Resolution No. 2022-003 on February 8, 2022, Resolution No. 2022-006 on March 8, 2022, Resolution No. 2022-010 on April 12, 2022, and Resolution No. 2022-032 on May 10, 2022, finding that the requisite conditions exist and continue to exist for the legislative bodies of the City of Atascadero to conduct remote teleconference meetings in compliance with Government Code Section 54953(e); and

WHEREAS, Government Code Section 54953(e) requires that the City Council must reconsider the circumstances of the state of emergency every 30 days in order to continue to conduct remote teleconference meetings in compliance with AB 361.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Atascadero:

SECTION 1. Recitals. The above recitals are true and correct and are incorporated into this Resolution by this reference.

SECTION 2. Findings. The City Council does hereby find that:

1. The City Council has reconsidered the circumstances of the state of emergency declared as a result of the COVID-19 pandemic.
2. The state of emergency continues to directly impact the ability of the members to meet safely in person.
3. State or local officials continue to impose or recommend measures to promote social distancing.

SECTION 3. Compliance with Government Code Section 54953(e). The City Council and other legislative bodies will continue to meet by teleconference in accordance with Government Code section 54953(e).

SECTION 4. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) 30 days from the date of adoption of this Resolution, or (ii) such time the City Council adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the legislative bodies of the City of Atascadero may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

PASSED AND ADOPTED at a regular meeting of the City Council held on the ____th day of _____, 2022.

On motion by Council Member _____ and seconded by Council Member _____, the foregoing Resolution is hereby adopted in its entirety on the following roll call vote:

AYES:
NOES:
ABSENT:
ADOPTED:

CITY OF ATASCADERO

Heather Moreno, Mayor

ATTEST:

Lara K. Christensen, City Clerk

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney

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Atascadero City Council

Staff Report – Community Development Department

Affordable/Inclusionary Housing Impact Fee Nexus Studies

RECOMMENDATION:

Council review and provide direction on potential strategies for an affordable housing program in an effort to implement City Housing Element Policy.

REPORT IN BRIEF

The adopted 2021-2028 Housing Element states:

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

In March 2021, following adoption of the Housing Element, Council was asked to review options for the implementation of an affordable housing program. The discussion led to direction to:

- Develop a program to encourage the development of housing that is affordable by design to meet moderate-income unit needs
- Prepare a nexus fee study to explore fees that can be utilized to support the development of future low- and very low-income affordable housing
- Explore policies and/or incentives that meet Housing Element objectives

In 2021, the City hired EPS to assist in developing a nexus study to help the City determine the true cost of subsidizing an affordable housing program to inform housing strategies. On October 26, 2021, the City Council reviewed a preliminary report from EPS and provided initial feedback. Since that time, EPS and City staff have completed further work toward the nexus study and affordable housing program options and would like additional feedback prior to finalizing an implementation strategy.

A new housing implementation strategy is needed because of changes to State housing laws over the past several years. Due to State law changes, most housing projects do not require discretionary City review such as use permit, rezoning or other actions, therefore, the City is limited in our ability to implement our current inclusionary housing policy which only applies to discretionary legislative actions. Changes to the density bonus laws have also diluted our existing affordable housing policies resulting in more moderate-income units and fewer low- or very low-income opportunities. While moderate-income units are very close to the market rate for most smaller residential units in Atascadero, it is recognized that low- and very low-income projects generally require a significant level of subsidy through State grants and local funding contributions. Without a policy change, Atascadero will likely not reach Regional Housing Needs Assessment (RHNA) needs for low- and very low-income units in the future without an updated affordable housing strategy.

In order to achieve RHNA goals without placing an unfair burden on any one sector of development, the City should consider a multifaceted approach that combines multiple programs and policies.

Suggested potential strategies include:

- Adoption of an inclusionary program similar to the City's existing policy to require affordable units within projects requiring legislative or discretionary approval (Use permit, Zone Change or General Plan Amendment).
- Zoning and development policies that require or incentivize affordable by design units to maintain and expand moderate-income housing stock. (Implemented through the adoption of Objective Design Standards)
- Development impact fee subsidies (or deferments) for affordable housing projects.
- Impact fees for new market rate housing development, with exceptions to incentivize affordable-by-design units.
- Adoption of a State Density Bonus program consistent with State law
- Utilization of ADUs and JADUs to meet a portion of the low-income housing allocation.

Each of these strategies may produce varying results in the amount of affordable housing produced and the level of affordability attained. Staff is seeking additional direction on strategies to be included in the design of an affordable housing program

DISCUSSION:

Affordable Housing Overview

Inclusionary housing programs are local policies that tap the economic gains from rising real estate values to create affordable housing. These programs support local residents who are considered moderate-, low-, and very low-income in securing stable housing. The following table classifies San Luis Obispo County's income categories per the State Housing and Community Development Department (HCD).

Affordability Category	Maximum Percentage of County Median	2021 Max Income [1] 3-person household
Extremely Low Income (ELI)	0% - 30%	\$26,450
Very Low Income (VLI)	50%	\$44,050
Low Income (LI)	80%	\$70,450
Median Income	100%	\$88,000
Moderate Income (Mod)	120%	\$105,600

[1] 2021 HCD maximum income thresholds are used to translate employment, wages and total worker household incomes to affordable housing categories and to compute supportable housing costs based on household income levels.

Sources: CA Department of Housing and Community Development; Economic & Planning Systems, Inc.

The Housing Element anticipates that the City will consider adopting an affordable housing strategy by the end of 2022. The City’s current RHNA cycle (2020-2029) sets a goal of achieving 207 completed very low-income units, 131 completed low-income units, and 151 moderate-income units in addition to 354 above moderate-income units for a total of 843 units.

Historically, the City meets and exceeds housing production in the market rate and moderate-income categories but falls short in the low- and very low-income categories. The City Council has directed staff to focus on affordable-by-design strategies to encourage construction of moderate-income units. These strategies will be included in the upcoming Objective Design Standards currently under development.

Current Interim Inclusionary Housing Policy

In 2003, the Atascadero City Council adopted an interim Inclusionary Housing Policy that requires all housing projects subject to a legislative action (rezoning or general plan amendment) to provide affordable units or pay an in-lieu fee into the City’s affordable housing fund.

The current Interim Inclusionary Housing Policy is as follows:

- Residential developments of 11+ units requiring legislative action must include at least 20% affordable units, as follows:
 - Single family land use area: 100% Moderate
 - Multifamily and mixed-use land areas: 20% Very Low, 37% Low, and 43% Moderate
- Projects of 1-10 units pay fee or build units
- Fractional units up to 0.49 pay fee; fractional units 0.5 and greater counted as 1.0 unit
- In-lieu fee is calculated as 5% of construction value of the market rate units (valuation set by building code)
- Projects that participate in the State Density Bonus program are exempt

The City has been operating under this policy since adoption. While this has helped our community make progress toward achieving our RHNA targets, the City has fallen short on meeting low- and very low-income housing numbers by approximately half the RHNA goal in the previous cycle, as demonstrated in the table below.

Construction Objectives/Progress	Extremely Low and Very Low-Income Units	Low-Income Units	Moderate-Income Units	Above Moderate-Income Units	Total Units
2014-2019 RHNA Objectives					
Goal	98	62	69	164	393
Units Constructed (2014-2019)	48	33	178	344	562
Progress (%)	49%	53%	258%	210%	

Current challenges with the Interim Inclusionary Housing Policy include:

- It only applies to projects requiring legislative approval and projects that use the State Density Bonus are exempt. Since 2003, State laws have substantially changed and many housing projects have now become “by right”, not allowing the City to perform discretionary review and thus limiting application of our current policy
- Residential developers are rarely required or encouraged to incorporate units that meet needs of all affordable housing income levels, focusing on moderate-income units for for-sale projects
- Incentives such as the granting of bonus units to help offset costs and balance developer subsidy often cannot be achieved based on site development constraints such as stormwater requirements, access standards, and topography.
- The in-lieu fee is not related to the affordability gaps or the subsidy required to build affordable housing nor does it consider feasibility for developers based on current market and construction cost conditions

An inclusionary (or affordable) housing ordinance could update and formalize the policy, recognizing recent State updates and implementing the City’s General Plan Housing Element program.

2021-2028 Housing Element

The evaluation of the City’s inclusionary housing policy is an activity listed in the adopted 2021-2028 Housing Element but the City may consider other tools in concert with adoption of an ordinance to achieve a balance of affordable housing types that meet the City’s projected needs. The Housing Element identifies this activity to be completed by the end of 2022.

At the November 12, 2019 Council meeting, the City Council authorized a contract with MIG to provide planning consultant services for the preparation of the 6th cycle General Plan Housing Element update and development of an Inclusionary Housing Ordinance. MIG has worked with City staff and the community to assist the City with drafting an Affordable Housing Strategy, utilizing a variety of tools to target housing needs and City goals. At the March 11, 2021 joint Planning Commission/City Council study session, MIG

presented an overview memo detailing the current State regulatory framework, a summary of Atascadero's inclusionary policy, various affordable housing tools (and the benefits and constraints of each), case studies of surrounding jurisdiction's affordable housing requirements, and implementation ideas for Atascadero. The memo has been attached to this report for reference (Attachment 3). It is important to note that there have been some local changes since this memo was written.

To address strategies for low- and very low-income units, the City hired EPS to conduct a nexus study analyzing the impact that development of market rate housing has on the demand for below market rate housing, and based on the results, to determine the defensible nexus-based fee that could be charged to market rate development. The nexus study is a tool to help the City formulate a comprehensive affordable housing strategy that balances the need for affordable housing without placing an undue burden on new market rate housing.

The City's ultimate strategy should acknowledge the need to meet housing goals across all income levels. Based on past construction history, higher density development can achieve moderate-income units without placing cost burdens on developers. In general, higher density development can take advantage of economies of scale and are able to spread land, infrastructure, and site amenity costs over multiple units. Units on multi-family sites also tend toward smaller units and shared amenities, often providing for rents or sales at the moderate-income rate.

Recent changes to State Density Bonus law also increased opportunities for lower-income units to be included in private development through the granting of concessions and waivers of development standards. While these projects usually only provide low numbers of units, implementation of the program allows for these units to be distributed throughout the City and provides for variety in unit type. Because of the allowance for concessions and waivers, staff expects more multi-family projects to take advantage of the program in coming years.

While the State Bonus can be an effective tool in the construction of lower-income units, the number of units achieved is expected to remain below the City's 6th cycle RHNA goals. Many of the City's recent low- and very low-income units are constructed by local non-profit organizations through grant funding opportunities. These housing projects utilize tax credit programs that rely upon contributions from local jurisdictions in order to achieve grant scoring and be awarded funds. Grant scoring can be supported through a combination of Impact Fee waivers and affordable housing funds obtained through an affordable housing impact fee. Impact fees can also be utilized to help supplement development impact fees and support City administration of an affordable housing program.

Affordable Housing Impact Fee Analysis

The City analyzed the basis for an impact fee through multiple lenses:

- Legal defensibility,
- Developer feasibility, and
- Estimated need.

EPS, in conjunction with City staff, performed an analysis of these three facets to provide options for an impact fee as a potential part of the City’s comprehensive strategy for the provision and facilitation of affordable housing to meet the City’s housing goals.

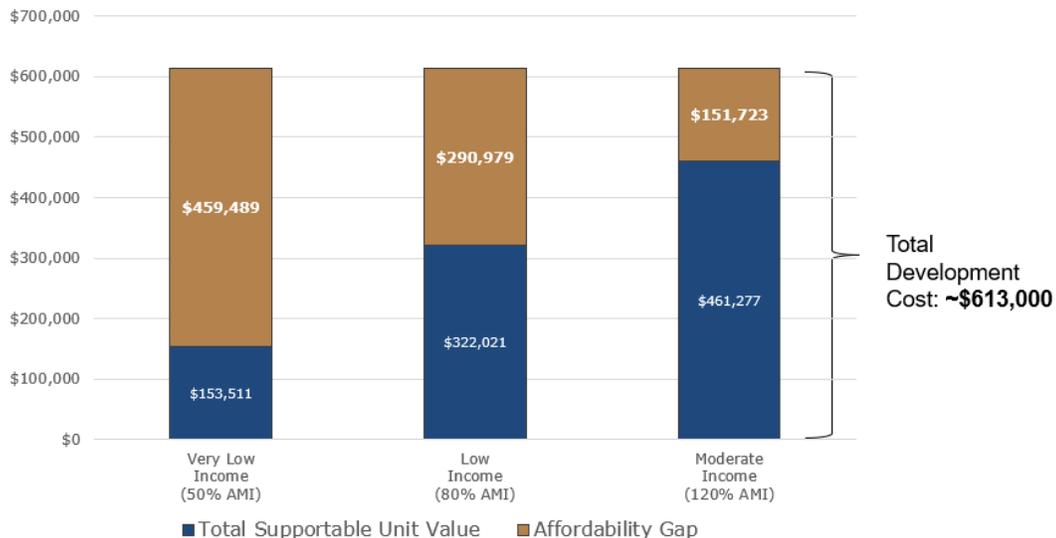
Nexus Study:

In general, new market rate housing generates a need for increased services and thus added service sector employees.

The nexus analysis:

- Looks at what type of housing is built and how much those households earn and spend in the local economy;
- That leads to understanding how many jobs may be generated from that spending and how much those employees earn;
- This in turn informs how many housing units are needed for those added employees and what the gap is between housing development costs and employee household purchasing power.

In determining the impact, a number of assumptions are built into the analysis. In September and October of 2021, EPS met with regional housing and lending experts from the non-profit and private sector to better understand the development process, local housing market dynamics and issues, and to vet assumptions used in the analysis. The analysis considers local density allowances and typical sizes of housing units developed for lower-income households. The below chart shows the total development costs including a reasonable profit margin and assuming prevailing wage construction, as compared to what households in each income category could afford. The analysis was completed assuming a prototypical lower-income housing development based on data from recent projects as well as information gathered from local non-profit organizations. The prototype assumed a 2-3 story multi-family development with 900 sq. ft. 2-bedroom units. Typical development costs were estimated to be approximately \$613,000 per unit and were vetted and confirmed through interviews with local housing developers.



The analysis concluded that the **maximum justifiable** fee ranges from:

- \$47 to \$75 per sq. ft. of new market-rate rental housing (varies by the size of the unit) and;
- \$38 to \$42 per sq. ft. of new market rate ownership housing.

As was anticipated, **even the lowest of the maximum justifiable fees far exceed the feasible amount** that can be absorbed by new development but provides the necessary data to justify an impact fee.

This analysis also informs the implied inclusionary requirement for projects based on the affordability gap. As with the fee, the percentage of inclusionary units supported by the need are not a realistic alternative for developers, however, the study provides a starting point for discussion. Based on the analysis, inclusionary needs range between 14% and 22% for rental projects and 18% and 27% for for-sale projects.

Feasibility Analysis:

The feasibility analysis performed by EPS looks at the maximum fee that would be legally defensible based on affordable housing need generated by market-rate development. EPS tested the feasibility of a range of inclusionary requirements and affordable housing fee levels by preparing financial proformas reflecting the expected costs of new development, based on the nexus study, supplemental market research, and developer interviews, and comparing those costs to the revenues that could be generated given various mixes of market-rate and affordable housing and/or fee levels. The analytical metric for evaluating feasibility varies for the development of ownership units and rental units.

- For ownership units, the threshold for feasibility is defined as a 15% profit margin (profit divided by gross revenue).
- For rental units, the threshold for feasibility is defined as a 5% yield-on-cost (annual net operating income divided by development costs).

Using these threshold feasibility assumptions, the model can be used to solve for the highest fee that achieves feasibility:

- For ownership projects, the maximum fee that still allows a developer to achieve a 15% return is calculated to be \$15.50 per sq. ft.
- For rental projects, the maximum fee that still allows a developer to achieve a 5% yield-on-cost is calculated to be \$10.12 per sq. ft.

While these calculations are based on market research and current costs and values, it is important to note that every applicant and every development will present unique economic considerations, and some developments may not be able to absorb these fees, while others may be able to absorb fees higher than indicated here.

Estimated Need:

A majority of low- and very low-income units are achieved by local housing organizations through grant funded development projects. These projects help the City meet RHNA goals for the lower affordability categories. To be eligible and competitive for grants, these organization usually need to show a local contribution toward the project. Based on a number of recent and past grant applications, it is estimated that a local match of 6% of

total project costs to ensure that local affordable housing developers remain competitive through the grant process.

EPS's analysis identifies a per unit development cost of \$613,000. This is in line with current grant applications and represents complete development costs including land acquisition and prevailing wage requirements. A majority of grant funded affordable housing requirements will fall into the prevailing wage project category so it is important to understand this full cost when determining anticipated City contribution expectations.

Staff has identified two ways that the City can support these grant funded development projects: Subsidy or long-term deferral of development impact fees and by direct contributions from funds collected from market-rate development.

Current Infrastructure Development Impact Fee Options

The City has two options for supporting affordable housing projects through modifications of impact fees. The City can provide a full subsidy of fees or a long-term deferral and low-interest loan. The current development impact fee for a high-density unit is \$11,684, and is set at higher amounts for units built at a lower density. These impact fees are used to pay for necessary road expansions, police facility expansions and additional fire and park facilities needed to serve future residents as the City grows. A full subsidy of the fees would result in a loss of this revenue. It is important to note that the current development impact fees are adopted at a rate of 60% of full facility costs (currently using 2006 cost analysis) and there is a large backlog of needed expansion projects for which there is not adequate funding.

As an alternative, the Council could consider a long-term loan and deferral of payments for a designated period of time. The City of Paso Robles has a similar program and defers payment for until the loan is due at a 17- to 20-year timeframe with simple interest 2% to 3% providing an extended period of time to generate cash flow for repayment and to eliminate up front project costs. This type of program can count as a City fund contribution for grant applications and can allow impact fees to be collected over time rather than a full reduction of revenue; however, there are costs associated with program administration.

Affordable Housing Impact Fee

As shown in the nexus report produced by EPS, the City could charge an affordable housing impact fee on each sq. ft. of new residential development. The nexus report supports a **maximum** fee of \$47 to \$75 per sq. ft. of new market-rate rental housing and \$38 to \$42 per sq. ft. of new ownership housing. For context, if the City charged the maximum allowed fee based on the nexus study, a home owner would pay **\$63,090** in affordable housing impact fees to build their 1,500sq. ft. dream house. This amount would be in addition to the estimated \$25,000 in City fees and impact fees, plus school developer fees (estimated at \$6,120), water meter fees (estimated at \$19,600) and other charges (construction, non-City utility connections, etc.) for building a home. As stated, a fee burden of this magnitude is a significant barrier to building any housing. The higher the fee burden per unit, in theory, the fewer units that will be built due to cost, which not only increases the statewide housing shortage, but also means fewer units assessed the fee and a shortfall in the target affordable housing fee revenue number.

There is no single answer to what is the correct fee burden for new housing, but instead it is a policy decision that must balance the whole. The City’s ultimate strategy should acknowledge the need to balance housing and community goals across all income levels. More costly housing provides tax revenue that pays for City services such as police and fire, while low-income housing or non-profit housing provides little to no tax revenue to support the services required to serve these new residents. More very low- and low-income housing units are needed in this community to provide critical housing for our low-income residents, but these units are not able to be built without some funding assistance from government. City funding is inadequate and the City has many existing funding deficiencies and financial needs that are not being met with current funding levels. In general, the City’s impact fees are woefully inadequate to reasonably construct the infrastructure expansions identified in the General Plan and to continue to serve the community. A study is in process to potentially increase these fees to address this shortfall. As we add affordable housing fees to each unit, this will affect our ability to adjust impact fees based on overall feasible project costs. All of these competing needs must be balanced when considering what is the correct level of affordable housing fees.

Setting the Fee

One way to look at a potential fee is to look at what is necessary to produce the needed units in the current RHNA cycle. Based on the current RHNA cycle, 43 low- and very low-income units would need to be constructed annually to achieve RHNA targets. As 50% of ADUs and most State Density Bonus units count toward lower-income categories, these anticipated units were deducted from the total, resulting in the need for 195 Very Low-Income Units and 59 Low-Income Units to be built over the 8-year RHNA Cycle (an average of 31.75 units per year).

Based on a \$613,000-unit cost, the City’s expected grant contribution would be \$36,780 per unit (6% of \$613,000). The City’s current development impact fee for a high-density residential unit is \$11,684 which could be waived, deferred, or set at \$0 as part of the City’s affordable housing program, leaving a remaining gap of \$25,086 per unit or \$796,481 annually as shown below.

Need Based Analysis

Cost to develop a unit of affordable housing	\$ 613,000
Estimated Needed Local Match	<u>6%</u>
Estimated City Subsidy Needed per Unit	\$ 36,780
Less: Waiver of City Impact Fee (high density)	<u>\$ (11,694)</u>
Estimated Remaining City Sbsidy Needed per Unit	\$ 25,086
Times # of Annual Units Needed	<u>31.75</u>
Estimated Annual Local Subsidy Needed	<u><u>\$ 796,481</u></u>

In order to examine what level of fee would need to be assessed to collect an average \$796,481 annually, EPS, in coordination with staff, reviewed past permit data from 2014 through 2019 to determine annual housing construction averages. Ignoring deed restricted affordable housing projects and eliminating some housing units that were either conversions of existing structures, or would require further staff research, staff then looked at 518 units or 813,109 sq. ft. of housing produced over the 6 years in the last RHNA cycle.

In examining these units, there was a lot of variety in the size and types of housing units that were built from 2014-2019. In the data set, there were 238 single-family homes, 96 attached single-family homes (duplex, triplex, etc.) and 184 apartment units. The sizes of the units varied and included very large apartments (2,800 sq. ft.) and very small single-family homes (432 sq. ft.). While we know that what will be built in the current RHNA cycle will not be exactly what was built from 2014-2019, staff used this data set as an estimate for examining what different fee structures and rates could look like and how they would affect housing units of different types and sizes.

As long as the fee is under the maximum amount set forth in the nexus study, the fee does not have to be set at a flat per sq. ft. charge. Staff looked at exempting certain types of housing, assuming that certain units were affordable, such as ADUs or apartments, but the data suggests that the *type* of housing does not always correlate with affordability. In other words, very large and expensive apartments are being built while some single-family units on individual sites fall into affordable categories due to size and amenities. As such, staff looked at various fee options based primarily on *unit size* instead of unit type.

Based on this data, EPS and staff analyzed a number of options that could be used to formulate an impact fee strategy considering possible waivers and/or graduated fees based on square-footage. These options are solely concepts and could be combined or modified as appropriate.

Potential Options to Consider for Impact Fees

Option 1: Charge a flat “per sq. ft.” fee on housing units, excluding only ADUs less than 750 sq. ft. per State Law or other exclusions such as affordable deed restricted units.

- Pros: as this would be spread amongst every sq. ft. built, this would produce the lowest per sq. ft. cost. Simple to administer.
- Cons: would add cost to units that might otherwise meet affordability targets for price or rent. Does not incentivize very small/affordable units unless they are an ADU or deed restricted unit.

Option 2: Charge a flat “per sq. ft.” fee on housing units above a certain size, with similar exclusion consideration as Option 1. Fees would kick in above a certain size threshold.

- Pros: This would produce a low per sq. ft. cost. Incentivizes smaller, more affordable-by-design units. Simple to administer.
- Cons: Would incentivize housing to be built just under the minimum (i.e. 999sq. ft.) Would place a larger fee burden on relatively small homes than Option #3. (i.e. a 1,001sq. ft. home might have to pay \$6,400, where a 999sq. ft. home pays \$0)

Option 3: Exclude the first portion of area (sq. ft.) of a housing unit from the affordable housing fee. i.e. the fee for the first 1,000sq. ft. is \$0, and anything above that is charged a flat per sq. ft. fee, with similar exclusion consideration as Option 1.

- Pros: Incentivizes smaller units. Places the highest burden on very large houses. Allows fee to graduate up based on size. Simple to administer.
- Cons: Requires the highest sq. ft. cost to produce targeted funding. Places the highest fee burden on very large houses.

Option 4: Adopt a tiered fee structure whereby some housing units are fee exempt, houses a little larger than that are charged a certain fee per sq. ft., and houses even larger than that are charged a higher \$ per sq. ft. with similar exclusion consideration as Option 1.

- Pros: Incentivizes smaller units. Places more burden on larger houses. Slightly more difficult to administer, but still simple to administer.
- Cons: Would incentivize housing to be built just under the minimum (i.e. 999sq. ft., 1999sq. ft., etc.) Requires a fairly high sq. ft. cost for larger homes to produce targeted funding.

Example Scenarios

Assuming the City wants to collect the \$796,481 annual local subsidy necessary to produce the needed 31.75 low- and very low-income units each year to meet the City's RHNA and assuming a similar construction level experienced during 2014-2019, the fees would need to be set as follows:

- Option #1- \$5.88 per sq. ft.
- Option #2- \$6.40 per sq. ft. (\$0 for housing units less than 1,000 sq. ft.)
- Option #3- \$14.81 per sq. ft. (over the first 1,000 sq. ft.)
- Option #4- \$4 per sq. ft. for units between 1,000 and 2,000sq. ft.; \$10 per sq. ft. for housing units over 2,000sq. ft.; \$0 for housing units 1,000sq. ft. or less.

Below is a comparison showing total fees under each fee option for housing units of various sizes:

SCENARIO A

Annual Subsidy Needed	\$ 796,481
Minimum Unit Size	1,000
Exempted SF	1,000
Tier Size Break	2,000
Lower Tier Fee per SF	\$ 4.00

	Option #1	Option #2	Option #3	Option #4
Fee per SF	\$ 5.8773	\$ 6.4013	\$ 14.8158	4 / 10
Size	All Units / All SF	Above Minimum Size	All SF above Exempted SF	Tiered
500	\$ 2,939	\$ -	\$ -	\$ -
1,050	\$ 6,171	\$ 6,721	\$ 741	\$ 4,200
1,350	\$ 7,934	\$ 8,642	\$ 5,186	\$ 5,400
1,760	\$ 10,344	\$ 11,266	\$ 11,260	\$ 7,040
3,500	\$ 20,571	\$ 22,405	\$ 37,040	\$ 35,000
5,000	\$ 29,387	\$ 32,007	\$ 59,263	\$ 50,000

Assuming construction rates similar to 2014-2019, all of the fee options shown provide the same amount of projected annual revenue, but as you can see produce very different fees for each size of housing unit shown.

- Options 3 and 4 require substantially higher fees than Options 1 and 2 for the very large houses, and lower fees for the small and more modest houses.
- A 1,760 sq. ft. house would experience similar fees under options 1-3.

Where would the fees need to be set if the size thresholds for exemption were set to 750 sq. ft. and the lower tier fee was \$3 per sq. ft. for the tiered scenario?

- Option #1- \$5.88 per sq. ft. (same)
- Option #2- \$6.28 per sq. ft. (\$0 for housing units less than 750 sq.ft.)
- Option #3- \$11.03 per sq. ft. (over the first 750 sq.ft.)
- Option #4- \$3 per sq. ft. for units between 750 sq.ft and 2,000 sq.ft and \$7.55 per sq. ft. for housing units over 2,000 sq. ft.; \$0 for housing units 750 sq.ft. or less.

Below is a comparison showing total fees under each fee option for housing units of various sizes:

SCENARIO B				
Annual Subsidy Needed	\$ 796,481			
Minimum Unit Size	750			
Exempted SF	750			
Tier Size Break	1,500			
Lower Tier Fee per SF	\$ 3.00			

	Option #1	Option #2	Option #3	Option #4
Fee per SF	\$ 5.8773	\$ 6.1718	\$ 11.0352	3 / 7.55
Size	All Units / All SF	Above Minimum Size	All SF above Exempted SF	Tiered
500	\$ 2,939	\$ -	\$ -	\$ -
1,050	\$ 6,171	\$ 6,480	\$ 3,311	\$ 3,150
1,350	\$ 7,934	\$ 8,332	\$ 6,621	\$ 4,050
1,760	\$ 10,344	\$ 10,862	\$ 11,146	\$ 13,288
3,500	\$ 20,571	\$ 21,601	\$ 30,347	\$ 26,425
5,000	\$ 29,387	\$ 30,859	\$ 46,900	\$ 37,750

This results in the same expected average annual revenue of \$796,481, but produces very different fee levels across each option and when compared to the fees using a 1,000 sq.ft. threshold size. This results in lower fees for those larger houses than we saw with the thresholds in Scenario A, but higher fees for the more modest housing units.

What would happen if we changed the expected average annual revenue that we want to produce?

In this assumption, staff assumed that the targeted revenue amount was only about 60% of the annual local need subsidy and that the City plans to produce the other 40% of low- and very low-income housing units through other local matches, grants, an inclusionary program or other methods. Using the thresholds in Scenario #1, the fees would need to be set as follows under each of the options:

- Option #1- \$3.50 per sq. ft.
- Option #2- \$3.81 per sq. ft. (\$0 for housing units less than 1,000 sq. ft.)
- Option #3- \$8.84 per sq. ft. (over the first 1,000 sq. ft.)
- Option #4- \$2.00 per sq. ft. for units between 1,000 and 2,000sq. ft.; \$6.54 per sq. ft. for housing units over 2,000sq. ft.; \$0 for housing units 1,000sq. ft. or less.

Below is a comparison showing total fees under each fee option for housing units of various sizes:

SCENARIO C				
Annual Subsidy Needed	\$ 475,000			
Minimum Unit Size	1,000			
Exempted SF	1,000			
Tier Size Break	2,000			
Lower Tier Fee per SF	\$ 2.00			

	Option #1	Option #2	Option #3	Option #4
Fee per SF	\$ 3.5051	\$ 3.8175	\$ 8.8358	2 / 6.54
Size	All Units / All SF	Above Minimum Size	All SF above Exempted SF	Tiered
500	\$ 1,753	\$ -	\$ -	\$ -
1,050	\$ 3,680	\$ 4,008	\$ 442	\$ 2,100
1,350	\$ 4,732	\$ 5,154	\$ 3,093	\$ 2,700
1,760	\$ 6,169	\$ 6,719	\$ 6,715	\$ 3,520
3,500	\$ 12,268	\$ 13,361	\$ 22,090	\$ 22,890
5,000	\$ 17,526	\$ 19,088	\$ 35,343	\$ 32,700

Changing the targeted revenue obviously produces much lower fees across the board than the options shown in Scenario A or B, but the City must weigh how likely it is to secure an adequate number of low- or very low-income housing units at this lower projected revenue number.

As long as any impact fee set is under the maximum amounts calculated under the nexus studies, the City has substantial discretion in determining which option, threshold, and fee level works best for Atascadero. Staff will be prepared to calculate other fee options as directed by Council at the Council meeting.

Impact Fee Applicability to ADUs

ADUs currently can be counted as either low- or moderate-income units based on a completed regional study. Per the study, the City can count 50% of ADUs at the low-income rate and 50% at the moderate-income rate. Currently ADUs within the City can be a maximum of 1200 sq. ft., however the City is considering adopting standards that limit the maximum size to 1,000 sq. ft. on smaller residential and multi-family properties. Many of the larger ADUs will continue to be constructed on lots greater than one acre and are anticipated to generate a need for service sector jobs similar to standard market rate units of similar size. Based on this, the Council may want to consider including ADUs in the impact fee program. It is important to note that per State law, no impact fee can be charged for an ADU that is less than 750 sq. ft.

Inclusionary Housing

The City's existing inclusionary housing policy along with State Density Bonus incentives works well to produce units in the moderate-income range. Current policy focuses on moderate-income restrictions for ownership units, which comprise a majority of units constructed in Atascadero. In addition, the City's policy allows developments to be exempt from further affordability requirements if they utilize the State Density Bonus program. The State Density Bonus Program requires a small percentage of development be made affordable and usually at the moderate-income level for ownership units.

If the Council formalizes the existing "interim" housing policy which has a legislative trigger to impose inclusionary requirements, the requirements will need to be updated to require low- and very low-income units while eliminating an exemption for State Density Bonus projects. Projects enacting the State Density Bonus outside of the City's inclusionary requirements will still qualify for concessions and bonus units, but the City can ensure that low- and very low-income units are provided for projects that fall under inclusionary requirements.

While the nexus study demonstrated defensibility of a **22%** inclusionary requirement for rental projects and an up to **27%** inclusionary requirement for for-sale units, these percentages likely exceed feasibility. Staff recommends modifying the policy to require a lower percentage of units and focusing on low- and very low-income units rather than moderate-income units. Based on how the existing interim policy is written, this would apply just to projects that require discretionary approvals and would be an alternative to an impact fee program. For reference, surrounding jurisdictions have inclusionary requirements ranging from 5% to 15%.

State Density Bonus Ordinance

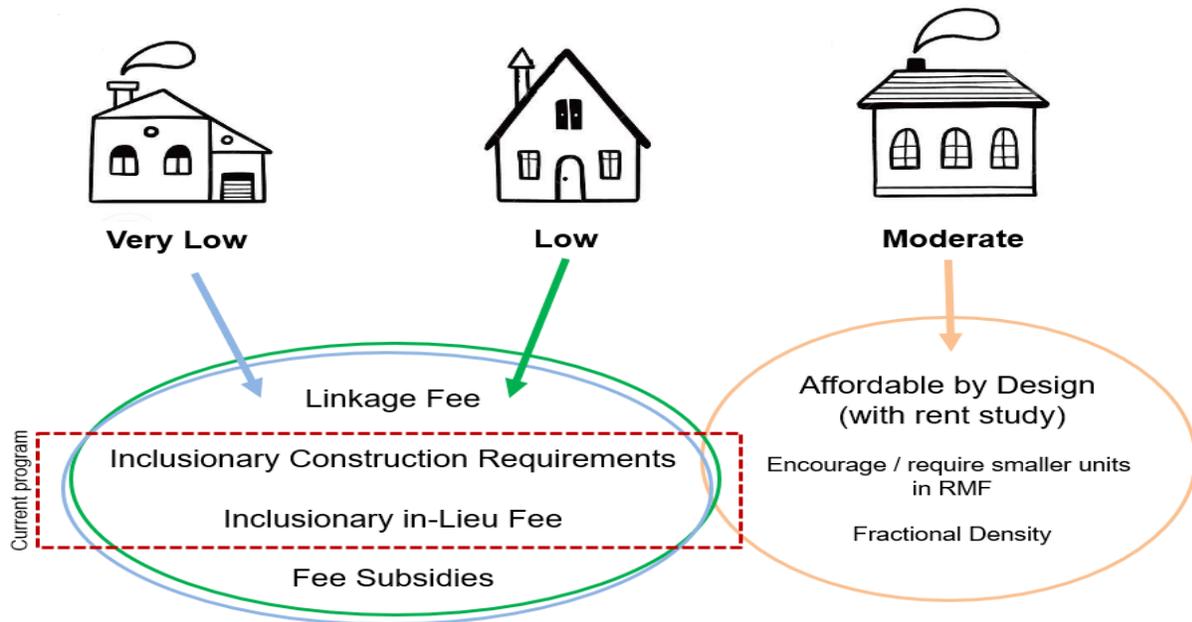
The City is required to adopt a State Density Bonus Ordinance consistent with State law. An enacting ordinance is currently included in AMC Chapter 3, Article 30, however the ordinance is out of date and not consistent with current State law (adopted in 2013). As part of a comprehensive housing strategy, an updated ordinance should be adopted. An ordinance update will also allow the City to provide some local considerations that are important in clarifying the intent of State law.

CONCLUSION:

With State requirements mandating specific housing goals for our community, the adoption of a current affordable housing program will ensure that the City can be successful in meeting the identified RHNA goals and complying with HCD mandates. An affordable housing program can help to ensure the physical construction of housing for all income categories while helping to finance the City's ability to administer deed restricted units generated through the State Density Bonus and the affordable housing program. Meeting our required RHNA typically comes along with the ability to receive State grants and other incentives from the State too. A program that includes development incentives, City fee subsidies or deferrals and collection of some impact fees distributes the financial burden of affordable unit construction, allowing the City to be a partner with the development community.

As stated previously, there is no easy or right answer on how to best help provide a balance of housing units for all income levels in the City. When looking at policies and fees it is important to look at the consequences to the entire community. It is likely that the City will not meet its RHNA goals, and more importantly will not provide adequate low- and very low-income housing for its residents without some dedicated funding source. Setting the fees too high, however, may discourage all new housing, or disincentivize larger housing units that are critical in providing the funding needed to maintain City services through reassessed property taxes.

Staff is looking for Council direction on potential programs and policies in order to implement a comprehensive Affordable Housing Program. In order to achieve success, it is likely that a City adopted affordable housing policy will need multiple programs, tools and requirements in order to achieve the balance that the community is looking for.



As part of a comprehensive Affordable Housing Program that provides a toolbox approach, Staff is looking for Council direction on the following:

1. Inclusionary Housing Ordinance: Should staff bring back/modify for formal adoption the existing inclusionary Housing Policy for legislative approvals?
Items for consideration:
 - a. Require 10% affordability (low- and very low-income) in each development project with 10 or more units.
 - b. Establish complementary affordability standards for projects that utilize State Density Bonus program instead of exempting such projects.
 - c. Allow impact fee payment for projects 9 units or less, set at the same rate as a Citywide impact fee.

2. Development Impact Fee: Should some level of subsidy to the current Citywide Development Impact Fee be provided for low-, very low-income, and deed restricted housing units?
Items for consideration:
 - a. Should it be a deferral, a waiver, or a reduction of fees to incentivize affordability and help with grant scoring?

3. Affordable Housing Impact Fee: Should the City adopt some level of affordable housing impact fees in order to provide necessary local match funding for low- and very low-income housing projects?
Items for consideration:
 - a. What fee structure should be used?
 - Option 1- Every sq. ft.?
 - Option 2- Every sq. ft. on all units above a minimum size?
 - Option 3- Every sq. ft. above a certain size?
 - Option 4- A tiered fee structure?
 - Other combinations?
 - b. Based on the option chosen, what parameters would Council like to see brought back for consideration? (minimum size, etc.)
 - c. Should the affordable housing fees be set at \$0 for all deed restricted affordable housing units? Only low- and very low-income?
 - d. Should affordable fees not be applied to mobile home replacements in a mobile home park?
 - e. Should affordable fees not be applied to replacement units for residences that are involuntarily destroyed by a disaster such as fire, earthquake, landslide or other natural disaster?

4. Objective Design Standards: Should staff continue with the development of Objective Design Standards that encourage units that are affordable-by-design?

NEXT STEPS:

- Return with a draft ordinance that incorporates State Density Bonus law requirements, inclusionary requirements, and/or fees as directed by Council.
- Continue to develop Objective Design Standards and Small-Lot Subdivision Standards for multi-family and mixed-use properties.

FISCAL IMPACT:

None. There is no fiscal impact of the Council providing staff direction. Depending on the staff direction provided by the Council, implementation of the direction will result in the use of SB2 grant funds for some portion of staff time and consultant costs. Additional budgeted staff time may also be spent on the activities directed by Council. Long term revenue and costs will be described once program details are established.

ATTACHMENTS

1. EPS Nexus Study: Rental Units
2. EPS Nexus Study: For-sale Units
3. MIG Affordable Housing Tools memo

The Economics of Land Use



DRAFT Report

Affordable Housing Fee Nexus Study for Rental Housing

Prepared for:

City of Atascadero

Prepared by:

Economic & Planning Systems, Inc.

*Economic & Planning Systems, Inc.
1330 Broadway
Suite 450
Oakland, CA 94612
510 841 9190 tel*

*Oakland
Sacramento
Denver
Los Angeles*

www.epsys.com

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EXECUTIVE SUMMARY

Economic & Planning Systems, Inc. (EPS) was retained by the City of Atascadero to conduct a nexus study analyzing the impact that development of market-rate rental housing has on the demand for below-market-rate housing and, based on the results, to determine the defensible nexus-based fee that could be charged to market-rate rental development.

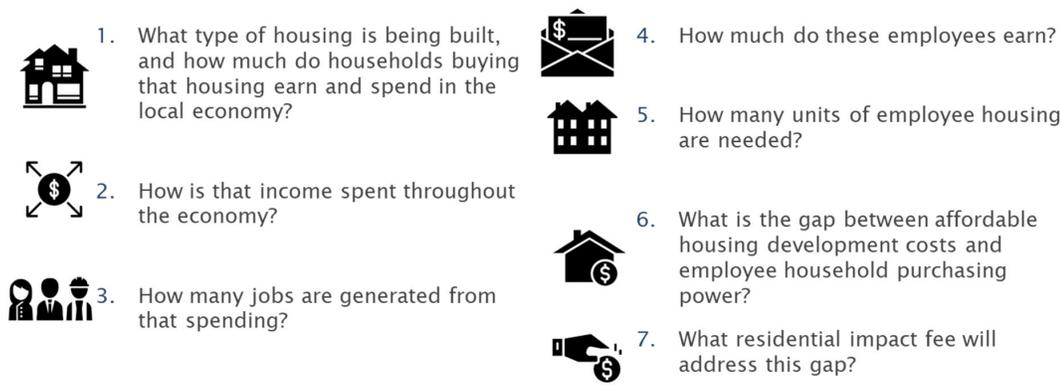
The technical approach used herein quantifies the impacts that the introduction of market-rate rental apartments have on the local economy and the demand for additional affordable housing. As new households are added to the community, local employment also will grow to provide the goods and services required by the new households. To the extent that these new jobs do not pay adequate wages for the employees to afford market-rate housing in the community, the new households' spending is creating a need for affordable housing. A nexus-based affordable housing fee is therefore based on the impact of the new market-rate homes on the demand for affordable housing. The fee calculated in this study represents the maximum fee that may be charged to new market-rate rental housing units to mitigate their impacts on the affordable housing supply. Such fees may be used by the City to subsidize the production of new affordable units for lower-income households not accommodated by market-rate projects.

Calculating the impact of market-rate rental development in the City on affordable housing needs, and the fees needed to mitigate those impacts, involves three main analytical steps:

- **Step #1.** Estimate the typical subsidy required to construct units affordable at various income levels (the "affordability gap").
- **Step #2.** Determine the market-rate households' demand for goods and services, the jobs created by that demand, and the affordable housing needs of workers in those jobs.
- **Step #3.** Combine the affordability gap with the affordable housing demand projections to compute the maximum, legally-defensible, nexus-based affordable housing fees per market-rate rental unit.

These technical steps are illustrated in **Figure 1** and detailed in the body of this Report and the attached Technical Appendices. The findings regarding each of these steps are presented below.

Figure 1 Illustration of Nexus-Based Housing Fee Methodology



1. The cost to construct housing units affordable to many households exceed those units' values based on what the households can afford to pay. The estimated subsidy required to construct affordable housing units in Atascadero ranges from roughly \$459,000 for Very Low-Income households earning up to 50 percent of AMI to \$152,000 for Moderate Income households earning up to 120 percent of AMI.

An “affordability gap analysis” evaluates whether or not the costs to construct affordable units exceed the values of units that are affordable to lower- and moderate-income households. For each affordable housing income level—households with incomes at 50, 80, and 120 percent of Area Median Income (AMI)—this analysis estimates the subsidy required to construct affordable housing units.

The affordability gap analysis assumes that the average affordable unit for all income levels will be a 2-bedroom unit in a multifamily development in a three-story building (with an average density of 24 dwelling units per acre). This prototype assumes that affordable housing developers will maximize the City’s current allowable density (24 units per acre), plus utilize the State Density Bonus (up to 50 percent of allowable density). However, due to the topography of many sites in Atascadero, it was assumed a developer would not be able to build more than 24 units per acre and that the State density Bonus would be utilized to depart from development standards to assist in achieving maximum base density. The estimated costs to construct the prototypical affordable unit are based on conversations with local market rate and affordable housing developers, as well as other development cost data sources. The cost of land acquisition is also included in the development cost calculations.

A household’s ability to pay is estimated based on standard percentages of income available for housing costs at each household income level. Income available for housing costs is then converted into a monthly affordable rent and a capitalized unit value or an affordable mortgage payment and supportable home price. This unit value is then compared to the costs of development to determine the subsidy required to make the unit affordable to each income level.

2. The demand for affordable housing generated by the expenditures of new households in Atascadero increases along with the market-rate rent price (and related renter income). For example, a studio unit that rents for \$1,750 per month is estimated to create demand for 0.142 affordable housing units, while a 3-bedroom unit that rents for \$3,000 per month creates demand for 0.218 affordable units.

Any justified nexus-based fee is based on the total demand for affordable housing units generated by the construction of market-rate units. The link (or nexus) between market-rate housing and increased demand for affordable housing is that residents of market-rate units demand goods and services that rely on wage earners (for example, retail sales clerks) some of whom typically cannot afford market-rate housing and thus require affordable housing.

Because more expensive housing units require renters to have higher incomes, and higher income households create more jobs through their spending, the nexus impacts and thus the justified fees for rental units vary according to the rental price range of the market-rate units. Typically, larger apartments (i.e., more bedrooms) command higher rents, so their occupants are required to have higher household incomes than renters of smaller units. Thus, larger units create more jobs as a result of their occupants' spending. Consequently, nexus impacts and the justified fees for market-rate rental apartments vary by unit size.

This analysis evaluates the demand for affordable housing generated by a range of for-rent unit sizes. For each unit size, the demand-based nexus fee calculation involves the following steps:

A. Market-Rate Household Income Levels. The expected rental price of the unit is based on market data regarding the actual asking rents of apartments of various sizes. The required income levels of households occupying new market-rate, rental housing are derived based on the rental rate, assuming standard housing cost expenses as a proportion of overall household income. For example, a typical household renting a market-rate one-bedroom unit for around \$2,200 per month would have an income of roughly \$98,800, if it spends 30 percent¹ of its income on housing costs (rent and utilities).

B. Household Expenditures. Based on the household income computed in Step A, Consumer Expenditure Survey data is used to evaluate the typical spending patterns of the household. This analysis provides an estimate of how much the household spends on specific categories of expenditures, such as "Food at Home." The survey consists of two components — the Interview Survey and the Diary Survey — each with its own sample. The surveys collect data on expenditures, income, and consumer unit characteristics. As the households' income increases along with the price and size of the market-rate units, the total spending on goods and services also increases. The Consumer Expenditure Survey also indicates that these relationships are not linear (e.g., a household with twice the income does not necessarily spend twice as much on food). While expenditures do

¹ California Health and Safety Code Section 50053 specifies that affordable housing cost for rental units is 30 percent of gross income for all income categories. Note that this differs from the State's defined affordable housing cost for for-sale units, which is up to 35 percent of gross income.

increase with income, the relationship is not linear (i.e., household expenditures do not increase at the same proportion that incomes go up).

C. Job Creation and Worker Households. Having estimated the households' spending on various items, that spending is then converted into an estimate of jobs created. For each expenditure category, data regarding average worker wages and the ratio between gross business receipts and wages are used to translate these household expenditures into the total number of private-sector workers. Because each new worker does not represent an independent household (Atascadero has an average of 1.71 workers per working household), the total number of new households created is somewhat less than the number of new jobs created. This analysis assumes that workers form households with others with similar wages. EPS has further adjusted the household formation rates to reflect the fact that a certain proportion of workers will *not* form their own households, particularly those of younger ages.²

D. Worker Households by Income Category. Each worker household generated is assigned to an income category—represented as a proportion of AMI ranging from 50 to 120 percent—based on its estimated gross wages. This provides the total number of households generated at each income level by construction of market-rate units at various sizes and price points. The results indicate that residents of smaller, lower-priced units generate fewer worker households requiring affordable housing than do residents of larger, higher-priced units.

These steps of the nexus-based fee calculation provide the total number of income-qualified workers required to meet the needs for goods and services generated by market-rate rental housing. The number of workers providing goods and services to occupants of market-rate housing (at each apartment unit size) is then converted to total income-qualified households and each such household is assumed to require one housing unit.

3. This analysis calculates the fees that could be charged to fully mitigate the impact that new market-rate housing has on Atascadero's affordable housing demand at various representative unit sizes. These fees could range from \$37,677 for studio apartments to \$56,685 for 3-bedroom apartments, or could be justified at approximately \$47.24 per square foot.

The nexus fee is calculated by applying the number of affordable units needed by income qualified households to the affordability gap for each housing income category. This calculation is made for several different apartment sizes based on bedroom counts. **Table 1** summarizes the maximum nexus-based fees calculated for representative rental unit sizes. Should the City prefer to adopt a flat fee per square foot rather than adjusting the fee based on the number of bedrooms, this analysis suggests that the maximum justifiable fee could be \$47.24 per square foot, as that is the lowest maximum fee level calculated. In many cases, this fee will need to be adjusted down to a reasonable and feasible fee for new development.

² BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers overall (this factor is applied to other industries). EPS has assumed that such young workers do not form their own households and has not included them in the household formation calculations.

The City may also consider whether to allow developers to provide affordable apartment units within their projects, rather than paying the nexus-based fee. **Table 1** illustrates the proportions of affordable units that correspond to the fee calculation and demands created by the market-rate units. For instance, a project offering two-bedroom units would effectively mitigate the demand being created by the market-rate units if it provided 0.190 affordable units for each market-rate unit.

Table 1 Summary of Maximum Supportable Nexus-Based Housing Fees or Unit Requirements In-Lieu of Fees

Rental Unit Size	Square Footage	Monthly Rent	Nexus-Based Fees		Unit Requirements by Income Level			Total
			Fee per Unit	Per Sq.Ft.	VLJ (<50% of AMI)	Low (<80% of AMI)	Moderate (<120% of AMI)	
Studio	500	\$1,750	\$37.677	\$75.35	7.1%	4.3%	2.8%	14.2%
1-Bedroom	750	\$2,200	\$45.295	\$60.39	8.7%	5.3%	3.2%	17.2%
2-Bedroom	900	\$2,600	\$49.730	\$55.26	9.6%	6.1%	3.3%	19.0%
3-Bedroom	1,200	\$3,000	\$56.685	\$47.24	11.1%	7.0%	3.7%	21.8%

Sources: City of Atascadero; HCD Income Limits 2021; RedFin.com; 2017 U.S Economic Census; Consumer Expenditure Survey, U.S. Bureau of Labor Statistics, September, 2020; Economic & Planning Systems, Inc.

4. While a nexus-based relationship is not typically required for cities to adopt inclusionary housing standards, Table 1 shows that the City of Atascadero could justify an inclusionary requirement of at least 14 percent from a nexus perspective.

Inclusionary ordinances in California vary widely but commonly require 10 to 15 percent affordable units. California jurisdictions commonly adopt inclusionary standards based on policy preferences rather than nexus analysis such as this report, but this analysis indicates that the impact of new rental housing could justify an inclusionary requirement of at least 14.2 percent as that is the lowest impact-based figure calculated. **Table 1** also suggests that very low-income units represent a large portion of the units demanded based on the spending of new rental housing occupants, but again jurisdictions commonly adopt inclusionary housing income standards based on considerations other than the nexus-based impact.

1. AFFORDABILITY GAP ANALYSIS

For any nexus-based affordable housing fee calculation, it is necessary to estimate the subsidy required to construct affordable housing units. **Table 2** shows the subsidy needed to produce housing that is affordable to very low-, low-, and moderate-income households (50 through 120 percent of AMI).

Product Type

While the nexus fees calculated herein are based on demands created by market-rate rental housing, the analysis assumes that new lower-income worker households would actually be housed in developments that are 100 percent affordable units (in order to determine the cost of construction for such units). The affordable units are assumed as apartments at 24 units per acre with surface parking, reflecting the assumption that affordable apartment builders would maximize the City's current allowable density (24 units per acre), plus utilize the State density bonus program to implement development standard concessions in addition to granting a 50 percent increase in base density.

In order to determine the average household size of future affordable housing units, EPS used two estimates from the US Census 2015-2019 American Community Survey (ACS)—the average household size for working households in Atascadero being 2.56, and average family size being 3.04. Rounding these averages, EPS compared the estimated household wage with the income thresholds for a 3-person household to identify the income category into which each occupation would fall for new units.

California State law (California Health and Safety Code Section 50052.5) assumes that a 2-bedroom unit is occupied by a 3-person household, and this assumption is used in this analysis. Commonly, a 2-bedroom rental unit in the Central Coast of California has a gross size of about 1,000 square feet (accounting for shared lobbies, hallways, etc.) and a net size of 900 square feet. This analysis estimates the subsidy required to build rental housing for the lower-income worker households.

Table 2 Affordability Gap Analysis

Item	3-Story Multifamily Building with Surface Parking		
	Very Low Income (50% AMI)	Low Income (80% AMI)	Moderate Income (120% AMI)
Development Program Assumptions			
Density/Acre [1]	24	24	24
Gross Unit Size	1,000	1,000	1,000
Net Unit Size	900	900	900
Number of Bedrooms	2	2	2
Number of Persons per 2-bedroom Unit [2]	3	3	3
Parking Spaces/Unit	2.00	2.00	2.00
Cost Assumptions			
Land/Acre [3]	\$650,000	\$650,000	\$650,000
Land/Unit	\$27,083	\$27,083	\$27,083
Direct Costs			
Site Preparation Cost per Land Square Foot	\$10	\$10	\$10
Site Preparation Cost per Unit	\$18,200	\$18,200	\$18,200
Direct Construction Costs/Gross SF [4]	\$350	\$350	\$350
Direct Construction Costs/Unit	\$350,000	\$350,000	\$350,000
Parking Construction Costs/Space	\$5,000	\$5,000	\$5,000
Parking Construction Costs/Unit	\$10,000	\$10,000	\$10,000
Subtotal, Direct Costs/Unit	\$378,200	\$378,200	\$378,200
Indirect Costs as a % of Direct Costs [5]	35%	35%	35%
Indirect Costs/Unit [6]	\$132,370	\$132,370	\$132,370
Developer Return (% of all costs)	14%	14%	14%
Return Amount	\$75,271	\$75,271	\$75,271
Total Cost/Unit (rounded)	\$613,000	\$613,000	\$613,000
Maximum Supported Home Price			
Household Income [7]	\$44,050	\$70,450	\$105,600
Income Available for Housing Costs/Year [8]	\$13,215	\$21,135	\$31,680
(less) Operating Expenses per Unit/Year [9]	(\$6,000)	(\$6,000)	(\$10,000)
Net Operating Income	\$7,215	\$15,135	\$21,680
Capitalization Rate [10]	4.7%	4.7%	4.7%
Total Supportable Unit Value [11]	\$154,000	\$322,000	\$461,000
Affordability Gap	\$459,000	\$291,000	\$152,000

[1] Based on City Staff input. Density assumes state density bonus is utilized but also reflects topographical limitations in the City

[2] An average of 3 persons is used for this analysis based on Census data indicating the average family size in Atascadero and State law (Health and Safety Code Section 50052.5) indicates that a 2-bedroom unit should be assumed to be occupied by a 3-person household. Thus, EPS has assumed an average unit for income-qualified worker households would be 2-bedrooms.

[3] Based on CoStar data on land transactions in the Atascadero area since 2016.

[4] Includes on-site work, offsite work, vertical construction, general requirements, overhead and builder fees. The cost estimate reflects wood-frame construction above podium parking. Assumes workers are paid prevailing wage.

[5] Includes on-site work, offsite work, vertical construction, general requirements, overhead and builder fees. The cost estimate reflects

[6] Includes costs for architecture and engineering; entitlement and fees; project management; appraisal and market study; marketing,

[7] Based on 2021 income limits for a three person household in San Luis Obispo County.

[8] Operating expenses are generally based on EPS feasibility studies in the region and are inclusive of utility costs; units at or below 80% of AMI are assumed to be built as non-profit and are therefore exempt from property taxes. Property taxes are assumed to comprise a share of the operating expenses for the moderate income category.

[9] Operating expenses are generally based on EPS feasibility studies in the region and are inclusive of utility costs; units at or below 80% of AMI are assumed to be built as non-profit and are therefore exempt from property taxes. Property taxes are assumed to comprise a share of the operating expenses for the moderate income category.

[10] The capitalization rate is used to determine the current value of a property based on estimated future operating income, and is typically a measure of estimated operating risk. Obtained from CoStar for Atascadero multifamily developments.

[11] The total supportable unit value is determined by dividing the net operating income by the capitalization rate.

Sources: City of Atascadero; HCD; CoStar; and Economic & Planning Systems, Inc.

Development Cost Assumptions

Affordable housing development costs include land costs, direct costs (e.g., labor and materials), and indirect or “soft” costs (e.g., architecture, entitlement, marketing, etc.). Operating costs, including property maintenance, common utilities, advertising, leasing, and property taxes (where applicable) also must be incorporated into the analysis. Data from recent Atascadero developments and recent Atascadero land transactions have been combined with EPS’s information from various market-rate and affordable housing developers to estimate appropriate development cost assumptions for use in Atascadero. These assumptions are shown on **Table 2**.

Revenue Assumptions

To calculate the values of the affordable units, assumptions must be made regarding the applicable income level (moderate, low, and very low) and the percentage of income spent on housing costs. In addition, translating these assumptions into unit prices and values requires estimates of operating expenses, capital reserves, and capitalization rates. The following assumptions were used in these calculations:

- *Income Levels*—This analysis estimates the subsidy required to produce units for three-person households earning up to 50, 80, and 120 percent of AMI. In 2021, AMI in San Luis Obispo County for these households was \$88,000, as shown in the California Department of Housing and Community Development’s (HCD’s) income limits chart (see **Table 3**).
- *Percentage of Gross Household Income Available for Housing Costs*—HCD standards on overpaying for rent indicate that households should pay no more than 30 percent of their gross income on rental housing costs. For this analysis, EPS has assumed that households spend 30 percent of their gross income on rental housing costs.
- *Operating Costs for Rental Units*— Based on conversations with developers and property managers, the analysis assumes that apartment operators incur annual operating costs of \$6,000 per unit, which include the cost of utilities, for units affordable at 80 percent of AMI or below. EPS has assumed the units for moderate income households would have similar operating costs but would be built by for-profit builders and thus also subject to property taxes, increasing their annual operating cost to \$10,000 per unit.

Table 3 Income Limits for Affordable Housing

Affordability Category	Maximum Percentage of County Median	2021 Max Income [1] 3-person household
Extremely Low Income (ELI)	0% - 30%	\$26,450
Very Low Income (VLI)	50%	\$44,050
Low Income (LI)	80%	\$70,450
Median Income	100%	\$88,000
Moderate Income (Mod)	120%	\$105,600

[1] 2021 HCD maximum income thresholds are used to translate employment, wages and total worker household incomes to affordable housing categories and to compute supportable housing costs based on household income levels.

Sources: CA Department of Housing and Community Development; Economic & Planning Systems, Inc.

Affordability Gap Results

Table 2 shows the estimated subsidies for construction of affordable rental units for very low, low, and moderate-income households. As shown, the cost to construct a unit of affordable housing is approximately \$613,000 per unit.

- A household earning 50 percent of AMI can afford rents that translate to unit valuation of \$154,000, resulting in a required subsidy of \$459,000.
- A household earning 80 percent of AMI can afford rents that translate to unit valuation of \$322,000, resulting in a required subsidy of \$291,000.
- A household earning 120 percent of AMI can afford rents that translate to unit valuation of \$461,000, resulting in a required subsidy of \$152,000.

These housing affordability gaps then were used to calculate the justifiable nexus-based fees by multiplying this required subsidy by the number of units required to house workers providing goods and services to new market-rate housing development. This methodology is discussed in more detail in the following chapter.

It is worth noting that the affordability gaps estimated in this analysis are not as large as they might be using other also-valid assumptions. For example, the funding gaps for low-income units assume that prices are set at 80 percent of median income, while State law suggest low-income unit prices may be set at 70 percent of median income, or even 60 percent of AMI. This methodology used by EPS yields higher unit values and thus results in lower maximum fees than the City's current practices would yield, and has been used by EPS to preempt objections that the assumptions and calculations overstate the actual funding gap for affordable units.

2. DEMAND-BASED NEXUS FEE CALCULATION

The maximum supportable nexus-based fees are based on both the affordability gap and the estimated impact that new market-rate rental units have on the need for affordable units, as reflected in the number of income-qualified local workers required to support the residents of market-rate apartments and the total subsidy required to construct housing for those workers. This approach is based on the following logic: (a) residents of market-rate housing have disposable incomes and require a variety of goods and services, (b) the provision of those goods and services will require some workers who make moderate or lower incomes and cannot afford market-rate housing, and (c) fees charged to market-rate projects can mitigate the impact of those projects on the increased need for affordable housing.

Market-Rate Household Income Levels

The link (or nexus) between market-rate housing and increased demand for affordable housing is that residents of market-rate units demand goods and services that rely on wage earners (for example, retail sales clerks) some of whom may not be able to afford market-rate housing.

Because more expensive market-rate rental housing units require tenants to have higher incomes, *and* higher income households create more jobs through their spending, the nexus impacts and thus the justified fees for units vary in relation to the rents of the market-rate units. The rent associated with a particular unit is often a function of its size. To assess the impact that market-rate rental units have on the need for affordable housing, EPS estimated the typical income required to rent a market-rate apartment at various bedroom sizes in Atascadero, as shown in **Table 4**.

Average rents for various apartment sizes (studio, and 1-, 2-, and 3-bedrooms) are based on a survey of rental rates for three market-rate multifamily projects recently developed in Atascadero. New apartment rents are significantly higher, on average, than rental rates for existing rental housing stock, both because the newer units are of better-than-average quality and because the higher rents are required to cover the costs of construction. The rents for the most recent apartment projects were used, rather than average rents for all apartments, because these newer apartments best represent the rents that can be expected with new market-rate apartment development.

Assuming utility costs for each unit size based on the Housing Authority Utility Allowance for San Luis Obispo County, the minimum household income needed to rent each unit is then computed, predicated on the assumption that a household will spend 30 percent of their income on housing costs (rent and utility payments). As shown, required household incomes range from approximately \$80,000 for a studio apartment to roughly \$135,300 for a 3-bedroom apartment. Changes in housing market and financing conditions can have a significant effect on the calculations in this study.

Household Expenditures and Job Creation by Income Level

Having established the income requirements for renting apartments of various sizes, the fee calculation then requires an analysis of the household spending patterns at those required income levels.

Table 4 Required Income by Unit Type - Market-Rate Rental Apartments

Unit Size	Required Income by Unit Type				Annual Household Income Required [3]
	Average Monthly Rent [1]	Monthly Utility Cost [2]	Subtotal Rent and Utilities	Annual Rent and Utility Expenditures	
Studio	\$1,750	\$251	\$2,001	\$24,012	\$80,000
1-Bedroom	\$2,200	\$269	\$2,469	\$29,628	\$98,800
2-Bedroom	\$2,600	\$325	\$2,925	\$35,100	\$117,000
3-Bedroom	\$3,000	\$382	\$3,382	\$40,584	\$135,300

[1] Based on Apartments.com data for multifamily rentals in the Greater San Luis Obispo Region.

[2] Based on the San Luis Obispo County Housing Authority Utility Allowance (assumes natural gas).

[3] Assumes renting households spend 30% of gross income on housing expenses.

Source: City of Atascadero; HCD; Economic & Planning Systems, Inc.

The Consumer Expenditure Survey from the United States Bureau of Labor Statistics provides data for households at a variety of income levels, detailing the amounts that typical households spend on things like Food at Home, Apparel and Services, and Vehicle Maintenance and Repairs. Interestingly, household expenditures by category are not uniformly proportional to household income levels. For example, households earning around \$80,000 (adequate to rent a studio apartment) spend roughly 12.8 percent of their income on food and drink (at home and eating out), while households earning \$135,000 who can afford to rent a three-bedroom apartment spend only about 10.6 percent of their income on food and drink. Because of these and other differences in proportionate spending, the expenditure profile varies at different income levels. Higher earning households do generate higher numbers of jobs than lower earning households, but it is not a linear relationship (i.e., a household earning \$160,000 per year does not generate more than twice the number of jobs as a household earning \$80,000 per year).

The renter household's typical expenditures were converted to the number of jobs created by their spending. The first step in this process is to determine how much of an industry's gross receipts are used to pay wages and employee compensation. EPS relied on data from the Economic Census,³ which provides employment, gross sales, and payroll data by industry for San Luis Obispo County. In certain instances, where local data was not available for every Economic Census industry, EPS relied on statewide Economic Census data for that industry.

To link the Economic Census data and the Consumer Expenditure Survey data, EPS made determinations as to the industries involved with expenditures in various categories. For example, purchases in the Consumer Expenditure Survey's "Food at Home" category would likely involve the Economic Census's "Food & Beverage Stores" industry, where gross receipts were more than nine times the employees' wages. By contrast, purchases in the Consumer Expenditure Survey's "Entertainment Fees and Admissions" category were attributed to the Economic Census' "Arts, Entertainment, and Recreation" industry, where gross receipts are only about four times the employees' wages. Where more than one Economic Census category was attributable to a Consumer Expenditure Survey category, EPS estimated the proportion of expenditures associated with each Economic Census category.

After determining the amount of the household's expenditures that were used for employee wages, EPS estimated the number of employees those aggregate wages represent. EPS calculated the number of workers supported by that spending using the average wage per worker (also from the 2017 Economic Census). These wages ranged from a low of roughly \$19,500 per year for workers in the clothing and clothing accessories industry to a high of more than \$100,000 for legal services.

³ Note that the Consumer Expenditure Survey data is based on information current as of 2019. The latest data available for the Economic Census was published in 2017. EPS converted all numbers to 2021 dollars using the Consumer Price Index (CPI) for the San Francisco Metropolitan Statistical Area (MSA) from the Bureau of Labor Statistics.

A range of occupations and incomes exist in a given industry sector. For instance, the methodology used to generate **Tables B-1 to B-4** in **Appendix B** distinguishes between the typical incomes of workers in different types of retail stores (e.g., “food and beverage stores” versus “general merchandise stores”), rather than assuming all retail sector workers earn the same income. However, the average wage is used for each sub-category of industry employment and represents a reasonable proxy for the range of incomes in that group. Using the average approximates the total housing subsidy needed by workers in that industry.

To calculate the number of *households* supported by the expenditures of market-rate housing units, EPS estimated the employees’ household formation rates. Employees generated from the increase in housing units do not all form households; some employees, in the retail and food services industries in particular, are young workers and do not form households. Data from the Bureau of Labor Statistics indicates that 12.5 percent of retail/restaurant workers are age 16 to 19, but an average of only 1.9 percent of workers in the workforce overall. EPS applied these discounts to household formation by type of business to get a more accurate calculation of households formed by the employees and the average total incomes of those households.

To get the overall households’ income rather than the individual workers’, the wages of workers forming households were multiplied by the average of approximately 1.69 workers per working household in Atascadero.⁴ This assumption implies the workers in a given household will have roughly equivalent pay per hour. While certainly there will often be some variation in wages per employee within a household, on average this assumption is reasonable because it implies comparable levels of education and training among all workers in a household. The average household incomes then are allocated to various income categories to estimate the number of affordable housing units demanded in each income category (50 through 120 percent of AMI).

A simplified example of these calculations follows:

A.	Number of Households (prototype project)	1,000
B.	Average Household Income	\$125,000
C.	Aggregate Household Income (A x B)	\$125 million
D.	Average Income Spent on Retail (Consumer Expenditure Survey)	\$40,000
E.	Aggregate Retail Spending (A x D)	\$40 million
F.	Retail Gross Receipts: Payroll Ratio (Economic Census)	9:1
G.	Estimated Retail Payroll (E ÷ F)	\$4.44 million
H.	Average Retail Wage (Economic Census)	\$28,500
I.	Estimated Total Retail Jobs (G ÷ H)	156
J.	Percent Age 20+ (Bureau of Labor Statistics)	87.5%
K.	Total Retail Workers Forming Households	136
J.	Average Workers/Household (Census Data)	1.71
K.	Estimated Households Created (K ÷ J)	80
L.	Average Household Income (H x J)	\$45,000
M.	Income Category	Low-Income (up to 80% of AMI)

⁴ Workers per working household based on American Community Survey (ACS) Census data as of 2019. Although ACS data reported is based on historical figures, these figures can vary somewhat based on ongoing revisions to the ACS data.

In this simplified example, 1,000 new market-rate apartments rented to households earning \$125,000 per year would create demand for 80 housing units for retail workers with household incomes typically between 50 and 80 percent of AMI. Actual calculations and impact distinctions by type of household expenditure for various rental unit sizes are shown in the series of tables presented in **Appendix B**.

Demand for Income-Qualified Workers

The total number of income-qualified households required to support the expenditure needs of new market-rate units were determined based on the affordable housing income limits from HCD for a 3-person household. **Table 3** summarizes the HCD income limits used to compute the total number of income-qualified households generated by construction of market-rate units.⁵ The number of income-qualified households required to provide goods and services to new housing units is detailed in **Appendix B**.

The nexus methodology used herein computes the total number of income-qualified households generated by market-rate units (as shown in **Table 5**) and calculates the impact fee based on the estimated cost to subsidize the production of units to meet that affordable housing demand. This analysis assumes that the fees on residential development will fund required affordable housing for all new workers generated.

Table 5 Summary of Worker and Household Generation per 100 Market-Rate Units

Unit Type	Minimum Household Income Requirement	Total Workers Generated [1]	Total Worker Households [2]	Total Income Qualified Households [3]	Income Qualified Households by Income Category		
					VLI Households	LI Households	Moderate Income Households
Rental Units							
Studio	\$80,000	30	16.1	14.2	7.1	4.3	2.8
1-Bedroom	\$98,800	36	19.3	17.2	8.7	5.3	3.2
2-Bedroom	\$117,000	40	21.2	19.0	9.6	6.1	3.3
3-Bedroom	\$135,300	45	24.1	21.8	11.1	7.0	3.7

[1] Total workers generated detailed by unit price point and rental apartment size in Tables B-1 through B-4.

[2] Total worker households derived assuming 1.71 workers per household. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

[3] Total income qualified households reflects those households eligible for affordable housing based on total household income. Income qualified households therefore exclude households earning above moderate income. See Tables B-1 through B-4 for detail. Total may not sum due to rounding.

Source: Economic & Planning Systems, Inc.

⁵ To correspond to the available data regarding employee wages, the 2021 San Luis Obispo County affordable housing income limits from HCD were used to determine the number of income-qualified households based on household expenditures.

Fee Calculation

The affordability gap analysis quantifies the subsidy required to construct affordable housing at various income levels. Analysis of consumer expenditures that rely on lower wage workers provides an estimate of the total number of income-qualified households generated by new for-rent units. Then for each category of market-rate rental units, the nexus-based fee is calculated by applying the total number of income-qualified households generated to the affordability gap computed for each affordable household income level. The analysis provides the maximum supportable nexus-based fees for new rental housing development in Atascadero.

Tables 6 through **9** show the impact fee calculation by number of bedrooms for rental units. The total impact fees required for a representative project of 100 units is calculated by multiplying the number of affordable units required per income level by the cost of subsidizing such housing. All income-qualified households are assumed to be housed in multifamily units and the subsidies needed are calculated as the affordability gaps shown in **Table 2**. The resulting maximum impact fee for market-rate rental units ranges from \$37,677 for a studio apartment to \$56,685 for a 3-bedroom apartment.

These fee estimates result in the maximum fee range of between \$47 and \$75 per square foot. While the City has the option of adopting fees up to the maximum levels calculated, there may be a variety of reasons to adopt the fee level below the maximum, including concerns about affecting the feasibility of new housing construction. The goal is to balance the competing objectives of generating revenue to support affordable housing in the community while not overburdening new development. EPS is evaluating the level of fees that may be feasible in current market conditions and will document these findings in a separate deliverable.

Table 6 Nexus-Based Housing Fee Calculations (For-Rent Studio Apartment)

Item	Affordable Units Required Per 100 Market-Rate Units [1]	Affordability Gap per Affordable Unit [2]	Total Nexus-Based Fee Supported		
			Per 100 Market-Rate Units	Per Market-Rate Unit	Per Sq.Ft.
	(A)	(B)	(C = A * B)	(D = C / 100)	
Affordable Units - Very Low Income	7.1	\$153,511	\$1,082,262		
Affordable Units - Low Income	4.3	\$322,021	\$1,389,876		
Affordable Units - Moderate Income	<u>2.8</u>	\$461,277	<u>\$1,295,612</u>		
Total	14.2		\$3,767,749	\$37,677	\$75.35

[1] See Table 5.

[2] See Table 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

Source: Economic & Planning Systems, Inc.

Table 7 Nexus-Based Housing Fee Calculations (For-Rent 1-Bedroom Apartment)

Item	Affordable Units Required Per 100 Market-Rate Units [1]	Affordability Gap per Affordable Unit [2]	Total Nexus-Based Fee Supported		
			Per 100 Market-Rate Units	Per Market-Rate Unit	Per Sq.Ft.
	(A)	(B)	(C = A * B)	(D = C / 100)	
Affordable Units - Very Low Income	8.7	\$153,511	\$1,336,593		
Affordable Units - Low Income	5.3	\$322,021	\$1,716,496		
Affordable Units - Moderate Income	<u>3.2</u>	\$461,277	<u>\$1,476,389</u>		
Total	17.2		\$4,529,478	\$45,295	\$60.39

[1] See Table 5.

[2] See Table 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

Source: Economic & Planning Systems, Inc.

Table 8 Nexus-Based Housing Fee Calculations (For-Rent 2-Bedroom Apartment)

Item	Affordable Units Required Per 100 Market-Rate Units [1]	Affordability Gap per Affordable Unit [2]	Total Nexus-Based Fee Supported		
	(A)	(B)	Per 100 Market-Rate Units (C = A * B)	Per Market-Rate Unit (D = C / 100)	Per Sq.Ft.
Affordable Units - Very Low Income	9.6	\$153,511	\$1,473,463		
Affordable Units - Low Income	6.1	\$322,021	\$1,958,615		
Affordable Units - Moderate Income	<u>3.3</u>	\$461,277	<u>\$1,540,939</u>		
<i>Total</i>	<i>19.0</i>		<i>\$4,973,017</i>	<i>\$49,730</i>	<i>\$55.26</i>

[1] See Table 5.

[2] See Table 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

Source: Economic & Planning Systems, Inc.

Table 9 Nexus-Based Housing Fee Calculations (For-Rent 3-Bedroom Apartment)

Item	Affordable Units Required Per 100 Market-Rate Units [1]	Affordability Gap per Affordable Unit [2]	Total Nexus-Based Fee Supported		
	(A)	(B)	Per 100 Market-Rate Units (C = A * B)	Per Market-Rate Unit (D = C / 100)	Per Sq.Ft.
Affordable Units - Very Low Income	11.1	\$153,511	\$1,703,928		
Affordable Units - Low Income	7.0	\$322,021	\$2,264,963		
Affordable Units - Moderate Income	<u>3.7</u>	\$461,277	<u>\$1,699,631</u>		
<i>Total</i>	<i>21.8</i>		<i>\$5,668,522</i>	<i>\$56,685</i>	<i>\$47.24</i>

[1] See Table 5.

[2] See Tables 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

Source: Economic & Planning Systems, Inc.



APPENDICES:

Appendix A: Household Expenditures and
Employment Generation

Appendix B: Income Levels for Worker Households

APPENDIX A:
Household Expenditures and
Employment Generation



**Table A-1
Household Expenditures and Employment Generation - For Rent Studio Apartment
City of Atascadero Rental Housing Fee; EPS# 211050**

Item		% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Calculation		<i>a</i>	<i>b</i>	<i>c</i>	<i>d = c * 1,000</i>	<i>e</i>	<i>f = d / e</i>	<i>g</i>	<i>h = f / g</i>	<i>i</i>	<i>j</i>	<i>k = h * i / j</i>	<i>l = g * j</i>	
Required Income	\$80,000													
Food at Home		7.2%	100%	\$5,738										
Food & Beverage Stores			100%	\$5,738	\$5,737,588	9.40	\$610,703	\$30,692	19.9	87.5%	1.71	10.2	\$52,599	LI Households
Food Away From Home		5.6%	100%	\$4,481										
Food Services and Drinking Places			100%	\$4,481	\$4,481,398	3.20	\$1,400,124	\$19,920	70.3	87.5%	1.71	35.9	\$34,137	VLI Households
Alcoholic Beverages		0.9%	100%	\$759										
Food & Beverage Stores			50%	\$380	\$379,717	9.40	\$40,417	\$30,692	1.3	87.5%	1.71	0.7	\$52,599	LI Households
Food Services and Drinking Places			50%	\$380	\$379,717	3.20	\$118,635	\$19,920	6.0	87.5%	1.71	3.0	\$34,137	VLI Households
Housing Maintenance, Repairs, Insurance, Other expenses		1.8%	100%	\$1,424										
Personal and Household Goods Repair and Maintenance			45%	\$641	\$640,593	3.30	\$194,177	\$25,686	7.6	98.1%	1.71	4.3	\$44,019	VLI Households
Building Material and Garden Equipment and Supplies Dealer			45%	\$641	\$640,593	9.23	\$69,393	\$36,992	1.9	87.5%	1.71	1.0	\$63,394	LI Households
Real Estate and Rental and Leasing			10%	\$142	\$142,354	5.23	\$27,199	\$43,536	0.6	98.1%	1.71	0.4	\$74,608	Moderate
Fuel oil and Other fuels [7]		5.6%	100%	\$4,478										
Nonstore Retailers			100%	\$4,478	\$4,478,221	7.83	\$572,209	\$42,161	13.6	87.5%	1.71	6.9	\$72,252	Moderate
Water and Other Public Services [7]		1.2%	100%	\$925										
Waste Management and Remediation Services			100%	\$925	\$924,666	4.11	\$224,888	\$59,559	3.8	98.1%	1.71	2.2	\$102,068	Moderate
Household Operations Personal Services		0.8%	100%	\$638										
Nursing and Residential Care Facilities			40%	\$255	\$255,051	2.20	\$116,065	\$33,109	3.5	98.1%	1.71	2.0	\$56,740	LI Households
Social Assistance [8]			60%	\$383	\$382,576	2.98	\$128,231	\$27,179	4.7	98.1%	1.71	2.7	\$46,578	LI Households
Household Operations Other Household Expenses		1.3%	100%	\$1,058										
Services to Buildings and Dwellings			100%	\$1,058	\$1,057,931	2.91	\$363,690	\$75,555	4.8	98.1%	1.71	2.8	\$129,482	Above Mod
Housekeeping Supplies		1.0%	100%	\$800										
Building Materials and Garden Equipment and Supplies Dealers			10%	\$80	\$79,968	9.23	\$8,663	\$36,992	0.2	87.5%	1.71	0.1	\$63,394	LI Households
Food & Beverage Stores			35%	\$280	\$279,889	9.40	\$29,791	\$30,692	1.0	87.5%	1.71	0.5	\$52,599	LI Households
General Merchandise			35%	\$280	\$279,889	11.23	\$24,930	\$30,374	0.8	87.5%	1.71	0.4	\$52,053	LI Households
Miscellaneous Store Retailers			20%	\$160	\$159,936	6.97	\$22,953	\$23,032	1.0	87.5%	1.71	0.5	\$39,471	VLI Households

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a Studio Unit requires a household income of \$90,000 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Luis Obispo County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-1
Household Expenditures and Employment Generation - For Rent Studio Apartment
City of Atascadero Rental Housing Fee; EPS# 211050**

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Household Furnishings and Equipment	3.1%	100%	\$2,484										
Furniture and Home Furnishings Stores		40%	\$994	\$993,513	6.99	\$142,034	\$33,865	4.2	87.5%	1.71	2.1	\$58,035	LI Households
Electronics and Appliance Stores		40%	\$994	\$993,513	6.84	\$145,293	\$33,179	4.4	87.5%	1.71	2.2	\$56,860	LI Households
General Merchandise Stores		10%	\$248	\$248,378	11.23	\$22,123	\$30,374	0.7	87.5%	1.71	0.4	\$52,053	LI Households
Miscellaneous Store Retailers		10%	\$248	\$248,378	6.97	\$35,646	\$23,032	1.5	87.5%	1.71	0.8	\$39,471	VLI Households
Apparel and Services	2.9%	100%	\$2,290										
Clothing and Clothing Accessories Stores		40%	\$916	\$915,980	8.08	\$113,433	\$18,852	6.0	87.5%	1.71	3.1	\$32,307	VLI Households
General Merchandise		40%	\$916	\$915,980	11.23	\$81,587	\$30,374	2.7	87.5%	1.71	1.4	\$52,053	LI Households
Miscellaneous Store Retailers		10%	\$229	\$228,995	6.97	\$32,864	\$23,032	1.4	87.5%	1.71	0.7	\$39,471	VLI Households
Personal and Household Goods Repair and Maintenance		5%	\$114	\$114,498	3.30	\$34,706	\$25,686	1.4	87.5%	1.71	0.7	\$44,019	VLI Households
Dry cleaning and Laundry Services		5%	\$114	\$114,498	3.30	\$34,706	\$25,686	1.4	87.5%	1.71	0.7	\$44,019	VLI Households
Vehicle Purchases (net outlay)	5.2%	100%	\$4,185										
Motor Vehicle and Parts Dealers		100%	\$4,185	\$4,184,827	10.73	\$389,884	\$50,376	7.7	87.5%	1.71	4.0	\$86,331	Moderate
Gasoline and motor oil	3.6%	100%	\$2,849										
Gasoline Stations		100%	\$2,849	\$2,849,199	30.62	\$93,038	\$25,561	3.6	87.5%	1.71	1.9	\$43,804	VLI Households
Vehicle Maintenance and Repairs	1.4%	100%	\$1,131										
Repair and Maintenance		100%	\$1,131	\$1,131,206	3.37	\$335,357	\$28,937	11.6	98.1%	1.71	6.6	\$49,591	LI Households
Medical Services	1.5%	100%	\$1,233										
Ambulatory Health Care Services		40%	\$493	\$493,155	2.60	\$189,427	\$62,611	3.0	98.1%	1.71	1.7	\$107,299	Above Mod
General Medical and Surgical Hospitals		30%	\$370	\$369,866	4.40	\$84,050	\$27,115	3.1	98.1%	1.71	1.8	\$46,469	LI Households
Nursing and Residential Care Facilities		30%	\$370	\$369,866	2.20	\$168,314	\$33,109	5.1	98.1%	1.71	2.9	\$56,740	LI Households
Drugs	0.7%	100%	\$540										
Health and Personal Care Stores		100%	\$540	\$540,183	9.35	\$57,779	\$36,944	1.6	87.5%	1.71	0.8	\$63,313	LI Households
Medical Supplies	0.3%	100%	\$211										
Health and Personal Care Stores		100%	\$211	\$210,777	9.35	\$22,545	\$36,944	0.6	87.5%	1.71	0.3	\$63,313	LI Households
Entertainment Fees and Admissions	1.2%	100%	\$935										
Arts, Entertainment, & Recreation		100%	\$935	\$935,258	2.93	\$318,996	\$20,339	15.7	87.5%	1.71	8.0	\$34,856	VLI Households

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a Studio Unit requires a household income of \$90,000 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Luis Obispo County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

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**Table A-1
Household Expenditures and Employment Generation - For Rent Studio Apartment
City of Atascadero Rental Housing Fee; EPS# 211050**

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Entertainment Audio and Visual Equipment and Services	1.2%	100%	\$935										
Electronics and Appliance Stores		100%	\$935	\$935,258	6.84	\$136,774	\$33,179	4.1	87.5%	1.71	2.1	\$56,860	LI Households
Entertainment Pets, Toys, Hobbies, and Playground Equip.	1.3%	100%	\$1,045										
Sporting Goods, Hobby, and Musical Instrument Stores		40%	\$418	\$418,165	7.31	\$57,204	\$20,692	2.8	87.5%	1.71	1.4	\$35,461	VLI Households
Miscellaneous Store Retailers		40%	\$418	\$418,165	6.97	\$60,013	\$23,032	2.6	87.5%	1.71	1.3	\$39,471	VLI Households
Veterinary Services		20%	\$209	\$209,082	2.69	\$77,687	\$49,793	1.6	98.1%	1.71	0.9	\$85,332	Moderate
Other Entertainment Supplies, Equipment, and Services	0.5%	100%	\$390										
Sporting Goods, Hobby, and Musical Instrument Stores		85%	\$331	\$331,312	7.31	\$45,323	\$20,692	2.2	87.5%	1.71	1.1	\$35,461	VLI Households
Photographic Services		15%	\$58	\$58,467	3.41	\$17,162	\$43,227	0.4	98.1%	1.71	0.2	\$74,079	Moderate
Personal Care Products and Services	1.2%	100%	\$944										
Unspecified Retail		50%	\$472	\$471,865	6.97	\$67,720	\$23,032	2.9	87.5%	1.71	1.5	\$39,471	VLI Households
Personal Care Services		50%	\$472	\$471,865	3.46	\$136,270	\$20,231	6.7	98.1%	1.71	3.9	\$34,671	VLI Households
Reading	0.1%	100%	\$109										
Sporting Goods, Hobby, and Musical Instrument Stores		100%	\$109	\$109,096	7.31	\$14,924	\$20,692	0.7	87.5%	1.71	0.4	\$35,461	VLI Households
Education	1.0%	100%	\$823										
Educational Services		100%	\$823	\$822,984	3.45	\$238,559	\$27,444	8.7	98.1%	1.71	5.0	\$47,032	LI Households
Tobacco Products and Smoking Supplies	0.4%	100%	\$287										
Unspecified Retail		100%	\$287	\$287,038	6.97	\$41,194	\$23,032	1.8	87.5%	1.71	0.9	\$39,471	VLI Households
Miscellaneous	1.3%	100%	\$1,007										
Accounting		20%	\$201	\$201,456	3.37	\$59,809	\$50,490	1.2	98.1%	1.71	0.7	\$86,527	Moderate
Architectural, Engineering, and Related		20%	\$201	\$201,456	0.83	\$243,795	\$97,022	2.5	98.1%	1.71	1.4	\$166,269	Above Mod
Specialized Design Services		20%	\$201	\$201,456	3.50	\$57,504	\$56,159	1.0	98.1%	1.71	0.6	\$96,242	Moderate
Death Care Services		20%	\$201	\$201,456	2.99	\$67,348	\$43,227	1.6	98.1%	1.71	0.9	\$74,079	Moderate
Legal Services		20%	\$201	\$201,456	2.87	\$70,239	\$100,406	0.7	98.1%	1.71	0.4	\$172,068	Above Mod
Total per 1,000 Market Rate Households								258.1			136.3		

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a Studio Unit requires a household income of \$90,000 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Luis Obispo County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Source: 2019 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2017 Economic Census, American Community Survey; and Economic & Planning Systems, Inc.

**Table A-2
Household Expenditures and Employment Generation - For Rent 1-Bedroom Apartment
City of Atascadero Rental Housing Fee; EPS# 211050**

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
<i>Calculation</i>	<i>a</i>	<i>b</i>	<i>c</i>	<i>d = c * 1,000</i>	<i>e</i>	<i>f = d / e</i>	<i>g</i>	<i>h = f / g</i>	<i>i</i>	<i>j</i>	<i>k = h * i / j</i>	<i>l = g * j</i>	
Required Income	\$98,800												
Food at Home	7.2%	100%	\$7,086										
Food & Beverage Stores		100%	\$7,086	\$7,085,921	9.40	\$754,219	\$30,692	24.6	87.5%	1.71	12.5	\$52,599	LI Households
Food Away From Home	5.6%	100%	\$5,535										
Food Services and Drinking Places		100%	\$5,535	\$5,534,527	3.20	\$1,729,154	\$19,920	86.8	87.5%	1.71	44.3	\$34,137	VLI Households
Alcoholic Beverages	0.9%	100%	\$938										
Food & Beverage Stores		50%	\$469	\$468,950	9.40	\$49,915	\$30,692	1.6	87.5%	1.71	0.8	\$52,599	LI Households
Food Services and Drinking Places		50%	\$469	\$468,950	3.20	\$146,514	\$19,920	7.4	87.5%	1.71	3.8	\$34,137	VLI Households
Housing Maintenance, Repairs, Insurance, Other expenses	1.8%	100%	\$1,758										
Personal and Household Goods Repair and Maintenance		45%	\$791	\$791,133	3.30	\$239,808	\$25,686	9.3	98.1%	1.71	5.3	\$44,019	VLI Households
Building Material and Garden Equipment and Supplies Dealer		45%	\$791	\$791,133	9.23	\$85,700	\$36,992	2.3	87.5%	1.71	1.2	\$63,394	LI Households
Real Estate and Rental and Leasing		10%	\$176	\$175,807	5.23	\$33,591	\$43,536	0.8	98.1%	1.71	0.4	\$74,608	Moderate
Fuel oil and Other fuels [7]	5.6%	100%	\$5,531										
Nonstore Retailers		100%	\$5,531	\$5,530,602	7.83	\$706,678	\$42,161	16.8	87.5%	1.71	8.6	\$72,252	Moderate
Water and Other Public Services [7]	1.2%	100%	\$1,142										
Waste Management and Remediation Services		100%	\$1,142	\$1,141,962	4.11	\$277,737	\$59,559	4.7	98.1%	1.71	2.7	\$102,068	Moderate
Household Operations Personal Services	0.8%	100%	\$787										
Nursing and Residential Care Facilities		40%	\$315	\$314,988	2.20	\$143,340	\$33,109	4.3	98.1%	1.71	2.5	\$56,740	LI Households
Social Assistance [8]		60%	\$472	\$472,482	2.98	\$158,366	\$27,179	5.8	98.1%	1.71	3.3	\$46,578	LI Households
Household Operations Other Household Expenses	1.3%	100%	\$1,307										
Services to Buildings and Dwellings		100%	\$1,307	\$1,306,545	2.91	\$449,157	\$75,555	5.9	98.1%	1.71	3.4	\$129,482	Above Mod
Housekeeping Supplies	1.0%	100%	\$988										
Building Materials and Garden Equipment and Supplies Dealers		10%	\$99	\$98,761	9.23	\$10,698	\$36,992	0.3	87.5%	1.71	0.1	\$63,394	LI Households
Food & Beverage Stores		35%	\$346	\$345,663	9.40	\$36,792	\$30,692	1.2	87.5%	1.71	0.6	\$52,599	LI Households
General Merchandise		35%	\$346	\$345,663	11.23	\$30,788	\$30,374	1.0	87.5%	1.71	0.5	\$52,053	LI Households
Miscellaneous Store Retailers		20%	\$198	\$197,522	6.97	\$28,347	\$23,032	1.2	87.5%	1.71	0.6	\$39,471	VLI Households

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a 1-Bedroom Unit requires a household income of \$138,800 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Luis Obispo County.

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**Table A-2
Household Expenditures and Employment Generation - For Rent 1-Bedroom Apartment
City of Atascadero Rental Housing Fee; EPS# 211050**

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Household Furnishings and Equipment	3.1%	100%	\$3,067										
Furniture and Home Furnishings Stores		40%	\$1,227	\$1,226,988	6.99	\$175,412	\$33,865	5.2	87.5%	1.71	2.6	\$58,035	LI Households
Electronics and Appliance Stores		40%	\$1,227	\$1,226,988	6.84	\$179,437	\$33,179	5.4	87.5%	1.71	2.8	\$56,860	LI Households
General Merchandise Stores		10%	\$307	\$306,747	11.23	\$27,322	\$30,374	0.9	87.5%	1.71	0.5	\$52,053	LI Households
Miscellaneous Store Retailers		10%	\$307	\$306,747	6.97	\$44,023	\$23,032	1.9	87.5%	1.71	1.0	\$39,471	VLI Households
Apparel and Services	2.9%	100%	\$2,828										
Clothing and Clothing Accessories Stores		40%	\$1,131	\$1,131,236	8.08	\$140,090	\$18,852	7.4	87.5%	1.71	3.8	\$32,307	VLI Households
General Merchandise		40%	\$1,131	\$1,131,236	11.23	\$100,760	\$30,374	3.3	87.5%	1.71	1.7	\$52,053	LI Households
Miscellaneous Store Retailers		10%	\$283	\$282,809	6.97	\$40,587	\$23,032	1.8	87.5%	1.71	0.9	\$39,471	VLI Households
Personal and Household Goods Repair and Maintenance		5%	\$141	\$141,404	3.30	\$42,863	\$25,686	1.7	87.5%	1.71	0.9	\$44,019	VLI Households
Dry cleaning and Laundry Services		5%	\$141	\$141,404	3.30	\$42,863	\$25,686	1.7	87.5%	1.71	0.9	\$44,019	VLI Households
Vehicle Purchases (net outlay)	5.2%	100%	\$5,168										
Motor Vehicle and Parts Dealers		100%	\$5,168	\$5,168,262	10.73	\$481,506	\$50,376	9.6	87.5%	1.71	4.9	\$86,331	Moderate
Gasoline and motor oil	3.6%	100%	\$3,519										
Gasoline Stations		100%	\$3,519	\$3,518,761	30.62	\$114,903	\$25,561	4.5	87.5%	1.71	2.3	\$43,804	VLI Households
Vehicle Maintenance and Repairs	1.4%	100%	\$1,397										
Repair and Maintenance		100%	\$1,397	\$1,397,040	3.37	\$414,166	\$28,937	14.3	98.1%	1.71	8.2	\$49,591	LI Households
Medical Services	1.5%	100%	\$1,523										
Ambulatory Health Care Services		40%	\$609	\$609,046	2.60	\$233,942	\$62,611	3.7	98.1%	1.71	2.1	\$107,299	Above Mod
General Medical and Surgical Hospitals		30%	\$457	\$456,785	4.40	\$103,802	\$27,115	3.8	98.1%	1.71	2.2	\$46,469	LI Households
Nursing and Residential Care Facilities		30%	\$457	\$456,785	2.20	\$207,867	\$33,109	6.3	98.1%	1.71	3.6	\$56,740	LI Households
Drugs	0.7%	100%	\$667										
Health and Personal Care Stores		100%	\$667	\$667,126	9.35	\$71,358	\$36,944	1.9	87.5%	1.71	1.0	\$63,313	LI Households
Medical Supplies	0.3%	100%	\$260										
Health and Personal Care Stores		100%	\$260	\$260,310	9.35	\$27,843	\$36,944	0.8	87.5%	1.71	0.4	\$63,313	LI Households
Entertainment Fees and Admissions	1.2%	100%	\$1,155										
Arts, Entertainment, & Recreation		100%	\$1,155	\$1,155,043	2.93	\$393,960	\$20,339	19.4	87.5%	1.71	9.9	\$34,856	VLI Households

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

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**Table A-2
Household Expenditures and Employment Generation - For Rent 1-Bedroom Apartment
City of Atascadero Rental Housing Fee; EPS# 211050**

Item	#REF!	#REF!	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Entertainment Audio and Visual Equipment and Services	1.2%	100%	\$1,155										
Electronics and Appliance Stores		100%	\$1,155	\$1,155,043	6.84	\$168,915	\$33,179	5.1	87.5%	1.71	2.6	\$56,860	LI Households
Entertainment Pets, Toys, Hobbies, and Playground Equip.	1.3%	100%	\$1,291										
Sporting Goods, Hobby, and Musical Instrument Stores		40%	\$516	\$516,434	7.31	\$70,647	\$20,692	3.4	87.5%	1.71	1.7	\$35,461	VLI Households
Miscellaneous Store Retailers		40%	\$516	\$516,434	6.97	\$74,116	\$23,032	3.2	87.5%	1.71	1.6	\$39,471	VLI Households
Veterinary Services		20%	\$258	\$258,217	2.69	\$95,944	\$49,793	1.9	98.1%	1.71	1.1	\$85,332	Moderate
Other Entertainment Supplies, Equipment, and Services	0.5%	100%	\$481										
Sporting Goods, Hobby, and Musical Instrument Stores		85%	\$409	\$409,170	7.31	\$55,974	\$20,692	2.7	87.5%	1.71	1.4	\$35,461	VLI Households
Photographic Services		15%	\$72	\$72,207	3.41	\$21,195	\$43,227	0.5	98.1%	1.71	0.3	\$74,079	Moderate
Personal Care Products and Services	1.2%	100%	\$1,166										
Unspecified Retail		50%	\$583	\$582,754	6.97	\$83,634	\$23,032	3.6	87.5%	1.71	1.9	\$39,471	VLI Households
Personal Care Services		50%	\$583	\$582,754	3.46	\$168,294	\$20,231	8.3	98.1%	1.71	4.8	\$34,671	VLI Households
Reading	0.1%	100%	\$135										
Sporting Goods, Hobby, and Musical Instrument Stores		100%	\$135	\$134,733	7.31	\$18,431	\$20,692	0.9	87.5%	1.71	0.5	\$35,461	VLI Households
Education	1.0%	100%	\$1,016										
Educational Services		100%	\$1,016	\$1,016,386	3.45	\$294,621	\$27,444	10.7	98.1%	1.71	6.1	\$47,032	LI Households
Tobacco Products and Smoking Supplies	0.4%	100%	\$354										
Unspecified Retail		100%	\$354	\$354,492	6.97	\$50,875	\$23,032	2.2	87.5%	1.71	1.1	\$39,471	VLI Households
Miscellaneous	1.3%	100%	\$1,244										
Accounting		20%	\$249	\$248,799	3.37	\$73,864	\$50,490	1.5	98.1%	1.71	0.8	\$86,527	Moderate
Architectural, Engineering, and Related		20%	\$249	\$248,799	0.83	\$301,087	\$97,022	3.1	98.1%	1.71	1.8	\$166,269	Above Mod
Specialized Design Services		20%	\$249	\$248,799	3.50	\$71,017	\$56,159	1.3	98.1%	1.71	0.7	\$96,242	Moderate
Death Care Services		20%	\$249	\$248,799	2.99	\$83,175	\$43,227	1.9	98.1%	1.71	1.1	\$74,079	Moderate
Legal Services		20%	\$249	\$248,799	2.87	\$86,745	\$100,406	0.9	98.1%	1.71	0.5	\$172,068	Above Mod
Total per 1,000 Market Rate Households								318.8			168.3		

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a 1-Bedroom Unit requires a household income of \$138,800 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Luis Obispo County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Source: 2019 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2017 Economic Census, American Community Survey; and Economic & Planning Systems, Inc.

**Table A-3
Household Expenditures and Employment Generation - For Rent 2-Bedroom Apartment
City of Atascadero Rental Housing Fee; EPS# 211050**

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Calculation	a	b	c	d = c * 1,000	e	f = d / e	g	h = f / g	i	j	k = h * i / j	l = g * j	
Required Income				\$117,000									
Food at Home	5.7%	100%	\$6,726										
Food & Beverage Stores		100%	\$6,726	\$6,726,005	9.40	\$715,909	\$30,692	23.3	87.5%	1.71	11.9	\$52,599	LI Households
Food Away From Home	5.1%	100%	\$5,935										
Food Services and Drinking Places		100%	\$5,935	\$5,934,711	3.20	\$1,854,183	\$19,920	93.1	87.5%	1.71	47.5	\$34,137	VLI Households
Alcoholic Beverages	0.7%	100%	\$865										
Food & Beverage Stores		50%	\$433	\$432,670	9.40	\$46,053	\$30,692	1.5	87.5%	1.71	0.8	\$52,599	LI Households
Food Services and Drinking Places		50%	\$433	\$432,670	3.20	\$135,179	\$19,920	6.8	87.5%	1.71	3.5	\$34,137	VLI Households
Housing Maintenance, Repairs, Insurance, Other expenses	1.8%	100%	\$2,099										
Personal and Household Goods Repair and Maintenance		45%	\$944	\$944,415	3.30	\$286,271	\$25,686	11.1	98.1%	1.71	6.4	\$44,019	VLI Households
Building Material and Garden Equipment and Supplies Dealer		45%	\$944	\$944,415	9.23	\$102,304	\$36,992	2.8	87.5%	1.71	1.4	\$63,394	LI Households
Real Estate and Rental and Leasing		10%	\$210	\$209,870	5.23	\$40,099	\$43,536	0.9	98.1%	1.71	0.5	\$74,608	Moderate
Fuel oil and Other fuels [7]	4.5%	100%	\$5,309										
Nonstore Retailers		100%	\$5,309	\$5,309,190	7.83	\$678,387	\$42,161	16.1	87.5%	1.71	8.2	\$72,252	Moderate
Water and Other Public Services [7]	1.0%	100%	\$1,136										
Waste Management and Remediation Services		100%	\$1,136	\$1,136,105	4.11	\$276,312	\$59,559	4.6	98.1%	1.71	2.7	\$102,068	Moderate
Household Operations Personal Services	0.6%	100%	\$705										
Nursing and Residential Care Facilities		40%	\$282	\$282,037	2.20	\$128,346	\$33,109	3.9	98.1%	1.71	2.2	\$56,740	LI Households
Social Assistance [8]		60%	\$423	\$423,055	2.98	\$141,799	\$27,179	5.2	98.1%	1.71	3.0	\$46,578	LI Households
Household Operations Other Household Expenses	1.3%	100%	\$1,547										
Services to Buildings and Dwellings		100%	\$1,547	\$1,547,224	2.91	\$531,897	\$75,555	7.0	98.1%	1.71	4.0	\$129,482	Above Mod
Housekeeping Supplies	0.9%	100%	\$1,050										
Building Materials and Garden Equipment and Supplies Dealers		10%	\$105	\$104,990	9.23	\$11,373	\$36,992	0.3	87.5%	1.71	0.2	\$63,394	LI Households
Food & Beverage Stores		35%	\$367	\$367,466	9.40	\$39,113	\$30,692	1.3	87.5%	1.71	0.7	\$52,599	LI Households
General Merchandise		35%	\$367	\$367,466	11.23	\$32,730	\$30,374	1.1	87.5%	1.71	0.6	\$52,053	LI Households
Miscellaneous Store Retailers		20%	\$210	\$209,980	6.97	\$30,135	\$23,032	1.3	87.5%	1.71	0.7	\$39,471	VLI Households

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a 2-Bedroom Unit requires a household income of \$167,000 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Luis Obispo County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-3
Household Expenditures and Employment Generation - For Rent 2-Bedroom Apartment
City of Atascadero Rental Housing Fee; EPS# 211050**

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHS	Avg. Worker HH Income	Income Category
Household Furnishings and Equipment	2.8%	100%	\$3,283										
Furniture and Home Furnishings Stores		40%	\$1,313	\$1,313,372	6.99	\$187,762	\$33,865	5.5	87.5%	1.71	2.8	\$58,035	LI Households
Electronics and Appliance Stores		40%	\$1,313	\$1,313,372	6.84	\$192,070	\$33,179	5.8	87.5%	1.71	3.0	\$56,860	LI Households
General Merchandise Stores		10%	\$328	\$328,343	11.23	\$29,246	\$30,374	1.0	87.5%	1.71	0.5	\$52,053	LI Households
Miscellaneous Store Retailers		10%	\$328	\$328,343	6.97	\$47,122	\$23,032	2.0	87.5%	1.71	1.0	\$39,471	VLI Households
Apparel and Services	2.4%	100%	\$2,778										
Clothing and Clothing Accessories Stores		40%	\$1,111	\$1,111,349	8.08	\$137,627	\$18,852	7.3	87.5%	1.71	3.7	\$32,307	VLI Households
General Merchandise		40%	\$1,111	\$1,111,349	11.23	\$98,989	\$30,374	3.3	87.5%	1.71	1.7	\$52,053	LI Households
Miscellaneous Store Retailers		10%	\$278	\$277,837	6.97	\$39,874	\$23,032	1.7	87.5%	1.71	0.9	\$39,471	VLI Households
Personal and Household Goods Repair and Maintenance		5%	\$139	\$138,919	3.30	\$42,109	\$25,686	1.6	87.5%	1.71	0.8	\$44,019	VLI Households
Dry cleaning and Laundry Services		5%	\$139	\$138,919	3.30	\$42,109	\$25,686	1.6	87.5%	1.71	0.8	\$44,019	VLI Households
Vehicle Purchases (net outlay)	5.3%	100%	\$6,173										
Motor Vehicle and Parts Dealers		100%	\$6,173	\$6,173,425	10.73	\$575,153	\$50,376	11.4	87.5%	1.71	5.8	\$86,331	Moderate
Gasoline and motor oil	3.1%	100%	\$3,665										
Gasoline Stations		100%	\$3,665	\$3,664,711	30.62	\$119,668	\$25,561	4.7	87.5%	1.71	2.4	\$43,804	VLI Households
Vehicle Maintenance and Repairs	1.2%	100%	\$1,347										
Repair and Maintenance		100%	\$1,347	\$1,347,190	3.37	\$399,388	\$28,937	13.8	98.1%	1.71	7.9	\$49,591	LI Households
Medical Services	1.4%	100%	\$1,664										
Ambulatory Health Care Services		40%	\$666	\$665,749	2.60	\$255,722	\$62,611	4.1	98.1%	1.71	2.3	\$107,299	Above Mod
General Medical and Surgical Hospitals		30%	\$499	\$499,311	4.40	\$113,466	\$27,115	4.2	98.1%	1.71	2.4	\$46,469	LI Households
Nursing and Residential Care Facilities		30%	\$499	\$499,311	2.20	\$227,220	\$33,109	6.9	98.1%	1.71	3.9	\$56,740	LI Households
Drugs	0.6%	100%	\$673										
Health and Personal Care Stores		100%	\$673	\$673,043	9.35	\$71,990	\$36,944	1.9	87.5%	1.71	1.0	\$63,313	LI Households
Medical Supplies	0.2%	100%	\$251										
Health and Personal Care Stores		100%	\$251	\$250,871	9.35	\$26,834	\$36,944	0.7	87.5%	1.71	0.4	\$63,313	LI Households
Entertainment Fees and Admissions	1.1%	100%	\$1,331										
Arts, Entertainment, & Recreation		100%	\$1,331	\$1,330,613	2.93	\$453,843	\$20,339	22.3	87.5%	1.71	11.4	\$34,856	VLI Households

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a 2-Bedroom Unit requires a household income of \$167,000 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Luis Obispo County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-3
Household Expenditures and Employment Generation - For Rent Studio Apartment
City of Atascadero Rental Housing Fee; EPS# 211050**

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Entertainment Audio and Visual Equipment and Services	1.1%	100%	\$1,331										
Electronics and Appliance Stores		100%	\$1,331	\$1,330,613	6.84	\$194,591	\$33,179	5.9	87.5%	1.71	3.0	\$56,860	LI Households
Entertainment Pets, Toys, Hobbies, and Playground Equip.	1.2%	100%	\$1,460										
Sporting Goods, Hobby, and Musical Instrument Stores		40%	\$584	\$583,967	7.31	\$79,886	\$20,692	3.9	87.5%	1.71	2.0	\$35,461	VLI Households
Miscellaneous Store Retailers		40%	\$584	\$583,967	6.97	\$83,808	\$23,032	3.6	87.5%	1.71	1.9	\$39,471	VLI Households
Veterinary Services		20%	\$292	\$291,983	2.69	\$108,490	\$49,793	2.2	98.1%	1.71	1.2	\$85,332	Moderate
Other Entertainment Supplies, Equipment, and Services	1.1%	100%	\$1,311										
Sporting Goods, Hobby, and Musical Instrument Stores		85%	\$1,114	\$1,114,112	7.31	\$152,408	\$20,692	7.4	87.5%	1.71	3.8	\$35,461	VLI Households
Photographic Services		15%	\$197	\$196,608	3.41	\$57,712	\$43,227	1.3	98.1%	1.71	0.8	\$74,079	Moderate
Personal Care Products and Services	1.1%	100%	\$1,272										
Unspecified Retail		50%	\$636	\$636,020	6.97	\$91,278	\$23,032	4.0	87.5%	1.71	2.0	\$39,471	VLI Households
Personal Care Services		50%	\$636	\$636,020	3.46	\$183,676	\$20,231	9.1	98.1%	1.71	5.2	\$34,671	VLI Households
Reading	0.1%	100%	\$155										
Sporting Goods, Hobby, and Musical Instrument Stores		100%	\$155	\$154,722	7.31	\$21,166	\$20,692	1.0	87.5%	1.71	0.5	\$35,461	VLI Households
Education	1.9%	100%	\$2,257										
Educational Services		100%	\$2,257	\$2,256,737	3.45	\$654,163	\$27,444	23.8	98.1%	1.71	13.6	\$47,032	LI Households
Tobacco Products and Smoking Supplies	0.3%	100%	\$311										
Unspecified Retail		100%	\$311	\$310,550	6.97	\$44,569	\$23,032	1.9	87.5%	1.71	1.0	\$39,471	VLI Households
Miscellaneous	1.1%	100%	\$1,288										
Accounting		20%	\$258	\$257,502	3.37	\$76,448	\$50,490	1.5	98.1%	1.71	0.9	\$86,527	Moderate
Architectural, Engineering, and Related		20%	\$258	\$257,502	0.83	\$311,620	\$97,022	3.2	98.1%	1.71	1.8	\$166,269	Above Mod
Specialized Design Services		20%	\$258	\$257,502	3.50	\$73,502	\$56,159	1.3	98.1%	1.71	0.7	\$96,242	Moderate
Death Care Services		20%	\$258	\$257,502	2.99	\$86,085	\$43,227	2.0	98.1%	1.71	1.1	\$74,079	Moderate
Legal Services		20%	\$258	\$257,502	2.87	\$89,780	\$100,406	0.9	98.1%	1.71	0.5	\$172,068	Above Mod
Total per 1,000 Market Rate Households								353.3			187.0		

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a 2-Bedroom Unit requires a household income of \$167,000 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Luis Obispo County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Source: 2014 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2013 Economic Census, American Community Survey; and Economic & Planning Systems, Inc.

**Table A-4
Household Expenditures and Employment Generation - For Rent 3-Bedroom Apartment
City of Atascadero Rental Housing Fee; EPS# 211050**

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Calculation	a	b	c	d = c * 1,000	e	f = d / e	g	h = f / g	i	j	k = h * i / j	l = g * j	
Required Income				\$135,300									
Food at Home	5.7%	100%	\$7,778										
Food & Beverage Stores		100%	\$7,778	\$7,778,021	9.40	\$827,885	\$30,692	27.0	87.5%	1.71	13.8	\$52,599	Above Mod
Food Away From Home	5.1%	100%	\$6,863										
Food Services and Drinking Places		100%	\$6,863	\$6,862,960	3.20	\$2,144,196	\$19,920	107.6	87.5%	1.71	55.0	\$34,137	Above Mod
Alcoholic Beverages	0.7%	100%	\$1,001										
Food & Beverage Stores		50%	\$500	\$500,344	9.40	\$53,256	\$30,692	1.7	87.5%	1.71	0.9	\$52,599	Above Mod
Food Services and Drinking Places		50%	\$500	\$500,344	3.20	\$156,323	\$19,920	7.8	87.5%	1.71	4.0	\$34,137	Above Mod
Housing Maintenance, Repairs, Insurance, Other expenses	1.8%	100%	\$2,427										
Personal and Household Goods Repair and Maintenance		45%	\$1,092	\$1,092,131	3.30	\$331,047	\$25,686	12.9	98.1%	1.71	7.4	\$44,019	Above Mod
Building Material and Garden Equipment and Supplies Dealer		45%	\$1,092	\$1,092,131	9.23	\$118,306	\$36,992	3.2	87.5%	1.71	1.6	\$63,394	Above Mod
Real Estate and Rental and Leasing		10%	\$243	\$242,696	5.23	\$46,371	\$43,536	1.1	98.1%	1.71	0.6	\$74,608	Above Mod
Fuel oil and Other fuels [7]	4.5%	100%	\$6,140										
Nonstore Retailers		100%	\$6,140	\$6,139,602	7.83	\$784,494	\$42,161	18.6	87.5%	1.71	9.5	\$72,252	Above Mod
Water and Other Public Services [7]	1.0%	100%	\$1,314										
Waste Management and Remediation Services		100%	\$1,314	\$1,313,803	4.11	\$319,531	\$59,559	5.4	98.1%	1.71	3.1	\$102,068	Above Mod
Household Operations Personal Services	0.6%	100%	\$815										
Nursing and Residential Care Facilities		40%	\$326	\$326,150	2.20	\$148,420	\$33,109	4.5	98.1%	1.71	2.6	\$56,740	Above Mod
Social Assistance [8]		60%	\$489	\$489,226	2.98	\$163,978	\$27,179	6.0	98.1%	1.71	3.5	\$46,578	Above Mod
Household Operations Other Household Expenses	1.3%	100%	\$1,789										
Services to Buildings and Dwellings		100%	\$1,789	\$1,789,226	2.91	\$615,091	\$75,555	8.1	98.1%	1.71	4.7	\$129,482	Above Mod
Housekeeping Supplies	0.9%	100%	\$1,214										
Building Materials and Garden Equipment and Supplies Dealers		10%	\$121	\$121,412	9.23	\$13,152	\$36,992	0.4	87.5%	1.71	0.2	\$63,394	Above Mod
Food & Beverage Stores		35%	\$425	\$424,941	9.40	\$45,230	\$30,692	1.5	87.5%	1.71	0.8	\$52,599	Above Mod
General Merchandise		35%	\$425	\$424,941	11.23	\$37,850	\$30,374	1.2	87.5%	1.71	0.6	\$52,053	Above Mod
Miscellaneous Store Retailers		20%	\$243	\$242,824	6.97	\$34,849	\$23,032	1.5	87.5%	1.71	0.8	\$39,471	Above Mod

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a 4-Bedroom Unit requires a household income of \$195,300 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Luis Obispo County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-4
Household Expenditures and Employment Generation - For Rent 3-Bedroom Apartment
City of Atascadero Rental Housing Fee; EPS# 211050**

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Household Furnishings and Equipment	2.8%	100%	\$3,797										
Furniture and Home Furnishings Stores		40%	\$1,519	\$1,518,797	6.99	\$217,129	\$33,865	6.4	87.5%	1.71	3.3	\$58,035	Above Mod
Electronics and Appliance Stores		40%	\$1,519	\$1,518,797	6.84	\$222,112	\$33,179	6.7	87.5%	1.71	3.4	\$56,860	Above Mod
General Merchandise Stores		10%	\$380	\$379,699	11.23	\$33,820	\$30,374	1.1	87.5%	1.71	0.6	\$52,053	Above Mod
Miscellaneous Store Retailers		10%	\$380	\$379,699	6.97	\$54,493	\$23,032	2.4	87.5%	1.71	1.2	\$39,471	Above Mod
Apparel and Services	2.4%	100%	\$3,213										
Clothing and Clothing Accessories Stores		40%	\$1,285	\$1,285,176	8.08	\$159,153	\$18,852	8.4	87.5%	1.71	4.3	\$32,307	Above Mod
General Merchandise		40%	\$1,285	\$1,285,176	11.23	\$114,472	\$30,374	3.8	87.5%	1.71	1.9	\$52,053	Above Mod
Miscellaneous Store Retailers		10%	\$321	\$321,294	6.97	\$46,110	\$23,032	2.0	87.5%	1.71	1.0	\$39,471	Above Mod
Personal and Household Goods Repair and Maintenance		5%	\$161	\$160,647	3.30	\$48,695	\$25,686	1.9	87.5%	1.71	1.0	\$44,019	Above Mod
Dry cleaning and Laundry Services		5%	\$161	\$160,647	3.30	\$48,695	\$25,686	1.9	87.5%	1.71	1.0	\$44,019	Above Mod
Vehicle Purchases (net outlay)	5.3%	100%	\$7,139										
Motor Vehicle and Parts Dealers		100%	\$7,139	\$7,139,012	10.73	\$665,113	\$50,376	13.2	87.5%	1.71	6.7	\$86,331	Above Mod
Gasoline and motor oil	3.1%	100%	\$4,238										
Gasoline Stations		100%	\$4,238	\$4,237,910	30.62	\$138,386	\$25,561	5.4	87.5%	1.71	2.8	\$43,804	Above Mod
Vehicle Maintenance and Repairs	1.2%	100%	\$1,558										
Repair and Maintenance		100%	\$1,558	\$1,557,905	3.37	\$461,856	\$28,937	16.0	98.1%	1.71	9.1	\$49,591	Above Mod
Medical Services	1.4%	100%	\$1,925										
Ambulatory Health Care Services		40%	\$770	\$769,878	2.60	\$295,719	\$62,611	4.7	98.1%	1.71	2.7	\$107,299	Above Mod
General Medical and Surgical Hospitals		30%	\$577	\$577,409	4.40	\$131,213	\$27,115	4.8	98.1%	1.71	2.8	\$46,469	Above Mod
Nursing and Residential Care Facilities		30%	\$577	\$577,409	2.20	\$262,759	\$33,109	7.9	98.1%	1.71	4.5	\$56,740	Above Mod
Drugs	0.6%	100%	\$778										
Health and Personal Care Stores		100%	\$778	\$778,313	9.35	\$83,250	\$36,944	2.3	87.5%	1.71	1.2	\$63,313	Above Mod
Medical Supplies	0.2%	100%	\$290										
Health and Personal Care Stores		100%	\$290	\$290,110	9.35	\$31,031	\$36,944	0.8	87.5%	1.71	0.4	\$63,313	Above Mod
Entertainment Fees and Admissions	1.1%	100%	\$1,539										
Arts, Entertainment, & Recreation		100%	\$1,539	\$1,538,734	2.93	\$524,829	\$20,339	25.8	87.5%	1.71	13.2	\$34,856	Above Mod

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a 4-Bedroom Unit requires a household income of \$195,300 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Luis Obispo County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-4
Household Expenditures and Employment Generation - For Rent 3-Bedroom Apartment
City of Atascadero Rental Housing Fee; EPS# 211050**

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Entertainment Audio and Visual Equipment and Services	1.1%	100%	\$1,539										
Electronics and Appliance Stores		100%	\$1,539	\$1,538,734	6.84	\$225,027	\$33,179	6.8	87.5%	1.71	3.5	\$56,860	Above Mod
Entertainment Pets, Toys, Hobbies, and Playground Equip.	1.2%	100%	\$1,688										
Sporting Goods, Hobby, and Musical Instrument Stores		40%	\$675	\$675,305	7.31	\$92,380	\$20,692	4.5	87.5%	1.71	2.3	\$35,461	Above Mod
Miscellaneous Store Retailers		40%	\$675	\$675,305	6.97	\$96,916	\$23,032	4.2	87.5%	1.71	2.1	\$39,471	Above Mod
Veterinary Services		20%	\$338	\$337,653	2.69	\$125,459	\$49,793	2.5	98.1%	1.71	1.4	\$85,332	Above Mod
Other Entertainment Supplies, Equipment, and Services	1.1%	100%	\$1,516										
Sporting Goods, Hobby, and Musical Instrument Stores		85%	\$1,288	\$1,288,371	7.31	\$176,247	\$20,692	8.5	87.5%	1.71	4.3	\$35,461	Above Mod
Photographic Services		15%	\$227	\$227,360	3.41	\$66,739	\$43,227	1.5	98.1%	1.71	0.9	\$74,079	Above Mod
Personal Care Products and Services	1.1%	100%	\$1,471										
Unspecified Retail		50%	\$735	\$735,500	6.97	\$105,555	\$23,032	4.6	87.5%	1.71	2.3	\$39,471	Above Mod
Personal Care Services		50%	\$735	\$735,500	3.46	\$212,405	\$20,231	10.5	98.1%	1.71	6.0	\$34,671	Above Mod
Reading	0.1%	100%	\$179										
Sporting Goods, Hobby, and Musical Instrument Stores		100%	\$179	\$178,923	7.31	\$24,476	\$20,692	1.2	87.5%	1.71	0.6	\$35,461	Above Mod
Education	1.9%	100%	\$2,610										
Educational Services		100%	\$2,610	\$2,609,714	3.45	\$756,481	\$27,444	27.6	98.1%	1.71	15.8	\$47,032	Above Mod
Tobacco Products and Smoking Supplies	0.3%	100%	\$359										
Unspecified Retail		100%	\$359	\$359,123	6.97	\$51,540	\$23,032	2.2	87.5%	1.71	1.1	\$39,471	Above Mod
Miscellaneous	1.1%	100%	\$1,489										
Accounting		20%	\$298	\$297,778	3.37	\$88,405	\$50,490	1.8	98.1%	1.71	1.0	\$86,527	Above Mod
Architectural, Engineering, and Related		20%	\$298	\$297,778	0.83	\$360,361	\$97,022	3.7	98.1%	1.71	2.1	\$166,269	Above Mod
Specialized Design Services		20%	\$298	\$297,778	3.50	\$84,998	\$56,159	1.5	98.1%	1.71	0.9	\$96,242	Above Mod
Death Care Services		20%	\$298	\$297,778	2.99	\$99,550	\$43,227	2.3	98.1%	1.71	1.3	\$74,079	Above Mod
Legal Services		20%	\$298	\$297,778	2.87	\$103,822	\$100,406	1.0	98.1%	1.71	0.6	\$172,068	Above Mod
Total per 1,000 Market Rate Households								408.5			216.3		

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a 4-Bedroom Unit requires a household income of \$195,300 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Luis Obispo County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Source: 2019 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2017 Economic Census, American Community Survey; and Economic & Planning Systems, Inc.

APPENDIX B:
Income Levels for Worker Households



**Table B-1
Income Levels for Worker Households
Worker Household Generation per 1,000 Units - For Rent Studio Apartment
City of Atascadero Rental Housing Fee; EPS# 211050**

Industry	Total Workers	Total Worker Households [1]	ELI Households	VLI Households	LI Households	Moderate Income Households	Above Moderate Income Households
Retail							
Unspecified Retail	4.7	2.4	0.0	2.4	0.0	0.0	0.0
Food & Beverage Stores	22.2	11.3	0.0	0.0	11.3	0.0	0.0
Food Services and Drinking Places	76.2	38.9	0.0	38.9	0.0	0.0	0.0
Health and Personal Care Stores	2.2	1.1	0.0	0.0	1.1	0.0	0.0
General Merchandise	4.2	2.2	0.0	0.0	2.2	0.0	0.0
Furniture and Home Furnishings Stores	4.2	2.1	0.0	0.0	2.1	0.0	0.0
Building Material and Garden Equipment and Supplies Dealer	2.1	1.1	0.0	0.0	1.1	0.0	0.0
Electronics and Appliance Stores	8.5	4.3	0.0	0.0	4.3	0.0	0.0
Clothing and Clothing Accessories Stores	6.0	3.1	0.0	3.1	0.0	0.0	0.0
Motor Vehicle and Parts Dealers	7.7	4.0	0.0	0.0	0.0	4.0	0.0
Gasoline Stations	3.6	1.9	0.0	1.9	0.0	0.0	0.0
Sporting Goods, Hobby, and Musical Instrument Stores	5.7	2.9	0.0	2.9	0.0	0.0	0.0
Miscellaneous Store Retailers	6.6	3.4	0.0	3.4	0.0	0.0	0.0
Nonstore Retailers	13.6	6.9	0.0	0.0	0.0	6.9	0.0
Arts, Entertainment, & Recreation	15.7	8.0	0.0	8.0	0.0	0.0	0.0
Medical/Health							
Ambulatory Health Care Services	3.0	1.7	0.0	0.0	0.0	0.0	1.7
General Medical and Surgical Hospitals	3.1	1.8	0.0	0.0	1.8	0.0	0.0
Nursing and Residential Care Facilities	8.6	4.9	0.0	0.0	4.9	0.0	0.0
Social Assistance	4.7	2.7	0.0	0.0	2.7	0.0	0.0
Services							
Personal and Household Goods Repair and Maintenance	8.9	5.0	0.0	5.0	0.0	0.0	0.0
Services to Buildings and Dwellings	4.8	2.8	0.0	0.0	0.0	0.0	2.8
Waste Management and Remediation Services	3.8	2.2	0.0	0.0	0.0	2.2	0.0
Real Estate and Rental and Leasing	0.6	0.4	0.0	0.0	0.0	0.4	0.0
Personal Care Services	6.7	3.9	0.0	3.9	0.0	0.0	0.0
Dry Cleaning and Laundry Services	1.4	0.7	0.0	0.7	0.0	0.0	0.0
Auto Repair and Maintenance	11.6	6.6	0.0	0.0	6.6	0.0	0.0
Veterinary Services	1.6	0.9	0.0	0.0	0.0	0.9	0.0
Photographic Services	0.4	0.2	0.0	0.0	0.0	0.2	0.0
Educational Services	8.7	5.0	0.0	0.0	5.0	0.0	0.0
Accounting	1.2	0.7	0.0	0.0	0.0	0.7	0.0
Architectural, Engineering, and Related	2.5	1.4	0.0	0.0	0.0	0.0	1.4
Specialized Design Services	1.0	0.6	0.0	0.0	0.0	0.6	0.0
Death Care Services	1.6	0.9	0.0	0.0	0.0	0.9	0.0
Legal Services	0.7	0.4	0.0	0.4	0.0	0.0	0.0
Government	43.4	24.9	0.0	0.0	0.0	11.4	14.8
Total Workers and Households	301.6	161.1	0.0	70.5	43.2	28.1	20.7
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2]		141.7	0.0	70.5	43.2	28.1	0.0
Total Income-Qualified HH Generated Per 100 Market-Rate Units [2]		14.2	0.0	7.1	4.3	2.8	0.0

[1] Assumes 1.69 workers per worker household in the City of Atascadero based on 2015-2019 American Community Survey. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

[2] Excludes above moderate-income households because these incomes are adequate to acquire market-rate housing.

Source: Economic & Planning Systems, Inc.

Table B-2
Income Levels for Worker Households
Worker Household Generation per 1,000 Units - For Rent 1-Bedroom Apartment
City of Atascadero Rental Housing Fee; EPS# 211050

Industry	Total Workers	Total Worker Households [1]	VLI Households	LI Households	Moderate Income Households	Above Moderate Income Households
Retail						
Unspecified Retail	5.8	3.0	3.0	0.0	0.0	0.0
Food & Beverage Stores	27.4	14.0	0.0	14.0	0.0	0.0
Food Services and Drinking Places	94.2	48.1	48.1	0.0	0.0	0.0
Health and Personal Care Stores	2.7	1.4	0.0	1.4	0.0	0.0
General Merchandise	5.2	2.7	0.0	2.7	0.0	0.0
Furniture and Home Furnishings Stores	5.2	2.6	0.0	2.6	0.0	0.0
Building Material and Garden Equipment and Supplies Dealer	2.6	1.3	0.0	1.3	0.0	0.0
Electronics and Appliance Stores	10.5	5.4	0.0	5.4	0.0	0.0
Clothing and Clothing Accessories Stores	7.4	3.8	3.8	0.0	0.0	0.0
Motor Vehicle and Parts Dealers	9.6	4.9	0.0	0.0	4.9	0.0
Gasoline Stations	4.5	2.3	2.3	0.0	0.0	0.0
Sporting Goods, Hobby, and Musical Instrument Stores	7.0	3.6	3.6	0.0	0.0	0.0
Miscellaneous Store Retailers	8.1	4.1	4.1	0.0	0.0	0.0
Nonstore Retailers	16.8	8.6	0.0	0.0	8.6	0.0
Arts, Entertainment, & Recreation	19.4	9.9	9.9	0.0	0.0	0.0
Medical/Health						
Ambulatory Health Care Services	3.7	2.1	0.0	0.0	0.0	2.1
General Medical and Surgical Hospitals	3.8	2.2	0.0	2.2	0.0	0.0
Nursing and Residential Care Facilities	10.6	6.1	0.0	6.1	0.0	0.0
Social Assistance	5.8	3.3	0.0	3.3	0.0	0.0
Services						
Personal and Household Goods Repair and Maintenance	11.0	6.2	6.2	0.0	0.0	0.0
Services to Buildings and Dwellings	5.9	3.4	0.0	0.0	0.0	3.4
Waste Management and Remediation Services	4.7	2.7	0.0	0.0	2.7	0.0
Real Estate and Rental and Leasing	0.8	0.4	0.0	0.0	0.4	0.0
Personal Care Services	8.3	4.8	4.8	0.0	0.0	0.0
Dry Cleaning and Laundry Services	1.7	0.9	0.9	0.0	0.0	0.0
Auto Repair and Maintenance	14.3	8.2	0.0	8.2	0.0	0.0
Veterinary Services	1.9	1.1	0.0	0.0	1.1	0.0
Photographic Services	0.5	0.3	0.0	0.0	0.3	0.0
Educational Services	10.7	6.1	0.0	6.1	0.0	0.0
Accounting	1.5	0.8	0.0	0.0	0.8	0.0
Architectural, Engineering, and Related	3.1	1.8	0.0	0.0	0.0	1.8
Specialized Design Services	1.3	0.7	0.0	0.0	0.7	0.0
Death Care Services	1.9	1.1	0.0	0.0	1.1	0.0
Legal Services	0.9	0.5	0.5	0.0	0.0	0.0
Government	43.4	24.9	0.0	0.0	11.4	14.8
Total Workers and Households	362.2	193.1	87.1	53.3	32.0	22.1
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2]		172.4	87.1	53.3	32.0	0.0
Total Income-Qualified HH Generated Per 100 Market-Rate Units [2]		17.2	8.7	5.3	3.2	0.0

[1] Assumes 1.69 workers per worker household in the City of Atascadero based on 2015-2019 American Community Survey. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

[2] Excludes above moderate-income households because these incomes are adequate to acquire market-rate housing.

Source: Economic & Planning Systems, Inc.

**Table B-3
Income Levels for Worker Households
Worker Household Generation per 1,000 Units - For Rent 2-Bedroom Apartment
City of Atascadero Rental Housing Fee; EPS# 211050**

Industry	Total Workers	Total Worker Households [1]	VLI Households	LI Households	Moderate Income Households	Above Moderate Income Households
Retail						
Unspecified Retail	5.9	3.0	3.0	0.0	0.0	0.0
Food & Beverage Stores	26.1	13.3	0.0	13.3	0.0	0.0
Food Services and Drinking Places	99.9	51.0	51.0	0.0	0.0	0.0
Health and Personal Care Stores	2.7	1.4	0.0	1.4	0.0	0.0
General Merchandise	5.3	2.7	0.0	2.7	0.0	0.0
Furniture and Home Furnishings Stores	5.5	2.8	0.0	2.8	0.0	0.0
Building Material and Garden Equipment and Supplies Dealer	3.1	1.6	0.0	1.6	0.0	0.0
Electronics and Appliance Stores	11.7	6.0	0.0	6.0	0.0	0.0
Clothing and Clothing Accessories Stores	7.3	3.7	3.7	0.0	0.0	0.0
Motor Vehicle and Parts Dealers	11.4	5.8	0.0	0.0	5.8	0.0
Gasoline Stations	4.7	2.4	2.4	0.0	0.0	0.0
Sporting Goods, Hobby, and Musical Instrument Stores	12.2	6.3	6.3	0.0	0.0	0.0
Miscellaneous Store Retailers	8.7	4.5	4.5	0.0	0.0	0.0
Nonstore Retailers	16.1	8.2	0.0	0.0	8.2	0.0
Arts, Entertainment, & Recreation	22.3	11.4	11.4	0.0	0.0	0.0
Medical/Health						
Ambulatory Health Care Services	4.1	2.3	0.0	0.0	0.0	2.3
General Medical and Surgical Hospitals	4.2	2.4	0.0	2.4	0.0	0.0
Nursing and Residential Care Facilities	10.7	6.1	0.0	6.1	0.0	0.0
Social Assistance	5.2	3.0	0.0	3.0	0.0	0.0
Services						
Personal and Household Goods Repair and Maintenance	12.8	7.2	7.2	0.0	0.0	0.0
Services to Buildings and Dwellings	7.0	4.0	0.0	0.0	0.0	4.0
Waste Management and Remediation Services	4.6	2.7	0.0	0.0	2.7	0.0
Real Estate and Rental and Leasing	0.9	0.5	0.0	0.0	0.5	0.0
Personal Care Services	9.1	5.2	5.2	0.0	0.0	0.0
Dry Cleaning and Laundry Services	1.6	0.8	0.8	0.0	0.0	0.0
Auto Repair and Maintenance	13.8	7.9	0.0	7.9	0.0	0.0
Veterinary Services	2.2	1.2	0.0	0.0	1.2	0.0
Photographic Services	1.3	0.8	0.0	0.0	0.8	0.0
Educational Services	23.8	13.6	0.0	13.6	0.0	0.0
Accounting	1.5	0.9	0.0	0.0	0.9	0.0
Architectural, Engineering, and Related	3.2	1.8	0.0	0.0	0.0	1.8
Specialized Design Services	1.3	0.7	0.0	0.0	0.7	0.0
Death Care Services	2.0	1.1	0.0	0.0	1.1	0.0
Legal Services	0.9	0.5	0.5	0.0	0.0	0.0
Government	43.4	24.9	0.0	0.0	11.4	14.8
Total Workers and Households	396.7	211.9	96.0	60.8	33.4	23.0
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2]		190.2	96.0	60.8	33.4	0.0
Total Income-Qualified HH Generated Per 100 Market-Rate Units [2]		19.0	9.6	6.1	3.3	0.0

[1] Assumes 1.69 workers per worker household in the City of Atascadero based on 2015-2019 American Community Survey. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

[2] Excludes above moderate-income households because these incomes are adequate to acquire market-rate housing.

Source: Economic & Planning Systems, Inc.

Table B-4
Income Levels for Worker Households
Worker Household Generation per 1,000 Units - For Rent 3-Bedroom Apartment
City of Atascadero Rental Housing Fee; EPS# 211050

Industry	Total Workers	Total Worker Households [1]	VLI Households	LI Households	Moderate Income Households	Above Moderate Income Households
Retail						
Unspecified Retail	6.8	3.5	3.5	0.0	0.0	0.0
Food & Beverage Stores	30.2	15.4	0.0	15.4	0.0	0.0
Food Services and Drinking Places	115.5	59.0	59.0	0.0	0.0	0.0
Health and Personal Care Stores	3.1	1.6	0.0	1.6	0.0	0.0
General Merchandise	6.1	3.1	0.0	3.1	0.0	0.0
Furniture and Home Furnishings Stores	6.4	3.3	0.0	3.3	0.0	0.0
Building Material and Garden Equipment and Supplies Dealer	3.6	1.8	0.0	1.8	0.0	0.0
Electronics and Appliance Stores	13.5	6.9	0.0	6.9	0.0	0.0
Clothing and Clothing Accessories Stores	8.4	4.3	4.3	0.0	0.0	0.0
Motor Vehicle and Parts Dealers	13.2	6.7	0.0	0.0	6.7	0.0
Gasoline Stations	5.4	2.8	2.8	0.0	0.0	0.0
Sporting Goods, Hobby, and Musical Instrument Stores	14.2	7.2	7.2	0.0	0.0	0.0
Miscellaneous Store Retailers	10.1	5.2	5.2	0.0	0.0	0.0
Nonstore Retailers	18.6	9.5	0.0	0.0	9.5	0.0
Arts, Entertainment, & Recreation	25.8	13.2	13.2	0.0	0.0	0.0
Medical/Health						
Ambulatory Health Care Services	4.7	2.7	0.0	0.0	0.0	2.7
General Medical and Surgical Hospitals	4.8	2.8	0.0	2.8	0.0	0.0
Nursing and Residential Care Facilities	12.4	7.1	0.0	7.1	0.0	0.0
Social Assistance	6.0	3.5	0.0	3.5	0.0	0.0
Services						
Personal and Household Goods Repair and Maintenance	14.8	8.3	8.3	0.0	0.0	0.0
Services to Buildings and Dwellings	8.1	4.7	0.0	0.0	0.0	4.7
Waste Management and Remediation Services	5.4	3.1	0.0	0.0	3.1	0.0
Real Estate and Rental and Leasing	1.1	0.6	0.0	0.0	0.6	0.0
Personal Care Services	10.5	6.0	6.0	0.0	0.0	0.0
Dry Cleaning and Laundry Services	1.9	1.0	1.0	0.0	0.0	0.0
Auto Repair and Maintenance	16.0	9.1	0.0	9.1	0.0	0.0
Veterinary Services	2.5	1.4	0.0	0.0	1.4	0.0
Photographic Services	1.5	0.9	0.0	0.0	0.9	0.0
Educational Services	27.6	15.8	0.0	15.8	0.0	0.0
Accounting	1.8	1.0	0.0	0.0	1.0	0.0
Architectural, Engineering, and Related	3.7	2.1	0.0	0.0	0.0	2.1
Specialized Design Services	1.5	0.9	0.0	0.0	0.9	0.0
Death Care Services	2.3	1.3	0.0	0.0	1.3	0.0
Legal Services	1.0	0.6	0.6	0.0	0.0	0.0
Government	43.4	24.9	0.0	0.0	11.4	14.8
Total Workers and Households	452.0	241.1	111.0	70.3	36.8	24.3
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2]		218.2	111.0	70.3	36.8	0.0
Total Income-Qualified HH Generated Per 100 Market-Rate Units [2]		21.8	11.1	7.0	3.7	0.0

[1] Assumes 1.69 workers per worker household in the City of Atascadero based on 2015-2019 American Community Survey. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

[2] Excludes above moderate-income households because these incomes are adequate to acquire market-rate housing.

Source: Economic & Planning Systems, Inc.

The Economics of Land Use



DRAFT Report

Affordable Housing Fee Nexus Study for For-Sale Housing

Prepared for:

City of Atascadero

Prepared by:

Economic & Planning Systems, Inc.

April 15, 2022

EPS #211050

*Economic & Planning Systems, Inc.
1330 Broadway
Suite 450
Oakland, CA 94612
510 841 9190 tel*

*Oakland
Sacramento
Denver
Los Angeles*

www.epsys.com

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EXECUTIVE SUMMARY

Economic & Planning Systems, Inc. (EPS) was retained by the City of Atascadero (City) to conduct a nexus study analyzing the impact that the development of market-rate housing has on the demand for below-market-rate housing and, based on the results, to determine the defensible nexus-based fee that could be charged to market-rate housing development.

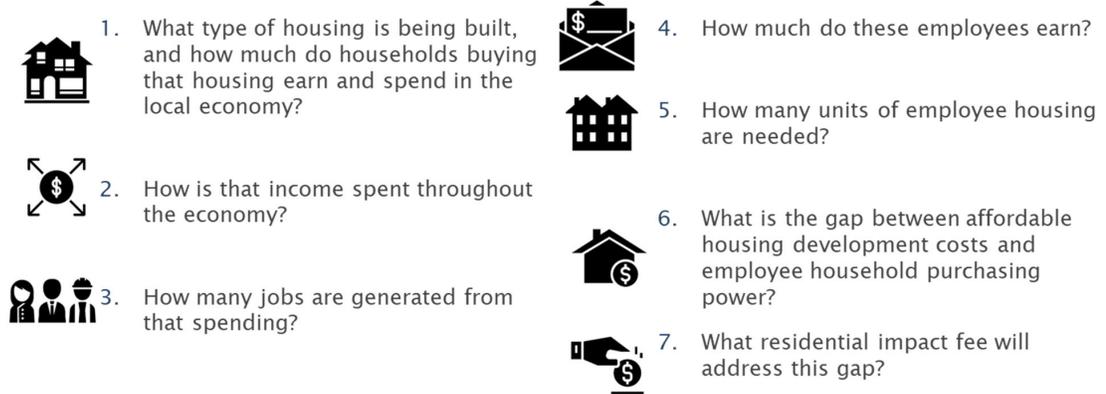
The technical approach used herein quantifies the impacts that the introduction of market-rate units have on the local economy and the demand for additional affordable housing. As new households are added to the community, local employment also will grow to provide the goods and services required by the new households. To the extent that these new jobs do not pay adequate wages for the employees to afford market-rate housing in the community, the new households' spending is creating a need for affordable housing. A nexus-based affordable housing fee is therefore based on the impact of the new market-rate homes on the demand for affordable housing. The fee calculated in this study represents the maximum fee that may be charged to new market-rate housing units to mitigate their impacts on the affordable housing supply. Such fees may be used by the City to subsidize the production of new affordable units for lower-income households not accommodated by market-rate projects.

Calculating the impact of market-rate development in the City on affordable housing needs, and the fees needed to mitigate those impacts, involves three main analytical steps:

- **Step #1.** Estimate the typical subsidy required to construct units affordable at various income levels (the "affordability gap").
- **Step #2.** Determine the market-rate households' demand for goods and services, the jobs created by that demand, and the affordable housing needs of workers in those jobs.
- **Step #3.** Combine the affordability gap with the affordable housing demand projections to compute the maximum, legally-defensible nexus-based affordable housing fees per market-rate unit.

These technical steps are illustrated in **Figure 1** and detailed in the body of this Report and the attached Technical Appendices. The findings regarding each of these steps are presented below.

Figure 1 Illustration of Nexus-Based Housing Fee Methodology



1. The cost to construct housing units affordable to many households exceed those units' values based on what the households can afford to pay. The estimated subsidy required to construct affordable housing units in Atascadero ranges from roughly \$459,000 for Very Low-Income households earning up to 50 percent of AMI to \$152,000 for Moderate Income households earning up to 120 percent of AMI.

An “affordability gap analysis” evaluates whether or not the costs to construct affordable units exceed the values of units that are affordable to lower- and moderate-income households. For each affordable housing income level—households with incomes at 50, 80, and 120 percent of Area Median Income (AMI)—this analysis estimates the subsidy required to construct affordable housing units.

The affordability gap analysis assumes that the average affordable unit for all income levels will be a 2-bedroom unit in a multifamily development in a three-story building (with an average density of 24 dwelling units per acre). This prototype assumes that affordable housing developers will maximize the City’s current allowable density (24 units per acre), plus utilize the State Density Bonus (up to 50 percent of allowable density). However, due to the topography of many sites in Atascadero, it was assumed a developer would not be able to build more than 24 units per acre and that the State density Bonus would be utilized to depart from development standards to assist in achieving maximum base density. The estimated costs to construct the prototypical affordable unit are based on conversations with local market rate and affordable housing developers, as well as other development cost data sources. The cost of land acquisition is also included in the development cost calculations.

A household’s ability to pay is estimated based on standard percentages of income available for housing costs at each household income level. Income available for housing costs is then converted into a monthly affordable rent and a capitalized unit value or an affordable mortgage payment and supportable home price. This unit value is then compared to the costs of development to determine the subsidy required to make the unit affordable to each income level.

2. The demand for affordable housing generated by the expenditures of new households in the City of Atascadero increases along with the market-rate unit value (and related owner income). For example, a 1,500 square foot unit selling for \$555,000 is estimated to create demand for 0.176 affordable housing units, while a 2,500 square foot home selling for \$925,000 creates demand for 0.268 affordable units.

Any justified nexus-based fee is based on the total demand for affordable housing units generated by the construction of market-rate homes. The link (or nexus) between market-rate housing and increased demand for affordable housing is that residents of market-rate units demand goods and services that rely on wage earners (for example, retail sales clerks) some of whom typically cannot afford market-rate housing and thus require affordable housing.

Because more expensive housing units require owners to have higher incomes, and higher income households create more jobs through their spending, the nexus impacts and thus the justified fees for units vary in relation to the price of the market-rate units. The price of the unit is typically a function of its size, and the fees calculated herein can be applied based on the square footage of the market-rate units.

This analysis evaluates the demand for affordable housing generated by a range of sale prices. For each price, the demand-based nexus fee calculation involves the following steps:

A. Market-Rate Household Income Levels. The required incomes of households occupying new for-sale market-rate housing are derived based on the unit's mortgage, property taxes, HOA dues, insurance, and utilities, assuming standard housing cost expenses as a proportion of overall household income. For example, a typical household purchasing a for-sale market-rate home for \$740,000 would have an income of roughly \$143,600, if it spends 35 percent¹ of its income on housing costs.

B. Household Expenditures. Based on the household income computed in Step A, Consumer Expenditure Survey data is used to evaluate the typical spending patterns of the household. This analysis provides an estimate of how much the household spends on specific categories of expenditures, such as "Food at Home." The survey consists of two components — the Interview Survey and the Diary Survey — each with its own sample representative of the broader population, including distinctions by income level. The surveys collect data on expenditures, income, and consumer unit characteristics. As the households' income increases with the value of the market-rate units, the total spending on goods and services also increases. The Consumer Expenditure Survey also indicates that these relationships are not linear (e.g., a household with twice the income does not necessarily spend twice as much on food). While expenditures do increase with income, the relationship is not linear (i.e., household expenditures do not increase at the same proportion that incomes go up).

¹ California Health and Safety Code Section 50052.5 states that affordable housing cost for for-sale units should not exceed 35 percent of gross household income for all income levels. Please note that this differs from the State's defined affordable housing cost for rental units, which is 30 percent of gross household income.

C. Job Creation and Worker Households. Having estimated the households' spending on various items, that spending is then converted into an estimate of jobs created. For each expenditure category, data regarding average worker wages and the ratio between gross business receipts and wages are used to translate these household expenditures into the total number of private-sector workers. Because each new worker does not represent an independent household (Atascadero has an average of 1.71 workers per working household), the total number of new households created is somewhat less than the number of new jobs created. This analysis assumes that workers form households with others with similar wages. EPS has further adjusted the household formation rates to reflect the fact that a certain proportion of workers will *not* form their own households, particularly those of younger ages.²

D. Worker Households by Income Category. Each worker household generated is assigned to an income category—represented as a proportion of AMI ranging from 50 to 120 percent—based on its estimated gross wages. This provides the total number of households generated at each income level by construction of market-rate units at various price points. The results indicate that residents of smaller, lower-priced units generate fewer worker households requiring affordable housing than do residents of larger, higher-priced units.

These steps of the nexus-based fee calculation provide the total number of income-qualified workers required to meet the needs for goods and services generated by market-rate housing. The number of workers providing goods and services to occupants of market-rate housing (at each unit price level) is then converted to total income-qualified households and each such household is assumed to require one housing unit.

3. This analysis calculates the maximum fees that could fully mitigate the impact that new market-rate housing has on Atascadero's affordable housing demand at various representative price points. These fees could range from about \$63,096 for units selling for \$555,000 to \$96,776 for units that sell for \$925,000, or could be justified at approximately \$38.71 per square foot.

The nexus fee is calculated by applying the number of affordable units needed by income qualified households to the affordability gap for each housing income category. This calculation is made for several different home values, as shown in **Table 1**. Should the City prefer to adopt a flat fee per square foot rather than adjusting the fee based on the actual unit prices, this analysis suggests that the maximum justifiable fee could be \$38.71 per square foot, as that is the lowest maximum fee level calculated. In many cases, this fee will need to be adjusted down to a reasonable and feasible fee for new development.

The City may also consider whether to allow developers to provide affordable units within their projects, rather than paying a nexus-based fee. **Table 1** illustrates the proportions of affordable units that correspond to the fee calculation and demands created by the market-

² BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers overall (this factor is applied to other industries). EPS has assumed that young workers in this age cohort do not form their own households and has not included them in the household formation calculations.

rate units. For instance, a project offering \$740,000 units would effectively mitigate the demand being created by the market-rate units if it provided 0.23 affordable units for each market-rate unit.

Table 1 Summary of Maximum Supportable Nexus-Based Housing Fees or Unit Requirements

For-Sale Unit Size (Sq. Ft.) ¹	Unit Value	Nexus-Based Fees			Unit Requirements by Income Level			Total
		Fee per Unit	% of Value	Per Sq.Ft. [1]	VLI (<50% of AMI)	Low (<80% of AMI)	Moderate (<120% of AMI)	
1,500	\$555,000	\$63,096	11.4%	\$42.06	8.8%	6.6%	2.2%	17.6%
2,000	\$740,000	\$82,715	11.2%	\$41.36	11.7%	8.5%	2.8%	23.0%
2,500	\$925,000	\$96,776	10.5%	\$38.71	13.8%	9.8%	3.2%	26.8%

[1] Unit sizes based on 25th percentile, 50th percentile, and 75th percentile of single family units larger than 1,000 sq. ft.

Sources: City of Atascadero; HCD Income Limits 2021; RedFin.com; 2017 U.S Economic Census; Consumer Expenditure Survey, U.S. Bureau of Labor Statistics, September, 2020; Economic & Planning Systems, Inc.

4. While a nexus-based relationship is not typically required for cities to adopt inclusionary housing standards, Table 1 shows that the City of Atascadero could justify an inclusionary requirement of at least 17.6 percent from a nexus perspective.

Inclusionary ordinances in California vary widely but commonly require 10 to 15 percent affordable units. California jurisdictions commonly adopt inclusionary standards based on policy preferences rather than nexus analysis such as this report, but this analysis indicates that the impact of new for-sale housing could justify an inclusionary requirement of at least 17.6 percent, as that is the lowest impact-based figure calculated. **Table 1** also suggests that very low-income units represent approximately one-half of the units demanded based on the spending of new for-sale housing occupants, but again, jurisdictions commonly adopt inclusionary housing income standards based on considerations other than the nexus-based impact.

5. The findings of this analysis can apply equally to new construction of for-sale units and expansions of existing homes.

According to City staff, there is significant residential permitting activity occurring in Atascadero -- some of which is focused on expansions of existing homes rather than entirely new construction. This analysis demonstrates that there is a relationship between the size of homes, their market value, the incomes of households expected to occupy those homes, and the impact on the City's affordable housing demands. As homeowners or other investors expand an existing home, its market value increases in a predictable way based on the square footage added, and the required income of the future buyers of the home can be expected to increase even if the current occupants' income stays the same while they remain in the home. For example, market data suggests that adding 500 square feet to a home can be expected to add roughly \$185,000 to the home's value. A household that buys the expanded home in the future would thus need to have more income than the current

household needed to buy the smaller home. As such, home expansions have an impact on the demand for affordable housing in Atascadero.

1. AFFORDABILITY GAP ANALYSIS

For any nexus-based affordable housing fee calculation, it is necessary to estimate the subsidy required to construct affordable housing units. **Table 2** shows the subsidy needed to produce housing that is affordable to very low-, low-, and moderate-income households (50 through 120 percent of AMI).

Product Type

While the nexus fees calculated herein are based on demands created by market-rate for-sale housing, the analysis assumes that new lower-income worker households would actually be housed in developments that are 100 percent affordable units (in order to determine the cost of construction for such units). The affordable units are assumed as apartments at 24 units per acre with surface parking, reflecting the maximum reasonable density given the City's topography. Such a density is permissible given that that affordable apartment builders would likely maximize the City's current allowable density (24 units per acre), plus utilize the State density bonus program to implement development standard concessions in addition to granting up to a 50 percent increase in base density.

In order to determine the average household size of future affordable housing units, EPS used two estimates from the US Census 2015-2019 American Community Survey (ACS)—the average household size for working households in Atascadero being 2.56, and average family size being 3.04. Rounding these averages, EPS compared the estimated household wage with the income thresholds for a 3-person household to identify the income category into which each occupation would fall for new units.

California State law (California Health and Safety Code Section 50052.5) assumes that a 2-bedroom unit is occupied by a 3-person household, and this assumption is used in this analysis. Commonly, a 2-bedroom rental unit in the Central Coast of California has a gross size of about 1,000 square feet (accounting for shared lobbies, hallways, etc.) and a net size of 900 square feet. This analysis estimates the subsidy required to build for-rent housing for the lower-income worker households.

Table 2 Affordability Gap Analysis

Item	3-Story Multifamily Building with Surface Parking		
	Very Low Income (50% AMI)	Low Income (80% AMI)	Moderate Income (120% AMI)
Development Program Assumptions			
Density/Acre [1]	24	24	24
Gross Unit Size	1,000	1,000	1,000
Net Unit Size	900	900	900
Number of Bedrooms	2	2	2
Number of Persons per 2-bedroom Unit [2]	3	3	3
Parking Spaces/Unit	2.00	2.00	2.00
Cost Assumptions			
Land/Acre [3]	\$650,000	\$650,000	\$650,000
Land/Unit	\$27,083	\$27,083	\$27,083
Direct Costs			
Site Preparation Cost per Land Square Foot	\$10	\$10	\$10
Site Preparation Cost per Unit	\$18,200	\$18,200	\$18,200
Direct Construction Costs/Gross SF [4]	\$350	\$350	\$350
Direct Construction Costs/Unit	\$350,000	\$350,000	\$350,000
Parking Construction Costs/Space	\$5,000	\$5,000	\$5,000
Parking Construction Costs/Unit	\$10,000	\$10,000	\$10,000
Subtotal, Direct Costs/Unit	\$378,200	\$378,200	\$378,200
Indirect Costs as a % of Direct Costs [5]	35%	35%	35%
Indirect Costs/Unit [6]	\$132,370	\$132,370	\$132,370
Developer Return (% of all costs)	14%	14%	14%
Return Amount	\$75,271	\$75,271	\$75,271
Total Cost/Unit (rounded)	\$613,000	\$613,000	\$613,000
Maximum Supported Home Price			
Household Income [7]	\$44,050	\$70,450	\$105,600
Income Available for Housing Costs/Year [8]	\$13,215	\$21,135	\$31,680
(less) Operating Expenses per Unit/Year [9]	(\$6,000)	(\$6,000)	(\$10,000)
Net Operating Income	\$7,215	\$15,135	\$21,680
Capitalization Rate [10]	4.7%	4.7%	4.7%
Total Supportable Unit Value [11]	\$154,000	\$322,000	\$461,000
Affordability Gap	\$459,000	\$291,000	\$152,000

[1] Based on City Staff input. Density assumes state density bonus is utilized but also reflects topographical limitations in the City

[2] An average of 3 persons is used for this analysis based on Census data indicating the average family size in Atascadero and State law (Health and Safety Code Section 50052.5) indicates that a 2-bedroom unit should be assumed to be occupied by a 3-person household. Thus, EPS has assumed an average unit for income-qualified worker households would be 2-bedrooms.

[3] Based on CoStar data on land transactions in the Atascadero area since 2016.

[4] Includes on-site work, offsite work, vertical construction, general requirements, overhead and builder fees. The cost estimate reflects wood-frame construction above podium parking. Assumes workers are paid prevailing wage.

[5] Includes on-site work, offsite work, vertical construction, general requirements, overhead and builder fees. The cost estimate reflects

[6] Includes costs for architecture and engineering; entitlement and fees; project management; appraisal and market study; marketing,

[7] Based on 2021 income limits for a three person household in San Luis Obispo County.

[8] Operating expenses are generally based on EPS feasibility studies in the region and are inclusive of utility costs; units at or below 80% of AMI are assumed to be built as non-profit and are therefore exempt from property taxes. Property taxes are assumed to comprise a share of the operating expenses for the moderate income category.

[9] Operating expenses are generally based on EPS feasibility studies in the region and are inclusive of utility costs; units at or below 80% of AMI are assumed to be built as non-profit and are therefore exempt from property taxes. Property taxes are assumed to comprise a share of the operating expenses for the moderate income category.

[10] The capitalization rate is used to determine the current value of a property based on estimated future operating income, and is typically a measure of estimated operating risk. Obtained from CoStar for Atascadero multifamily developments.

[11] The total supportable unit value is determined by dividing the net operating income by the capitalization rate.

Sources: City of Atascadero; HCD; CoStar; and Economic & Planning Systems, Inc.

Development Cost Assumptions

Affordable housing development costs include land costs, direct costs (e.g., labor and materials), indirect or “soft” costs (e.g., architecture, entitlement, marketing, etc.), and developer profit. Operating costs, including property maintenance, common utilities, advertising, leasing, and property taxes (where applicable) also must be incorporated into the analysis. Data from recent Atascadero developments and land transactions have been combined with EPS’s information from various market-rate and affordable housing developers to estimate appropriate development cost assumptions. These assumptions are shown in **Table 2**.

Revenue Assumptions

To calculate the values of the affordable units, assumptions must be made regarding the applicable income level and the percentage of income spent on housing costs. In addition, translating these assumptions into unit prices and values requires estimates of operating expenses, capital reserves, and capitalization rates. The following assumptions were used in these calculations:

- *Income Levels*—This analysis estimates the subsidy required to produce units for three-person households earning 50, 80, and 120 percent of AMI. In 2021, AMI for these households was \$88,000 in San Luis Obispo County, as shown in the California Department of Housing and Community Development’s (HCD’s) income limits chart (see **Table 3**).
- *Percentage of Gross Household Income Available for Housing Costs*—HCD standards on overpaying for rent indicate that households should pay no more than 30 percent of their gross income on rental housing costs. For this analysis, EPS has assumed that households spend 30 percent of their gross income on rental housing costs.
- *Operating Costs for Rental Units*—Based on conversations with developers and property managers, the analysis assumes that apartment operators incur annual operating costs of \$6,000 per unit, which include the cost of utilities, for units affordable at 80 percent of AMI or below. EPS has assumed the units for moderate income households would have similar operating costs but would be built by for-profit builders and thus also subject to property taxes, increasing their annual operating cost to \$10,000 per unit.

Table 3 Income Limits for Affordable Housing

Affordability Category	Maximum Percentage of County Median	2021 Max Income [1] 3-person household
Extremely Low Income (ELI)	0% - 30%	\$26,450
Very Low Income (VLI)	50%	\$44,050
Low Income (LI)	80%	\$70,450
Median Income	100%	\$88,000
Moderate Income (Mod)	120%	\$105,600

[1] 2021 HCD maximum income thresholds are used to translate employment, wages and total worker household incomes to affordable housing categories and to compute supportable housing costs based on household income levels.

Sources: CA Department of Housing and Community Development; Economic & Planning Systems, Inc.

Affordability Gap Results

Table 2 shows the estimated subsidies for construction of affordable rental units for very low, low, and moderate-income households. As shown, the cost to construct a unit of affordable housing is approximately \$613,000 per unit.

- A household earning 50 percent of AMI can afford rents that translate to unit valuation of \$154,000, resulting in a required subsidy of \$459,000.
- A household earning 80 percent of AMI can afford rents that translate to unit valuation of \$322,000, resulting in a required subsidy of \$291,000.
- A household earning 120 percent of AMI can afford rents that translate to unit valuation of \$461,000, resulting in a required subsidy of \$152,000.

These housing affordability gaps then were used to calculate the justifiable nexus-based fees by multiplying this required subsidy by the number of units required to house workers providing goods and services to new market-rate housing development. This methodology is discussed in more detail in the following chapter.

It is worth noting that the affordability gaps estimated in this analysis are not as large as they might be using other also-valid assumptions. For example, the funding gaps for low income units assume that prices are set at 80 percent of median income, while State law suggest low-income unit prices may be set at 70 percent of median income, or even 60 percent of AMI. This methodology used by EPS yields higher unit values and thus results in lower maximum fees than the City's current practices would yield, and has been used by EPS to preempt objections that the assumptions and calculations overstate the actual funding gap for affordable units.

2. DEMAND-BASED NEXUS FEE CALCULATION

The maximum supportable nexus-based fees are based on both the affordability gap and the estimated impact that new market-rate units have on the need for affordable units, as reflected in the number of income-qualified local workers required to support the residents of market-rate units and the total subsidy required to construct housing for those workers. This approach is based on the following logic: (a) residents of market-rate housing have disposable incomes and require a variety of goods and services, (b) the provision of those goods and services will require some workers who make lower incomes and cannot afford market-rate housing, and (c) fees charged to market-rate projects can mitigate the impact of those projects on the increased need for affordable housing.

Market-Rate Household Income Levels

The link (or nexus) between market-rate housing and increased demand for affordable housing is that residents of market-rate units demand goods and services that rely on wage earners (for example, retail sales clerks) some of whom may not be able to afford market-rate housing.

Because more expensive market-rate housing units require owners to have higher incomes, *and* higher income households create more jobs through their spending, the nexus impacts and thus the justified fees for units vary in relation to the price of the market-rate units. The price of the unit is often a function of its size. To assess the impact that market-rate units have on the need for affordable housing, EPS has estimated the household income required to purchase a home at various price levels, as shown in **Table 4**.

The income required to purchase a particular unit value is based on assumptions of the standard down payment, financing terms, property taxes, and other costs related to owning a home. These housing costs typically account for 35 percent of a household's income, and therefore, by knowing these costs, the required income to purchase each unit can be estimated. As shown, required household incomes under recent market conditions range from approximately \$108,200 for a \$555,000 unit to roughly \$181,400 for a \$925,000 unit. Changes to housing market and financing conditions can have a significant effect on the calculations in this study.

Household Expenditures and Job Creation by Income Level

Having established the income requirements for purchasing units at various values, the fee calculation then requires an analysis of the household spending patterns at those required income levels.

The Consumer Expenditure Survey from the United States Bureau of Labor Statistics provides data for households at a variety of income levels, detailing the amounts that typical households spend on things like Food at Home, Apparel and Services, and Vehicle Maintenance and Repairs.

Table 4 Required Income by Unit Price - Market-Rate For-Sale Units

Base Unit Price	Mortgage (Price less 20% Down)	Annual Cost					Minimum Required Income
		Mortgage Payment [1]	Property Taxes [2]	HOA Dues [3]	Home Insurance [4]	Utilities [5]	
\$555,000	\$444,000	\$28,883	\$6,334	\$1,050	\$389	\$1,212	\$108,200
\$740,000	\$592,000	\$38,510	\$8,446	\$1,575	\$518	\$1,212	\$143,600
\$925,000	\$740,000	\$48,138	\$10,557	\$2,100	\$648	\$2,040	\$181,400

- [1] Based on mortgage terms of 20% down payment and 5% interest for 30 years.
- [2] Assumes property tax rate of 1.1413%.
- [3] HOA dues are assumed to increase at \$525 annually for every \$250,000 of home value
- [4] Assumes homeowners insurance costs of 0.1% of the unit cost assumed at 70% of the value.
- [5] Based on the San Luis Obispo County Housing Authority Utility Allowance (assumes natural gas).
- [6] Assumes 35% of gross household income spent on housing costs; rounded.

Sources: City of Atascadero; County of San Luis Obispo; Economic & Planning Systems, Inc.

Interestingly, household expenditures by category are not uniformly proportional to household income levels. For example, households earning around \$108,200 (adequate to purchase a \$555,000 unit) spend roughly 10.8 percent of their income on food and drink (at home and eating out), while households earning \$181,800 who can afford to purchase a \$925,000 unit will spend on 9.5 percent of their income on food and drink. Because of these and other differences in proportionate spending, the expenditure profile varies at different income levels.

The homebuyer household's typical expenditures were converted to the number of jobs created by their spending. The first step in this process is to determine how much of an industry's gross receipts are used to pay wages and employee compensation. EPS relied on data from the Economic Census,³ which provides employment, gross sales, and payroll data by industry for San Luis Obispo County. In certain instances, where local data was not available for every Economic Census industry, EPS relied on statewide Economic Census data for that industry.

To link the Economic Census data and the Consumer Expenditure Survey data, EPS made determinations as to the industries involved with expenditures in various categories. For example, purchases in the Consumer Expenditure Survey's "Food at Home" category would likely involve the Economic Census's "Food & Beverage Stores" industry, where gross receipts were more than nine times the employees' wages. By contrast, purchases in the Consumer Expenditure Survey's "Entertainment Fees and Admissions" category were attributed to the Economic Census' "Arts, Entertainment, and Recreation" industry, where gross receipts are only about four times the employees' wages. Where more than one Economic Census category was attributable to a Consumer Expenditure Survey category, EPS estimated the proportion of expenditures associated with each Economic Census category.

After determining the amount of the household's expenditures that were used for employee wages, EPS estimated the number of employees those aggregate wages represent. EPS calculated the number of workers supported by that spending using the average wage per worker (also from the 2017 Economic Census). These wages ranged from a low of roughly \$19,500 per year for workers in the clothing and clothing accessories industry to a high of more than \$100,000 for legal services.

A range of occupations and incomes exist in a given industry sector. For instance, the methodology used to generate **Tables B-1 to B-3 in Appendix B** distinguishes between the typical incomes of workers in different types of retail stores (e.g., "food and beverage stores" versus "general merchandise stores"), rather than assuming all retail sector workers earn the same income. However, the average wage is used for each sub-category of industry employment and represents a reasonable proxy for the range of incomes in that group: while some employees will have higher wages and require lower subsidies, others will have lower incomes and require higher subsidies. Using the average approximates the total housing subsidy needed by workers in that industry.

To calculate the number of *households* supported by the expenditures of market-rate housing units, EPS estimated the employees' household formation rates. Importantly, employees

³ Note that the Consumer Expenditure Survey data is based on information current as of 2019. The latest data available for the Economic Census was published in 2017. EPS converted all numbers to 2021 dollars using the Consumer Price Index (CPI) from the Bureau of Labor Statistics.

generated from the increase in housing units do not all form households; some employees, in the retail and food services industries in particular, are young workers and do not form households. Data from the Bureau of Labor Statistics indicates that 12.5 percent of retail/restaurant workers are age 16 to 19, but an average of only 1.9 percent of workers in the workforce overall. EPS applied these discounts to household formation by type of business to get a more accurate calculation of households formed by the employees and the average total incomes of those households.

To get the overall households' income rather than the individual workers', the wages of workers forming households were multiplied by the average of approximately 1.71 workers per working household in Atascadero.⁴ This assumption implies the workers in a given household will have roughly equivalent compensation. While certainly there will often be some variation in wages per employee within a household, on average this assumption is reasonable because it implies comparable levels of education and training among all workers in a household. The average household incomes then are allocated to various income categories to estimate the number of affordable housing units demanded in each income category (50 through 120 percent of AMI).

A simplified example of these calculations follows:

A.	Number of Households (prototype project)	1,000
B.	Average Household Income	\$125,000
C.	Aggregate Household Income (A x B)	\$125 million
D.	Average Income Spent on Retail (Consumer Expenditure Survey)	\$40,000
E.	Aggregate Retail Spending (A x D)	\$40 million
F.	Retail Gross Receipts: Payroll Ratio (Economic Census)	9:1
G.	Estimated Retail Payroll (E ÷ F)	\$4.44 million
H.	Average Retail Wage (Economic Census)	\$28,500
I.	Estimated Total Retail Jobs (G ÷ H)	156
J.	Percent Age 20+ (Bureau of Labor Statistics)	87.5%
K.	Total Retail Workers Forming Households	136
J.	Average Workers/Household (Census Data)	1.71
K.	Estimated Households Created (K ÷ J)	80
L.	Average Household Income (H x J)	\$45,000
M.	Income Category	Low-Income (up to 80% of AMI)

In this simplified example, 1,000 new market-rate units sold to households earning \$125,000 per year would create demand for 80 housing units for retail workers with household incomes typically between 50 and 80 percent of AMI. Actual calculations and impact distinctions by type of household expenditure for various home values are shown in the series of tables presented in **Appendix C**.

⁴ Workers per working household based on American Community Survey (ACS) Census data current as of 2019. Although ACS data reported is based on historical figures, these figures can vary somewhat based on ongoing revisions to the ACS data.

Demand for Income-Qualified Workers

The total number of income-qualified households required to support the expenditures of new market-rate units were determined based on the affordable housing income limits from HCD for a 3-person household. **Table 3** summarizes the HCD income limits used to compute the total number of income-qualified households generated by construction of market-rate units.⁵ The number of income-qualified households required to provide goods and services to new housing units is detailed in **Appendix B**.

The nexus methodology used herein computes the total number of income-qualified households generated by market-rate units (as shown in Table 5) and calculates the impact fee based on the estimated cost to subsidize the production of units to meet that affordable housing demand. This analysis assumes that the fees on residential development will fund required affordable housing for all new workers generated.

Table 5 Summary of Worker and Household Generation per 100 Market-Rate Units

Unit Size (Sq. Ft.)	Minimum Household Income Requirement	Total Workers Generated [1]	Total Worker Households [2]	Total Income Qualified Households [3]	Income Qualified Households by Income Category		
					V/LI Households	LI Households	Moderate Income Households
1,500	\$108,200	33	19.9	17.6	8.8	6.6	2.2
2,000	\$143,600	44	25.6	23.0	11.7	8.5	2.8
2,500	\$181,400	51	29.5	26.8	13.8	9.8	3.2

[1] Total workers generated detailed by unit price point and rental apartment size in Tables B-1 through B-4.

[2] Total worker households derived assuming 1.71 workers per household. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

[3] Total income qualified households reflects those households eligible for affordable housing based on total household income. Income qualified households therefore exclude households earning above moderate income. See Tables B-1 through B-4 for detail. Total may not sum due to rounding.

Source: Economic & Planning Systems, Inc.

⁵ To correspond to the available data regarding employee wages, the 2021 San Luis Obispo County affordable housing income limits from HCD were used to determine the number of income-qualified households based on household expenditures.

Fee Calculation

The affordability gap analysis quantifies the subsidy required to construct affordable housing at various income levels. Analysis of consumer expenditures that rely on lower wage workers provides an estimate of the total number of income-qualified households generated by new for-sale units. Then for each category of market-rate units, the nexus-based fee is calculated by applying the total number of income-qualified households generated to the affordability gap computed for each affordable household income level. The analysis provides the maximum supportable nexus-based fees for new housing development in Atascadero.

Tables 6 through **8** show the impact fee calculation by home value ranging from \$555,000 to \$925,000, which is based on the typical household sizes and value per square foot found in Atascadero. The total impact fees required for a representative project of 100 units is calculated by multiplying the number of affordable units required per income level by the cost of subsidizing such housing. All income-qualified households are assumed to be housed in multifamily rental units and the subsidies needed are calculated as the affordability gaps shown in **Table 3**. The resulting maximum defensible impact fee for market-rate units ranges from \$63,096 for a \$555,000 unit to \$96,776 for a \$925,000 unit.

These fee estimates result in the maximum defensible fee range between \$38 and \$42 per square foot. The fee per square foot is based on the assumption that homes in Atascadero over 1,000 square feet typically sell for approximately \$370 per square foot. This assumption is based on RedFin data for new home sales from December 2020 through December 2021. While the City has the option of adopting fees up to the maximum levels calculated, there may be a variety of reasons to adopt the fee level below the maximum, including concerns about affecting the feasibility of new housing construction. The goal is to balance the competing objectives of generating revenue to support affordable housing in the community while not overburdening new development. EPS is evaluating the level of fees that may be feasible in current market conditions and will document these findings in a separate deliverable.

Table 6 Nexus-Based Housing Fee Calculations (1,500 square foot unit)

Item	Affordable Units Required Per 100 Market-Rate Units [1]	Affordability Gap per Affordable Unit [2]	Total Nexus-Based Fee Supported		
			Per 100 Market-Rate Units	Per Market-Rate Unit	Per Sq.Ft.
			(C = A * B)	(D = C / 100)	
(A)	(B)	(C = A * B)	(D = C / 100)		
Affordable Units - Very Low Income	8.8	\$459,000	\$4,052,591		
Affordable Units - Low Income	6.6	\$291,000	\$1,928,878		
Affordable Units - Moderate Income	<u>2.2</u>	\$152,000	<u>\$328,113</u>		
<i>Total</i>	17.6		\$6,309,583	\$63,096	\$42.06

[1] See Table 5

[2] See Table 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

Source: Economic & Planning Systems, Inc.

Table 7 Nexus-Based Housing Fee Calculations (2,000 square foot unit)

Item	Affordable Units Required Per 100 Market-Rate Units [1]	Affordability Gap per Affordable Unit [2]	Total Nexus-Based Fee Supported		
			Per 100 Market-Rate Units	Per Market-Rate Unit	Per Sq.Ft.
			(C = A * B)	(D = C / 100)	
(A)	(B)	(C = A * B)	(D = C / 100)		
Affordable Units - Very Low Income	11.7	\$459,000	\$5,378,485		
Affordable Units - Low Income	8.5	\$291,000	\$2,464,398		
Affordable Units - Moderate Income	<u>2.8</u>	\$152,000	<u>\$428,630</u>		
<i>Total</i>	23.0		\$8,271,512	\$82,715	\$41.36

[1] See Table 5

[2] See Table 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

Source: Economic & Planning Systems, Inc.

Table 8 Nexus-Based Housing Fee Calculations (2,500 square foot units)

Item	Affordable Units Required Per 100 Market-Rate Units [1] (A)	Affordability Gap per Affordable Unit [2] (B)	Total Nexus-Based Fee Supported		
			Per 100 Market-Rate Units (C = A * B)	Per Market-Rate Unit (D = C / 100)	Per Sq.Ft.
Affordable Units - Very Low Income	13.8	\$459,000	\$6,329,829		
Affordable Units - Low Income	9.8	\$291,000	\$2,865,022		
Affordable Units - Moderate Income	<u>3.2</u>	\$152,000	<u>\$482,781</u>		
Total	26.8		\$9,677,632	\$96,776	\$38.71

[1] See Table 5

[2] See Table 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

Source: Economic & Planning Systems, Inc.



APPENDICES:

Appendix A: Household Expenditures and
Employment Generation

Appendix B: Income Levels for Worker Households

APPENDIX A:
**Household Expenditures and
Employment Generation**



**Table A-1
Household Expenditures and Employment Generation - For Sale 1,500 Square Foot Units
City of Atascadero For Sale Housing Fee; EPS# 211050**

Item		% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
<i>Calculation</i>		<i>a</i>	<i>b</i>	<i>c</i>	<i>d = c * 1,000</i>	<i>e</i>	<i>f = d / e</i>	<i>g</i>	<i>h = f / g</i>	<i>i</i>	<i>j</i>	<i>k = h * i / j</i>	<i>l = g * j</i>	
Required Income	\$108,200													
Food at Home		5.7%	100%	\$6,220										
Food & Beverage Stores			100%	\$6,220	\$6,220,118	9.40	\$662,063	\$30,692	21.6	87.5%	1.71	11.0	\$52,599	LI Households
Food Away From Home		5.1%	100%	\$5,488										
Food Services and Drinking Places			100%	\$5,488	\$5,488,339	3.20	\$1,714,723	\$19,920	86.1	87.5%	1.71	44.0	\$34,137	VLI Households
Alcoholic Beverages		0.7%	100%	\$800										
Food & Beverage Stores			50%	\$400	\$400,128	9.40	\$42,589	\$30,692	1.4	87.5%	1.71	0.7	\$52,599	LI Households
Food Services and Drinking Places			50%	\$400	\$400,128	3.20	\$125,012	\$19,920	6.3	87.5%	1.71	3.2	\$34,137	VLI Households
Housing Maintenance, Repairs, Insurance, Other expenses		1.8%	100%	\$1,941										
Personal and Household Goods Repair and Maintenance			45%	\$873	\$873,382	3.30	\$264,739	\$25,686	10.3	98.1%	1.71	5.9	\$44,019	VLI Households
Building Material and Garden Equipment and Supplies Dealer			45%	\$873	\$873,382	9.23	\$94,610	\$36,992	2.6	87.5%	1.71	1.3	\$63,394	LI Households
Real Estate and Rental and Leasing			10%	\$194	\$194,085	5.23	\$37,083	\$43,536	0.9	98.1%	1.71	0.5	\$74,608	Moderate Income
Fuel oil and Other fuels [7]		4.5%	100%	\$4,910										
Nonstore Retailers			100%	\$4,910	\$4,909,866	7.83	\$627,363	\$42,161	14.9	87.5%	1.71	7.6	\$72,252	Moderate Income
Water and Other Public Services [7]		1.0%	100%	\$1,051										
Waste Management and Remediation Services			100%	\$1,051	\$1,050,654	4.11	\$255,530	\$59,559	4.3	98.1%	1.71	2.5	\$102,068	Moderate Income
Household Operations Personal Services		0.6%	100%	\$652										
Nursing and Residential Care Facilities			40%	\$261	\$260,824	2.20	\$118,692	\$33,109	3.6	98.1%	1.71	2.1	\$56,740	LI Households
Social Assistance [8]			60%	\$391	\$391,236	2.98	\$131,134	\$27,179	4.8	98.1%	1.71	2.8	\$46,578	LI Households
Household Operations Other Household Expenses		1.7%	100%	\$1,868										
Services to Buildings and Dwellings			100%	\$1,868	\$1,868,134	2.91	\$642,217	\$75,555	8.5	98.1%	1.71	4.9	\$129,482	Above Mod
Housekeeping Supplies		0.9%	100%	\$971										
Building Materials and Garden Equipment and Supplies Dealers			10%	\$97	\$97,094	9.23	\$10,518	\$36,992	0.3	87.5%	1.71	0.1	\$63,394	LI Households
Food & Beverage Stores			35%	\$340	\$339,827	9.40	\$36,171	\$30,692	1.2	87.5%	1.71	0.6	\$52,599	LI Households
General Merchandise			35%	\$340	\$339,827	11.23	\$30,269	\$30,374	1.0	87.5%	1.71	0.5	\$52,053	LI Households
Miscellaneous Store Retailers			20%	\$194	\$194,187	6.97	\$27,869	\$23,032	1.2	87.5%	1.71	0.6	\$39,471	VLI Households

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$500,000 Unit requires a household income of \$87,300.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Table A-1
Household Expenditures and Employment Generation - For Sale 1,500 Square Foot Units
City of Atascadero For Sale Housing Fee; EPS# 211050

Item		\$0	\$0	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Household Furnishings and Equipment		2.8%	100%	\$3,036										
Furniture and Home Furnishings Stores			40%	\$1,215	\$1,214,589	6.99	\$173,639	\$33,865	5.1	87.5%	1.71	2.6	\$58,035	LI Households
Electronics and Appliance Stores			40%	\$1,215	\$1,214,589	6.84	\$177,624	\$33,179	5.4	87.5%	1.71	2.7	\$56,860	LI Households
General Merchandise Stores			10%	\$304	\$303,647	11.23	\$27,046	\$30,374	0.9	87.5%	1.71	0.5	\$52,053	LI Households
Miscellaneous Store Retailers			10%	\$304	\$303,647	6.97	\$43,578	\$23,032	1.9	87.5%	1.71	1.0	\$39,471	VLI Households
Apparel and Services		2.4%	100%	\$2,569										
Clothing and Clothing Accessories Stores			40%	\$1,028	\$1,027,760	8.08	\$127,275	\$18,852	6.8	87.5%	1.71	3.4	\$32,307	VLI Households
General Merchandise			40%	\$1,028	\$1,027,760	11.23	\$91,543	\$30,374	3.0	87.5%	1.71	1.5	\$52,053	LI Households
Miscellaneous Store Retailers			10%	\$257	\$256,940	6.97	\$36,875	\$23,032	1.6	87.5%	1.71	0.8	\$39,471	VLI Households
Personal and Household Goods Repair and Maintenance			5%	\$128	\$128,470	3.30	\$38,942	\$25,686	1.5	87.5%	1.71	0.8	\$44,019	VLI Households
Dry cleaning and Laundry Services			5%	\$128	\$128,470	3.30	\$38,942	\$25,686	1.5	87.5%	1.71	0.8	\$44,019	VLI Households
Vehicle Purchases (net outlay)		5.3%	100%	\$5,709										
Motor Vehicle and Parts Dealers			100%	\$5,709	\$5,709,099	10.73	\$531,894	\$50,376	10.6	87.5%	1.71	5.4	\$86,331	Moderate Income
Gasoline and motor oil		3.1%	100%	\$3,389										
Gasoline Stations			100%	\$3,389	\$3,389,075	30.62	\$110,668	\$25,561	4.3	87.5%	1.71	2.2	\$43,804	VLI Households
Vehicle Maintenance and Repairs		1.2%	100%	\$1,246										
Repair and Maintenance			100%	\$1,246	\$1,245,863	3.37	\$369,348	\$28,937	12.8	98.1%	1.71	7.3	\$49,591	LI Households
Medical Services		1.4%	100%	\$1,539										
Ambulatory Health Care Services			40%	\$616	\$615,675	2.60	\$236,488	\$62,611	3.8	98.1%	1.71	2.2	\$107,299	Above Mod
General Medical and Surgical Hospitals			30%	\$462	\$461,756	4.40	\$104,932	\$27,115	3.9	98.1%	1.71	2.2	\$46,469	LI Households
Nursing and Residential Care Facilities			30%	\$462	\$461,756	2.20	\$210,130	\$33,109	6.3	98.1%	1.71	3.6	\$56,740	LI Households
Drugs		0.6%	100%	\$622										
Health and Personal Care Stores			100%	\$622	\$622,421	9.35	\$66,576	\$36,944	1.8	87.5%	1.71	0.9	\$63,313	LI Households
Medical Supplies		0.2%	100%	\$232										
Health and Personal Care Stores			100%	\$232	\$232,002	9.35	\$24,816	\$36,944	0.7	87.5%	1.71	0.3	\$63,313	LI Households
Entertainment Fees and Admissions		1.1%	100%	\$1,231										
Arts, Entertainment, & Recreation			100%	\$1,231	\$1,230,533	2.93	\$419,708	\$20,339	20.6	87.5%	1.71	10.5	\$34,856	VLI Households

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$500,000 Unit requires a household income of \$87,300.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-1
Household Expenditures and Employment Generation - For Sale 1,500 Square Foot Units
City of Atascadero For Sale Housing Fee; EPS# 211050**

Item		\$0	\$0	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Entertainment Audio and Visual Equipment and Services		1.1%	100%	\$1,231										
Electronics and Appliance Stores			100%	\$1,231	\$1,230,533	6.84	\$179,955	\$33,179	5.4	87.5%	1.71	2.8	\$56,860	LI Households
Entertainment Pets, Toys, Hobbies, and Playground Equip.		1.2%	100%	\$1,350										
Sporting Goods, Hobby, and Musical Instrument Stores			40%	\$540	\$540,044	7.31	\$73,877	\$20,692	3.6	87.5%	1.71	1.8	\$35,461	VLI Households
Miscellaneous Store Retailers			40%	\$540	\$540,044	6.97	\$77,504	\$23,032	3.4	87.5%	1.71	1.7	\$39,471	VLI Households
Veterinary Services			20%	\$270	\$270,022	2.69	\$100,330	\$49,793	2.0	98.1%	1.71	1.2	\$85,332	Moderate Income
Other Entertainment Supplies, Equipment, and Services		1.1%	100%	\$1,212										
Sporting Goods, Hobby, and Musical Instrument Stores			85%	\$1,030	\$1,030,316	7.31	\$140,945	\$20,692	6.8	87.5%	1.71	3.5	\$35,461	VLI Households
Photographic Services			15%	\$182	\$181,820	3.41	\$53,371	\$43,227	1.2	98.1%	1.71	0.7	\$74,079	Moderate Income
Personal Care Products and Services		1.1%	100%	\$1,176										
Unspecified Retail			50%	\$588	\$588,182	6.97	\$84,413	\$23,032	3.7	87.5%	1.71	1.9	\$39,471	VLI Households
Personal Care Services			50%	\$588	\$588,182	3.46	\$169,861	\$20,231	8.4	98.1%	1.71	4.8	\$34,671	VLI Households
Reading		0.1%	100%	\$143										
Sporting Goods, Hobby, and Musical Instrument Stores			100%	\$143	\$143,085	7.31	\$19,574	\$20,692	0.9	87.5%	1.71	0.5	\$35,461	VLI Households
Education		1.9%	100%	\$2,087										
Educational Services			100%	\$2,087	\$2,087,000	3.45	\$604,961	\$27,444	22.0	98.1%	1.71	12.6	\$47,032	LI Households
Tobacco Products and Smoking Supplies		0.3%	100%	\$287										
Unspecified Retail			100%	\$287	\$287,192	6.97	\$41,216	\$23,032	1.8	87.5%	1.71	0.9	\$39,471	VLI Households
Miscellaneous		1.1%	100%	\$1,191										
Accounting			20%	\$238	\$238,135	3.37	\$70,698	\$50,490	1.4	98.1%	1.71	0.8	\$86,527	Moderate Income
Architectural, Engineering, and Related			20%	\$238	\$238,135	0.83	\$288,182	\$97,022	3.0	98.1%	1.71	1.7	\$166,269	Above Mod
Specialized Design Services			20%	\$238	\$238,135	3.50	\$67,974	\$56,159	1.2	98.1%	1.71	0.7	\$96,242	Moderate Income
Death Care Services			20%	\$238	\$238,135	3.41	\$69,902	\$43,227	1.6	98.1%	1.71	0.9	\$74,079	Moderate Income
Legal Services			20%	\$238	\$238,135	2.99	\$79,610	\$100,406	0.8	98.1%	1.71	0.5	\$172,068	Above Mod
Total per 1,000 Market Rate Households									328.4			173.9		

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$500,000 Unit requires a household income of \$87,300.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to 2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Source: 2019 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2017 Economic Census, American Community Survey; and Economic & Planning Systems, Inc.

**Table A-2
Household Expenditures and Employment Generation - For Sale 2,000 Square Foot Units
City of Atascadero For Sale Housing Fee; EPS# 211050**

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
<i>Calculation</i>	<i>a</i>	<i>b</i>	<i>c</i>	<i>d = c * 1,000</i>	<i>e</i>	<i>f = d / e</i>	<i>g</i>	<i>h = f / g</i>	<i>i</i>	<i>j</i>	<i>k = h * i / j</i>	<i>l = g * j</i>	
Required Income													
Required Income													
Food at Home	5.7%	100%	\$8,255										
Food & Beverage Stores		100%	\$8,255	\$8,255,165	9.40	\$878,672	\$30,692	28.6	87.5%	1.71	14.6	\$52,599	LI Households
Food Away From Home	5.1%	100%	\$7,284										
Food Services and Drinking Places		100%	\$7,284	\$7,283,970	3.20	\$2,275,732	\$19,920	114.2	87.5%	1.71	58.3	\$34,137	VLI Households
Alcoholic Beverages	0.7%	100%	\$1,062										
Food & Beverage Stores		50%	\$531	\$531,038	9.40	\$56,523	\$30,692	1.8	87.5%	1.71	0.9	\$52,599	LI Households
Food Services and Drinking Places		50%	\$531	\$531,038	3.20	\$165,912	\$19,920	8.3	87.5%	1.71	4.3	\$34,137	VLI Households
Housing Maintenance, Repairs, Insurance, Other expenses	1.8%	100%	\$2,576										
Personal and Household Goods Repair and Maintenance		45%	\$1,159	\$1,159,128	3.30	\$351,355	\$25,686	13.7	98.1%	1.71	7.8	\$44,019	VLI Households
Building Material and Garden Equipment and Supplies Dealer		45%	\$1,159	\$1,159,128	9.23	\$125,563	\$36,992	3.4	87.5%	1.71	1.7	\$63,394	LI Households
Real Estate and Rental and Leasing		10%	\$258	\$257,584	5.23	\$49,216	\$43,536	1.1	98.1%	1.71	0.6	\$74,608	Moderate Income
Fuel oil and Other fuels [7]	4.5%	100%	\$6,516										
Nonstore Retailers		100%	\$6,516	\$6,516,236	7.83	\$832,619	\$42,161	19.7	87.5%	1.71	10.1	\$72,252	Moderate Income
Water and Other Public Services [7]	1.0%	100%	\$1,394										
Waste Management and Remediation Services		100%	\$1,394	\$1,394,399	4.11	\$339,132	\$59,559	5.7	98.1%	1.71	3.3	\$102,068	Moderate Income
Household Operations Personal Services	0.6%	100%	\$865										
Nursing and Residential Care Facilities		40%	\$346	\$346,158	2.20	\$157,525	\$33,109	4.8	98.1%	1.71	2.7	\$56,740	LI Households
Social Assistance [8]		60%	\$519	\$519,237	2.98	\$174,037	\$27,179	6.4	98.1%	1.71	3.7	\$46,578	LI Households
Household Operations Other Household Expenses	1.7%	100%	\$2,479										
Services to Buildings and Dwellings		100%	\$2,479	\$2,479,335	2.91	\$852,333	\$75,555	11.3	98.1%	1.71	6.5	\$129,482	Above Mod
Housekeeping Supplies	0.9%	100%	\$1,289										
Building Materials and Garden Equipment and Supplies Dealers		10%	\$129	\$128,860	9.23	\$13,959	\$36,992	0.4	87.5%	1.71	0.2	\$63,394	LI Households
Food & Beverage Stores		35%	\$451	\$451,009	9.40	\$48,005	\$30,692	1.6	87.5%	1.71	0.8	\$52,599	LI Households
General Merchandise		35%	\$451	\$451,009	11.23	\$40,172	\$30,374	1.3	87.5%	1.71	0.7	\$52,053	LI Households
Miscellaneous Store Retailers		20%	\$258	\$257,720	6.97	\$36,987	\$23,032	1.6	87.5%	1.71	0.8	\$39,471	VLI Households

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$750,000 Unit requires a household income of \$126,300.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Table A-2
Household Expenditures and Employment Generation - For Sale 2,000 Square Foot Units
City of Atascadero For Sale Housing Fee; EPS# 211050

Item		\$0	\$0	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Household Furnishings and Equipment		2.8%	100%	\$4,030										
Furniture and Home Furnishings Stores			40%	\$1,612	\$1,611,968	6.99	\$230,449	\$33,865	6.8	87.5%	1.71	3.5	\$58,035	LI Households
Electronics and Appliance Stores			40%	\$1,612	\$1,611,968	6.84	\$235,737	\$33,179	7.1	87.5%	1.71	3.6	\$56,860	LI Households
General Merchandise Stores			10%	\$403	\$402,992	11.23	\$35,895	\$30,374	1.2	87.5%	1.71	0.6	\$52,053	LI Households
Miscellaneous Store Retailers			10%	\$403	\$402,992	6.97	\$57,835	\$23,032	2.5	87.5%	1.71	1.3	\$39,471	VLI Households
Apparel and Services		2.4%	100%	\$3,410										
Clothing and Clothing Accessories Stores			40%	\$1,364	\$1,364,015	8.08	\$168,916	\$18,852	9.0	87.5%	1.71	4.6	\$32,307	VLI Households
General Merchandise			40%	\$1,364	\$1,364,015	11.23	\$121,494	\$30,374	4.0	87.5%	1.71	2.0	\$52,053	LI Households
Miscellaneous Store Retailers			10%	\$341	\$341,004	6.97	\$48,939	\$23,032	2.1	87.5%	1.71	1.1	\$39,471	VLI Households
Personal and Household Goods Repair and Maintenance			5%	\$171	\$170,502	3.30	\$51,683	\$25,686	2.0	87.5%	1.71	1.0	\$44,019	VLI Households
Dry cleaning and Laundry Services			5%	\$171	\$170,502	3.30	\$51,683	\$25,686	2.0	87.5%	1.71	1.0	\$44,019	VLI Households
Vehicle Purchases (net outlay)		5.3%	100%	\$7,577										
Motor Vehicle and Parts Dealers			100%	\$7,577	\$7,576,956	10.73	\$705,915	\$50,376	14.0	87.5%	1.71	7.2	\$86,331	Moderate Income
Gasoline and motor oil		3.1%	100%	\$4,498										
Gasoline Stations			100%	\$4,498	\$4,497,885	30.62	\$146,875	\$25,561	5.7	87.5%	1.71	2.9	\$43,804	VLI Households
Vehicle Maintenance and Repairs		1.2%	100%	\$1,653										
Repair and Maintenance			100%	\$1,653	\$1,653,475	3.37	\$490,189	\$28,937	16.9	98.1%	1.71	9.7	\$49,591	LI Households
Medical Services		1.4%	100%	\$2,043										
Ambulatory Health Care Services			40%	\$817	\$817,107	2.60	\$313,860	\$62,611	5.0	98.1%	1.71	2.9	\$107,299	Above Mod
General Medical and Surgical Hospitals			30%	\$613	\$612,830	4.40	\$139,263	\$27,115	5.1	98.1%	1.71	2.9	\$46,469	LI Households
Nursing and Residential Care Facilities			30%	\$613	\$612,830	2.20	\$278,878	\$33,109	8.4	98.1%	1.71	4.8	\$56,740	LI Households
Drugs		0.6%	100%	\$826										
Health and Personal Care Stores			100%	\$826	\$826,059	9.35	\$88,357	\$36,944	2.4	87.5%	1.71	1.2	\$63,313	LI Households
Medical Supplies		0.2%	100%	\$308										
Health and Personal Care Stores			100%	\$308	\$307,907	9.35	\$32,935	\$36,944	0.9	87.5%	1.71	0.5	\$63,313	LI Households
Entertainment Fees and Admissions		1.1%	100%	\$1,633										
Arts, Entertainment, & Recreation			100%	\$1,633	\$1,633,128	2.93	\$557,025	\$20,339	27.4	87.5%	1.71	14.0	\$34,856	VLI Households

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$750,000 Unit requires a household income of \$126,300.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-2
Household Expenditures and Employment Generation - For Sale 2,000 Square Foot Units
City of Atascadero For Sale Housing Fee; EPS# 211050**

Item		\$0	\$0	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Entertainment Audio and Visual Equipment and Services		1.1%	100%	\$1,633										
Electronics and Appliance Stores			100%	\$1,633	\$1,633,128	6.84	\$238,832	\$33,179	7.2	87.5%	1.71	3.7	\$56,860	LI Households
Entertainment Pets, Toys, Hobbies, and Playground Equip.		1.2%	100%	\$1,792										
Sporting Goods, Hobby, and Musical Instrument Stores			40%	\$717	\$716,732	7.31	\$98,048	\$20,692	4.7	87.5%	1.71	2.4	\$35,461	VLI Households
Miscellaneous Store Retailers			40%	\$717	\$716,732	6.97	\$102,862	\$23,032	4.5	87.5%	1.71	2.3	\$39,471	VLI Households
Veterinary Services			20%	\$358	\$358,366	2.69	\$133,156	\$49,793	2.7	98.1%	1.71	1.5	\$85,332	Moderate Income
Other Entertainment Supplies, Equipment, and Services		1.1%	100%	\$1,609										
Sporting Goods, Hobby, and Musical Instrument Stores			85%	\$1,367	\$1,367,406	7.31	\$187,059	\$20,692	9.0	87.5%	1.71	4.6	\$35,461	VLI Households
Photographic Services			15%	\$241	\$241,307	3.41	\$70,833	\$43,227	1.6	98.1%	1.71	0.9	\$74,079	Moderate Income
Personal Care Products and Services		1.1%	100%	\$1,561										
Unspecified Retail			50%	\$781	\$780,619	6.97	\$112,030	\$23,032	4.9	87.5%	1.71	2.5	\$39,471	VLI Households
Personal Care Services			50%	\$781	\$780,619	3.46	\$225,435	\$20,231	11.1	98.1%	1.71	6.4	\$34,671	VLI Households
Reading		0.1%	100%	\$190										
Sporting Goods, Hobby, and Musical Instrument Stores			100%	\$190	\$189,899	7.31	\$25,978	\$20,692	1.3	87.5%	1.71	0.6	\$35,461	VLI Households
Education		1.9%	100%	\$2,770										
Educational Services			100%	\$2,770	\$2,769,807	3.45	\$802,887	\$27,444	29.3	98.1%	1.71	16.7	\$47,032	LI Households
Tobacco Products and Smoking Supplies		0.3%	100%	\$381										
Unspecified Retail			100%	\$381	\$381,154	6.97	\$54,701	\$23,032	2.4	87.5%	1.71	1.2	\$39,471	VLI Households
Miscellaneous		1.1%	100%	\$1,580										
Accounting			20%	\$316	\$316,046	3.37	\$93,828	\$50,490	1.9	98.1%	1.71	1.1	\$86,527	Moderate Income
Architectural, Engineering, and Related			20%	\$316	\$316,046	0.83	\$382,467	\$97,022	3.9	98.1%	1.71	2.3	\$166,269	Above Mod
Specialized Design Services			20%	\$316	\$316,046	3.50	\$90,213	\$56,159	1.6	98.1%	1.71	0.9	\$96,242	Moderate Income
Death Care Services			20%	\$316	\$316,046	3.41	\$92,772	\$43,227	2.1	98.1%	1.71	1.2	\$74,079	Moderate Income
Legal Services			20%	\$316	\$316,046	2.99	\$105,657	\$100,406	1.1	98.1%	1.71	0.6	\$172,068	Above Mod
Total per 1,000 Market Rate Households									435.9			230.8		

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$750,000 Unit requires a household income of \$126,300.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Source: 2019 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2017 Economic Census, American Community Survey, and Economic & Planning Systems, Inc.

**Table A-3
Household Expenditures and Employment Generation - For Sale 2,500 Square Foot Units
City of Atascadero For Sale Housing Fee; EPS# 211050**

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
<i>Calculation</i>	<i>a</i>	<i>b</i>	<i>c</i>	<i>d = c * 1,000</i>	<i>e</i>	<i>f = d / e</i>	<i>g</i>	<i>h = f / g</i>	<i>i</i>	<i>j</i>	<i>k = h * i / j</i>	<i>l = g * j</i>	
Required Income													
	\$181,400												
Food at Home	4.7%	100%	\$8,616										
Food & Beverage Stores		100%	\$8,616	\$8,616,142	9.40	\$917,094	\$30,692	29.9	87.5%	1.71	15.3	\$52,599	LI Households
Food Away From Home	4.8%	100%	\$8,697										
Food Services and Drinking Places		100%	\$8,697	\$8,697,200	3.20	\$2,717,268	\$19,920	136.4	87.5%	1.71	69.6	\$34,137	VLI Households
Alcoholic Beverages	0.8%	100%	\$1,379										
Food & Beverage Stores		50%	\$690	\$689,621	9.40	\$73,403	\$30,692	2.4	87.5%	1.71	1.2	\$52,599	LI Households
Food Services and Drinking Places		50%	\$690	\$689,621	3.20	\$215,458	\$19,920	10.8	87.5%	1.71	5.5	\$34,137	VLI Households
Housing Maintenance, Repairs, Insurance, Other expenses	1.7%	100%	\$3,173										
Personal and Household Goods Repair and Maintenance		45%	\$1,428	\$1,427,686	3.30	\$432,760	\$25,686	16.8	98.1%	1.71	9.6	\$44,019	VLI Households
Building Material and Garden Equipment and Supplies Dealer		45%	\$1,428	\$1,427,686	9.23	\$154,655	\$36,992	4.2	87.5%	1.71	2.1	\$63,394	LI Households
Real Estate and Rental and Leasing		10%	\$317	\$317,264	5.23	\$60,619	\$43,536	1.4	98.1%	1.71	0.8	\$74,608	Moderate Income
Fuel oil and Other fuels [7]	3.8%	100%	\$6,851										
Nonstore Retailers		100%	\$6,851	\$6,850,612	7.83	\$875,344	\$42,161	20.8	87.5%	1.71	10.6	\$72,252	Moderate Income
Water and Other Public Services [7]	0.8%	100%	\$1,445										
Waste Management and Remediation Services		100%	\$1,445	\$1,445,100	4.11	\$351,463	\$59,559	5.9	98.1%	1.71	3.4	\$102,068	Moderate Income
Household Operations Personal Services	0.5%	100%	\$993										
Nursing and Residential Care Facilities		40%	\$397	\$397,181	2.20	\$180,744	\$33,109	5.5	98.1%	1.71	3.1	\$56,740	LI Households
Social Assistance [8]		60%	\$596	\$595,771	2.98	\$199,690	\$27,179	7.3	98.1%	1.71	4.2	\$46,578	LI Households
Household Operations Other Household Expenses	1.4%	100%	\$2,577										
Services to Buildings and Dwellings		100%	\$2,577	\$2,577,288	2.91	\$886,006	\$75,555	11.7	98.1%	1.71	6.7	\$129,482	Above Mod
Housekeeping Supplies	0.8%	100%	\$1,483										
Building Materials and Garden Equipment and Supplies Dealers		10%	\$148	\$148,310	9.23	\$16,066	\$36,992	0.4	87.5%	1.71	0.2	\$63,394	LI Households
Food & Beverage Stores		35%	\$519	\$519,084	9.40	\$55,251	\$30,692	1.8	87.5%	1.71	0.9	\$52,599	LI Households
General Merchandise		35%	\$519	\$519,084	11.23	\$46,235	\$30,374	1.5	87.5%	1.71	0.8	\$52,053	LI Households
Miscellaneous Store Retailers		20%	\$297	\$296,619	6.97	\$42,569	\$23,032	1.8	87.5%	1.71	0.9	\$39,471	VLI Households

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$1,000,000 Unit requires a household income of \$167,200.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-3
Household Expenditures and Employment Generation - For Sale 2,500 Square Foot Units
City of Atascadero For Sale Housing Fee; EPS# 211050**

Item		\$0	\$0	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Household Furnishings and Equipment		2.6%	100%	\$4,717										
Furniture and Home Furnishings Stores			40%	\$1,887	\$1,886,610	6.99	\$269,712	\$33,865	8.0	87.5%	1.71	4.1	\$58,035	LI Households
Electronics and Appliance Stores			40%	\$1,887	\$1,886,610	6.84	\$275,901	\$33,179	8.3	87.5%	1.71	4.2	\$56,860	LI Households
General Merchandise Stores			10%	\$472	\$471,652	11.23	\$42,010	\$30,374	1.4	87.5%	1.71	0.7	\$52,053	LI Households
Miscellaneous Store Retailers			10%	\$472	\$471,652	6.97	\$67,689	\$23,032	2.9	87.5%	1.71	1.5	\$39,471	VLI Households
Apparel and Services		2.4%	100%	\$4,405										
Clothing and Clothing Accessories Stores			40%	\$1,762	\$1,761,984	8.08	\$218,200	\$18,852	11.6	87.5%	1.71	5.9	\$32,307	VLI Households
General Merchandise			40%	\$1,762	\$1,761,984	11.23	\$156,941	\$30,374	5.2	87.5%	1.71	2.6	\$52,053	LI Households
Miscellaneous Store Retailers			10%	\$440	\$440,496	6.97	\$63,218	\$23,032	2.7	87.5%	1.71	1.4	\$39,471	VLI Households
Personal and Household Goods Repair and Maintenance			5%	\$220	\$220,248	3.30	\$66,762	\$25,686	2.6	87.5%	1.71	1.3	\$44,019	VLI Households
Dry cleaning and Laundry Services			5%	\$220	\$220,248	3.30	\$66,762	\$25,686	2.6	87.5%	1.71	1.3	\$44,019	VLI Households
Vehicle Purchases (net outlay)		5.1%	100%	\$9,329										
Motor Vehicle and Parts Dealers			100%	\$9,329	\$9,329,194	10.73	\$869,164	\$50,376	17.3	87.5%	1.71	8.8	\$86,331	Moderate Income
Gasoline and motor oil		2.4%	100%	\$4,269										
Gasoline Stations			100%	\$4,269	\$4,269,442	30.62	\$139,415	\$25,561	5.5	87.5%	1.71	2.8	\$43,804	VLI Households
Vehicle Maintenance and Repairs		1.1%	100%	\$2,086										
Repair and Maintenance			100%	\$2,086	\$2,085,960	3.37	\$618,403	\$28,937	21.4	98.1%	1.71	12.2	\$49,591	LI Households
Medical Services		1.0%	100%	\$1,795										
Ambulatory Health Care Services			40%	\$718	\$717,864	2.60	\$275,740	\$62,611	4.4	98.1%	1.71	2.5	\$107,299	Above Mod
General Medical and Surgical Hospitals			30%	\$538	\$538,398	4.40	\$122,348	\$27,115	4.5	98.1%	1.71	2.6	\$46,469	LI Households
Nursing and Residential Care Facilities			30%	\$538	\$538,398	2.20	\$245,007	\$33,109	7.4	98.1%	1.71	4.2	\$56,740	LI Households
Drugs		0.5%	100%	\$842										
Health and Personal Care Stores			100%	\$842	\$842,236	9.35	\$90,088	\$36,944	2.4	87.5%	1.71	1.2	\$63,313	LI Households
Medical Supplies		0.2%	100%	\$351										
Health and Personal Care Stores			100%	\$351	\$350,826	9.35	\$37,525	\$36,944	1.0	87.5%	1.71	0.5	\$63,313	LI Households
Entertainment Fees and Admissions		1.2%	100%	\$2,244										
Arts, Entertainment, & Recreation			100%	\$2,244	\$2,244,275	2.93	\$765,474	\$20,339	37.6	87.5%	1.71	19.2	\$34,856	VLI Households

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$1,000,000 Unit requires a household income of \$167,200.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-3
Household Expenditures and Employment Generation - For Sale 2,500 Square Foot Units
City of Atascadero For Sale Housing Fee; EPS# 211050**

Item	\$0	\$0	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Entertainment Audio and Visual Equipment and Services	1.2%	100%	\$2,244										
Electronics and Appliance Stores		100%	\$2,244	\$2,244,275	6.84	\$328,207	\$33,179	9.9	87.5%	1.71	5.1	\$56,860	LI Households
Entertainment Pets, Toys, Hobbies, and Playground Equip.	0.9%	100%	\$1,688										
Sporting Goods, Hobby, and Musical Instrument Stores		40%	\$675	\$675,309	7.31	\$92,381	\$20,692	4.5	87.5%	1.71	2.3	\$35,461	VLI Households
Miscellaneous Store Retailers		40%	\$675	\$675,309	6.97	\$96,917	\$23,032	4.2	87.5%	1.71	2.1	\$39,471	VLI Households
Veterinary Services		20%	\$338	\$337,654	2.69	\$125,460	\$49,793	2.5	98.1%	1.71	1.4	\$85,332	Moderate Income
Other Entertainment Supplies, Equipment, and Services	0.8%	100%	\$1,472										
Sporting Goods, Hobby, and Musical Instrument Stores		85%	\$1,251	\$1,250,943	7.31	\$171,127	\$20,692	8.3	87.5%	1.71	4.2	\$35,461	VLI Households
Photographic Services		15%	\$221	\$220,755	3.41	\$64,800	\$43,227	1.5	98.1%	1.71	0.9	\$74,079	Moderate Income
Personal Care Products and Services	0.8%	100%	\$1,520										
Unspecified Retail		50%	\$760	\$759,913	6.97	\$109,059	\$23,032	4.7	87.5%	1.71	2.4	\$39,471	VLI Households
Personal Care Services		50%	\$760	\$759,913	3.46	\$219,455	\$20,231	10.8	98.1%	1.71	6.2	\$34,671	VLI Households
Reading	0.1%	100%	\$163										
Sporting Goods, Hobby, and Musical Instrument Stores		100%	\$163	\$163,381	7.31	\$22,350	\$20,692	1.1	87.5%	1.71	0.6	\$35,461	VLI Households
Education	2.1%	100%	\$3,810										
Educational Services		100%	\$3,810	\$3,809,695	3.45	\$1,104,321	\$27,444	40.2	98.1%	1.71	23.0	\$47,032	LI Households
Tobacco Products and Smoking Supplies	0.1%	100%	\$267										
Unspecified Retail		100%	\$267	\$267,236	6.97	\$38,352	\$23,032	1.7	87.5%	1.71	0.9	\$39,471	VLI Households
Miscellaneous	1.2%	100%	\$2,215										
Accounting		20%	\$443	\$443,029	3.37	\$131,527	\$50,490	2.6	98.1%	1.71	1.5	\$86,527	Moderate Income
Architectural, Engineering, and Related		20%	\$443	\$443,029	0.83	\$536,138	\$97,022	5.5	98.1%	1.71	3.2	\$166,269	Above Mod
Specialized Design Services		20%	\$443	\$443,029	3.50	\$126,459	\$56,159	2.3	98.1%	1.71	1.3	\$96,242	Moderate Income
Death Care Services		20%	\$443	\$443,029	3.41	\$130,046	\$43,227	3.0	98.1%	1.71	1.7	\$74,079	Moderate Income
Legal Services		20%	\$443	\$443,029	2.99	\$148,108	\$100,406	1.5	98.1%	1.71	0.8	\$172,068	Above Mod
Total per 1,000 Market Rate Households								509.8			270.0		

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$1,000,000 Unit requires a household income of \$167,200.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Source: 2019 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2017 Economic Census, American Community Survey; and Economic & Planning Systems, Inc.

APPENDIX B:
Income Levels for Worker Households



**Table B-1
Income Levels for Worker Households
Worker Household Generation per 1,000 Units – For Sale 1,500 Square Foot Units
City of Atascadero For Sale Housing Fee; EPS# 211050**

Industry	Total Workers	Total Worker Households [1]	VLI Households	LI Households	Moderate Income Households	Above Moderate Income Households
Retail						
Unspecified Retail	5.5	2.8	2.8	0.0	0.0	0.0
Food & Beverage Stores	24.1	12.3	0.0	12.3	0.0	0.0
Food Services and Drinking Places	92.4	47.2	47.2	0.0	0.0	0.0
Health and Personal Care Stores	2.5	1.3	0.0	1.3	0.0	0.0
General Merchandise	4.9	2.5	0.0	2.5	0.0	0.0
Furniture and Home Furnishings Stores	5.1	2.6	0.0	2.6	0.0	0.0
Building Material and Garden Equipment and Supplies Dealer	2.8	1.5	0.0	1.5	0.0	0.0
Electronics and Appliance Stores	10.8	5.5	0.0	5.5	0.0	0.0
Clothing and Clothing Accessories Stores	6.8	3.4	3.4	0.0	0.0	0.0
Motor Vehicle and Parts Dealers	10.6	5.4	0.0	0.0	5.4	0.0
Gasoline Stations	4.3	2.2	2.2	0.0	0.0	0.0
Sporting Goods, Hobby, and Musical Instrument Stores	11.3	5.8	5.8	0.0	0.0	0.0
Miscellaneous Store Retailers	8.1	4.1	4.1	0.0	0.0	0.0
Nonstore Retailers	14.9	7.6	0.0	0.0	7.6	0.0
Arts, Entertainment, & Recreation	20.6	10.5	10.5	0.0	0.0	0.0
Medical/Health						
Ambulatory Health Care Services	3.8	2.2	0.0	0.0	0.0	2.2
General Medical and Surgical Hospitals	3.9	2.2	0.0	2.2	0.0	0.0
Nursing and Residential Care Facilities	9.9	5.7	0.0	5.7	0.0	0.0
Social Assistance	4.8	2.8	0.0	2.8	0.0	0.0
Services						
Personal and Household Goods Repair and Maintenance	11.8	6.7	6.7	0.0	0.0	0.0
Services to Buildings and Dwellings	8.5	4.9	0.0	0.0	0.0	4.9
Waste Management and Remediation Services	4.3	2.5	0.0	0.0	2.5	0.0
Real Estate and Rental and Leasing	0.9	0.5	0.0	0.0	0.5	0.0
Personal Care Services	8.4	4.8	4.8	0.0	0.0	0.0
Dry Cleaning and Laundry Services	1.5	0.8	0.8	0.0	0.0	0.0
Auto Repair and Maintenance	12.8	7.3	0.0	7.3	0.0	0.0
Veterinary Services	2.0	1.2	0.0	0.0	1.2	0.0
Photographic Services	1.2	0.7	0.0	0.0	0.7	0.0
Educational Services	22.0	12.6	0.0	12.6	0.0	0.0
Accounting	1.4	0.8	0.0	0.0	0.8	0.0
Architectural, Engineering, and Related	3.0	1.7	0.0	0.0	0.0	1.7
Specialized Design Services	1.2	0.7	0.0	0.0	0.7	0.0
Death Care Services	1.6	0.9	0.0	0.0	0.9	0.0
Legal Services	0.8	0.5	0.0	0.0	0.0	0.5
Government	0.0	24.9	0.0	10.0	1.4	14.8
Total Workers and Households	328.4	198.8	88.3	66.3	21.6	24.0
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2]		176.2	88.3	66.3	21.6	0.0
Total Income-Qualified HH Generated Per 100 Market-Rate Units [2]		17.6	8.8	6.6	2.2	0.0

[1] Assumes 1.69 workers per worker household in the City of Atascadero based on 2015-2019 American Community Survey. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

Source: Economic & Planning Systems, Inc.

Table B-2
Income Levels for Worker Households
Worker Household Generation per 1,000 Units - For Sale 2,000 Square Foot Units
City of Atascadero For Sale Housing Fee; EPS# 211050

Industry	Total Workers	Total Worker Households [1]	VLI Households	LI Households	Moderate Income Households	Above Moderate Income Households
Retail						
Unspecified Retail	7.2	3.7	3.7	0.0	0.0	0.0
Food & Beverage Stores	32.0	16.4	0.0	16.4	0.0	0.0
Food Services and Drinking Places	122.6	62.6	62.6	0.0	0.0	0.0
Health and Personal Care Stores	3.3	1.7	0.0	1.7	0.0	0.0
General Merchandise	6.5	3.3	0.0	3.3	0.0	0.0
Furniture and Home Furnishings Stores	6.8	3.5	0.0	3.5	0.0	0.0
Building Material and Garden Equipment and Supplies Dealer	3.8	1.9	0.0	1.9	0.0	0.0
Electronics and Appliance Stores	14.3	7.3	0.0	7.3	0.0	0.0
Clothing and Clothing Accessories Stores	9.0	4.6	4.6	0.0	0.0	0.0
Motor Vehicle and Parts Dealers	14.0	7.2	0.0	0.0	7.2	0.0
Gasoline Stations	5.7	2.9	2.9	0.0	0.0	0.0
Sporting Goods, Hobby, and Musical Instrument Stores	15.0	7.7	7.7	0.0	0.0	0.0
Miscellaneous Store Retailers	10.7	5.5	5.5	0.0	0.0	0.0
Nonstore Retailers	19.7	10.1	0.0	0.0	10.1	0.0
Arts, Entertainment, & Recreation	27.4	14.0	14.0	0.0	0.0	0.0
Medical/Health						
Ambulatory Health Care Services	5.0	2.9	0.0	0.0	0.0	2.9
General Medical and Surgical Hospitals	5.1	2.9	0.0	2.9	0.0	0.0
Nursing and Residential Care Facilities	13.2	7.5	0.0	7.5	0.0	0.0
Social Assistance	6.4	3.7	0.0	3.7	0.0	0.0
Services						
Personal and Household Goods Repair and Maintenance	15.7	8.9	8.9	0.0	0.0	0.0
Services to Buildings and Dwellings	11.3	6.5	0.0	0.0	0.0	6.5
Waste Management and Remediation Services	5.7	3.3	0.0	0.0	3.3	0.0
Real Estate and Rental and Leasing	1.1	0.6	0.0	0.0	0.6	0.0
Personal Care Services	11.1	6.4	6.4	0.0	0.0	0.0
Dry Cleaning and Laundry Services	2.0	1.0	1.0	0.0	0.0	0.0
Auto Repair and Maintenance	16.9	9.7	0.0	9.7	0.0	0.0
Veterinary Services	2.7	1.5	0.0	0.0	1.5	0.0
Photographic Services	1.6	0.9	0.0	0.0	0.9	0.0
Educational Services	29.3	16.7	0.0	16.7	0.0	0.0
Accounting	1.9	1.1	0.0	0.0	1.1	0.0
Architectural, Engineering, and Related	3.9	2.3	0.0	0.0	0.0	2.3
Specialized Design Services	1.6	0.9	0.0	0.0	0.9	0.0
Death Care Services	2.1	1.2	0.0	0.0	1.2	0.0
Legal Services	1.1	0.6	0.0	0.0	0.0	0.6
Government	0.0	24.9	0.0	10.0	1.4	14.8
Total Workers and Households	435.9	255.7	117.2	84.7	28.2	27.0
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2]		230.1	117.2	84.7	28.2	0.0
Total Income-Qualified HH Generated Per 100 Market-Rate Units [2]		23.0	11.7	8.5	2.8	0.0

[1] Assumes 1.69 workers per worker household in the City of Atascadero based on 2015-2019 American Community Survey. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

Source: Economic & Planning Systems, Inc.

Table B-3
Income Levels for Worker Households
Worker Household Generation per 1,000 Units - For Sale 2,500 Square Foot Units
City of Atascadero For Sale Housing Fee; EPS# 211050

Industry	Total Workers	Total Worker Households [1]	VLI Households	LI Households	Moderate Income Households	Above Moderate Income Households
Retail						
Unspecified Retail	6.4	3.3	3.3	0.0	0.0	0.0
Food & Beverage Stores	34.1	17.4	0.0	17.4	0.0	0.0
Food Services and Drinking Places	147.2	75.2	75.2	0.0	0.0	0.0
Health and Personal Care Stores	3.5	1.8	0.0	1.8	0.0	0.0
General Merchandise	8.1	4.1	0.0	4.1	0.0	0.0
Furniture and Home Furnishings Stores	8.0	4.1	0.0	4.1	0.0	0.0
Building Material and Garden Equipment and Supplies Dealer	4.6	2.4	0.0	2.4	0.0	0.0
Electronics and Appliance Stores	18.2	9.3	0.0	9.3	0.0	0.0
Clothing and Clothing Accessories Stores	11.6	5.9	5.9	0.0	0.0	0.0
Motor Vehicle and Parts Dealers	17.3	8.8	0.0	0.0	8.8	0.0
Gasoline Stations	5.5	2.8	2.8	0.0	0.0	0.0
Sporting Goods, Hobby, and Musical Instrument Stores	13.8	7.1	7.1	0.0	0.0	0.0
Miscellaneous Store Retailers	11.7	6.0	6.0	0.0	0.0	0.0
Nonstore Retailers	20.8	10.6	0.0	0.0	10.6	0.0
Arts, Entertainment, & Recreation	37.6	19.2	19.2	0.0	0.0	0.0
Medical/Health						
Ambulatory Health Care Services	4.4	2.5	0.0	0.0	0.0	2.5
General Medical and Surgical Hospitals	4.5	2.6	0.0	2.6	0.0	0.0
Nursing and Residential Care Facilities	12.9	7.4	0.0	7.4	0.0	0.0
Social Assistance	7.3	4.2	0.0	4.2	0.0	0.0
Services						
Personal and Household Goods Repair and Maintenance	19.4	11.0	11.0	0.0	0.0	0.0
Services to Buildings and Dwellings	11.7	6.7	0.0	0.0	0.0	6.7
Waste Management and Remediation Services	5.9	3.4	0.0	0.0	3.4	0.0
Real Estate and Rental and Leasing	1.4	0.8	0.0	0.0	0.8	0.0
Personal Care Services	10.8	6.2	6.2	0.0	0.0	0.0
Dry Cleaning and Laundry Services	2.6	1.3	1.3	0.0	0.0	0.0
Auto Repair and Maintenance	21.4	12.2	0.0	12.2	0.0	0.0
Veterinary Services	2.5	1.4	0.0	0.0	1.4	0.0
Photographic Services	1.5	0.9	0.0	0.0	0.9	0.0
Educational Services	40.2	23.0	0.0	23.0	0.0	0.0
Accounting	2.6	1.5	0.0	0.0	1.5	0.0
Architectural, Engineering, and Related	5.5	3.2	0.0	0.0	0.0	3.2
Specialized Design Services	2.3	1.3	0.0	0.0	1.3	0.0
Death Care Services	3.0	1.7	0.0	0.0	1.7	0.0
Legal Services	1.5	0.8	0.0	0.0	0.0	0.8
Government	0.0	24.9	0.0	10.0	1.4	14.8
Total Workers and Households	509.8	294.8	137.9	98.5	31.8	28.1
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2]		268.1	137.9	98.5	31.8	0.0
Total Income-Qualified HH Generated Per 100 Market-Rate Units [2]		26.8	13.8	9.8	3.2	0.0

[1] Assumes 1.69 workers per worker household in the City of Atascadero based on 2015-2019 American Community Survey. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

Source: Economic & Planning Systems, Inc.

City of Atascadero Housing Element Inclusionary Ordinance Options

I. Introduction and Background

Atascadero has long been committed to providing housing opportunities for all members of the community. In 2003, the City adopted an inclusionary housing policy requiring all developments that were subject to legislative approval (including zone changes, planned unit developments, and specific plans) to provide 20 percent of the units as affordable/deed restricted to households of very low, low, and moderate incomes or in specific circumstances, to provide in-lieu fees equal to 5% of building valuation. Under the existing policy, 147 units have been created (plus 22 in the pipeline), and over \$1.11 million in-lieu fees have been collected.

However, over the past 15+ years, market conditions have changed significantly, State laws related to affordable housing incentives have changed drastically, and much of the large developable areas in Atascadero have been developed. In response, the 2021-2028 Housing Element includes a program to re-evaluate the City's inclusionary housing policy and consider replacing the policy with an inclusionary housing ordinance.

Purpose of Inclusionary Ordinances

Beginning in the early 1970s, cities and counties throughout California adopted inclusionary policies and ordinances as part of their overall affordable housing strategy. Similar policies are also prevalent in other jurisdictions across the country. Inclusionary housing ordinances are designed to increase the supply of affordable housing for lower-income households. They are also intended to reverse the harmful effects of exclusionary zoning practices which in past decades had the effect of blocking low-cost housing from many municipalities. Inclusionary housing ordinances achieve this purpose by requiring private housing developers to include a certain percentage of affordable housing units in their projects, thereby helping to logically integrate affordable units throughout each neighborhood.

Case Law and Legislative History

By 2007, more than 170 jurisdictions in California had adopted an inclusionary housing ordinance. In 2009, however, the authority of jurisdictions to enact such policies was challenged in two separate court cases. To address the challenges, the State legislature passed a bill in 2017 to ensure that local jurisdictions could adopt and implement inclusionary housing ordinances. This section summarizes the relevant case law and legislation in chronological order.

Palmer Case (2009)

In the Palmer case (*Palmer/Sixth Street Properties L.P. v. City of Los Angeles*), the Second District California Court of Appeal ruled that inclusionary housing requirements on rental units mandated by the City of Los

Angeles conflicted with 1995 Costa Hawkins Act, which allows landlords to set the initial monthly rent for a new unit and to increase the rent to market levels whenever a unit is vacated. After the Palmer decision (until AB 1505 became effective in 2018), most jurisdictions stopped applying inclusionary housing requirements on rental housing development.

Patterson Case (2009)

In another case before the California Court of Appeal during that same year (*Building Industry Association of Central California v. City of Patterson*), the court ruled that an in-lieu fee associated with the City of Patterson’s inclusionary ordinance was not “reasonably justified” as required by the development agreement. This decision created some uncertainty as to what standard of review courts would use when assessing the validity of an inclusionary ordinance. This court found an inclusionary in-lieu fee to be a type of impact fee, rather than simply a land use control, and thus would require a nexus-type study to justify it.

Between 2009 and 2015, jurisdictions had great uncertainty as to how to implement their inclusionary housing ordinances; many were not enforced, particularly as related to new rental residential projects. In response, many jurisdictions replaced affordable housing production models with a linkage or impact fee methodology. However, in 2015 the Patterson decision was overturned by the California Supreme Court decision in *California Building Industry Association v. City of San Jose*, and in 2017 new legislation was adopted that clearly authorizes local jurisdictions’ authority to adopt and implement inclusionary housing ordinances, including those for rental affordable housing.

CBIA v. City of San Jose (2015)

In 2015, the California Supreme Court ruled in *California Building Industry Association v. City of San Jose* that inclusionary housing programs are use restrictions that are a valid exercise of a jurisdiction’s zoning powers. Importantly, this means that inclusionary housing requirements are deemed to be a planning tool and not an exaction—even if they include an in-lieu fee payment option—and are not subject to AB 1600 nexus requirements imposed by the “Mitigation Fee Act.” However, price controls imposed by inclusionary housing programs must meet the following criteria:

1. The requirements cannot be “confiscatory”; and
2. The requirements cannot deprive a property owner of a fair and reasonable return on their investment.

The San Jose ruling that inclusionary housing programs are not an exaction applies to both ownership and rental residential development. However, the San Jose case did not overturn the limitations that the Palmer case imposed on inclusionary housing programs for rental residential projects, which rendered inclusionary housing ordinances for rental units invalid because rental property owners could not set initial rents as required by the Costa Hawkins law. Former Governor Brown publicly stated that he would not sign legislation that would undo the Costa Hawkins/inclusionary housing conflict, also known as a “Palmer Fix” bill, unless and until the California Supreme Court ruled in favor of the City of San Jose. When the Supreme Court found in favor of the City of San Jose, this ruling allowed for the subsequent passage and adoption of Assembly Bill (AB) 1505 in September 2017, known as the “Palmer Fix”.

AB 1505 (The Palmer Fix – Effective January 1, 2018)

In a direct response to Palmer, AB 1505 authorizes jurisdictions to adopt inclusionary housing ordinances that requires a certain percentage of residential rental units be affordable to lower- and moderate-income households (Government Code Section 65850.01).

AB 1505 does not place a cap on the percentage of units that can be required to be affordable as part of an inclusionary housing policy. However, if the ordinance requires that more than 15 percent of the units be restricted to households earning less than 80 percent of the area median income (AMI), the California Department of Housing and Community Development (HCD) can require the jurisdiction to prepare an economic feasibility study. If HCD reviews and finds that feasibility analysis was not conducted by a “qualified entity with demonstrated expertise,” that the analysis was not sufficiently rigorous and followed “best professional practices,” and if the study was not made public for 30 days, the ordinance is still valid but cannot require more than 15 percent of units at 80 percent of median or below.

AB 1505 requires that inclusionary housing programs offer developers a range of options for fulfilling the affordable housing requirements. More flexible inclusionary housing policies improve the feasibility of these projects by offering developers various ways to meet affordability obligations. Beyond the on-site construction of a specified number of affordable housing units, these alternatives may include the following:

- Allow developers to pay fees in lieu of building inclusionary units on-site. These in-lieu fees can be leveraged by local jurisdictions and non-profit developers to build affordable housing. This option allows the affordable housing requirement to be transferred to a developer with more experience in the construction and operation of affordable housing projects. But it is critical that the in-lieu fee be set at a level sufficient to actually fund new construction. The dollars collected should be high enough to enable the city to finance construction of an equivalent number of affordable housing units elsewhere; otherwise, the number of units produced may end up being less than the number that would have been produced had the developer simply built the units themselves.
- Another option is the off-site construction of a defined percentage of income restricted units at a different project location. Typically, the developer is still responsible for actual development but will partner with another developer, again someone with more experience with affordable housing projects. With both in-lieu fees and off-site construction, a fully dedicated affordable housing project will have access to public funding sources that a private development will not. By leveraging the expertise of non-profit developers and accessing funding sources not available to private projects, these two options can provide a more cost-efficient way to build affordable housing. Ideally, the off-site construction should not be in an isolated location which would restrict the extent to which the new development could promote residential, social, and economic integration of its residents with the surrounding community. If this is not possible, the alternative site could be justified by requiring the production of a larger number of affordable units than would have been built at the original site.
- Some inclusionary housing ordinances allow developers to dedicate land that can accommodate the same number of affordable housing units that would have be required at the original project

site. With this option the responsibility for construction of the affordable housing will fall on the local jurisdiction, which typically will deed the property to a community-based non-profit developer. The property should be equal to or greater in value than the in-lieu fee and large enough to ensure production of an equivalent number of affordable housing units. Again, isolated plots of land should be avoided. The capacity of local non-profit developers to undertake the development is a critical consideration, as is the existence of adequate sewer and water capacity and other infrastructure, the availability of financing to improve the land and build and operate the housing, and the level of public acceptance by the surrounding community.

- A transfer of credits allows developers to build more than the required number of affordable units in one project to compensate for building fewer such units in another project.
- Instead of constructing new affordable units on-site, developers may have the option of acquiring and rehabilitating existing off-site units. This option could also include the adaptive re-use of an existing non-residential building for new affordable housing.

By providing off-site and in-lieu fee options, the affordable housing requirements can be transferred to developers that have experience in constructing affordable housing projects. This is beneficial for multiple reasons, including: (1) affordable housing developers have expertise in developing and operating affordable housing projects, which may be difficult for other developers (especially long-term project holders), and (2) affordable housing developers use a variety of public funding sources to layer funding and achieve affordable housing, which can support deeper affordability and additional units. However, this can result in concentrating affordable housing units in a smaller number of developments, rather than integrating units throughout the city.

Key Components of Inclusionary Housing Programs

Although characteristics of inclusionary programs vary widely among jurisdictions, most share the following aspects and components:

- Most are mandatory and are required with every new housing development over a specific threshold (e.g., 5 or more units); however, some programs (like the City of Atascadero's) are only incorporated into legislative level projects, such as those that are requesting a General Plan modification, zone change, or other variances from requirements.
- Most ordinances apply to both rental and ownership housing.
- Most ordinances exclude very small projects; the threshold is typically between five and 10 or fewer units, below which new projects are not subject to affordable housing requirements.
- There is significant variation in the affordability standards of Inclusionary Housing programs throughout California. The majority of programs require between 10 and 20 percent of the units in projects to be affordable, at varying levels of affordability.

- There is variation in length of affordability requirements; however, the prior standard in California Redevelopment Law of 45 years for ownership housing units and 55 years for rental units is commonly used (though both shorter and longer covenant periods exist).

II. Summary of City of Atascadero’s Inclusionary Policy

Background

During the 2001 update to the Atascadero General Plan, the City Council recognized that rising housing prices were not accommodating local working families, many of whom had lived in the community for generations. As a result, an inclusionary housing ordinance was adopted in 2003, requiring a 20 percent set-aside for all developments requiring legislative approval (including zone changes, planned unit developments, and specific plans). Affordable units developed under the inclusionary policy must be deed restricted to households of very low, low, and moderate incomes. 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 are required to 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 to 10 units can 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 are 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, combinations of construction, fees, and/or land dedications. All inclusionary units are treated as density bonus units that are not counted as part of the maximum density entitlement of a site.

For-sale inclusionary properties may participate in a “shared equity purchase program.” Under the equity sharing program, the buyer of an affordable unit enters into an agreement with the City that upon resale of the property eventually returns a share of the property’s accrued equity to the City for use in other citywide affordable housing developments. The affordability of the ownership units is maintained by a promissory note valued at the below-market benefit of the particular unit, which is evidenced by a second trust deed recorded on the property at time of sale.

Past Performance of City of Atascadero’s Inclusionary Ordinance

As shown in Table 1 below, the City of Atascadero’s inclusionary ordinance resulted in the construction of 147 affordable housing units between 2003 and 2020. Most of the construction—144 units—occurred prior to 2007. There was a seven-year gap from 2008 through 2014 during which no affordable housing units were built via the inclusionary policy. This period corresponds to the economic downturn in the housing market.

Over half (55 percent) of the inclusionary units produced were moderate-income housing units, as a majority of legislative projects are small lot single-family subdivisions. Very low-income housing units account for 23 percent of the total and low-income the balance at 22 percent. Affordable units were included in Apple Valley, the Colony Homes development, Las Lomas, and Dove Creek.

Table 1: Atascadero Inclusionary Housing Units Constructed

Year	Units Constructed by Income Level			Total
	Very Low	Low	Moderate	
2003	2	2	2	6
2004	2	24	21	47
2005	2	0	25	27
2006	10	5	31	46
2007	18	0	0	18
Subtotal 2003 - 2007	34	31	79	144
2008-2014	0	0	0	0
2014	0	1	0	1
2015	0	0	0	0
2016	0	0	1	1
2017-2019	0	0	0	0
2020	0	0	1	1
Subtotal 2008 - 2020	0	1	2	3
Total 2003-2020	34	32	81	147

In addition, three projects are in the development stages that have committed to providing affordable housing through the inclusionary policy, as outlined in Table 2, which will provide an additional 22 units of affordable housing in Atascadero.

Table 2: Atascadero Inclusionary Housing Units In Planning Process

Project Name	Units Constructed by Income Level			Total
	Very Low	Low	Moderate	
Grand Oaks Micro Community	0	0	3	3
Hartberg Multi-Family Planned Development	3	6	6	15
The Principal Mixed-Use Project	0	3	1	4
Total	3	9	10	22

To note, this summary of inclusionary housing units in Table 1 and Table 2 is not inclusive of all affordable housing in Atascadero. Additional affordable housing projects have been created through grant funding and tax credit financing, including:

- The Knolls at the Avenida (59 affordable units for families)
- Atascadero Senior Apartments (19 affordable units for seniors)

Since 2003, over \$1.11 million in lieu-fees have been collected by the City. These fees are used (often along with other funding sources) to finance affordable housing developed off site. Projects that have been funded with in-lieu fees include support for land acquisition for affordable housing, housing rehabilitation and preservation as affordable housing, and to support affordable housing developers’ payment of impact fees, thereby reducing the overall cost of the project.

[Changes Since Inclusionary Policy Adoption](#)

The City’s 2001 General Plan and Housing Element updates initiated a period of both commercial and residential growth. The City’s inclusionary housing policy was highly successful during the early years, with projects such as Los Lomas/Woodridge, where inclusionary units were mixed in with the development of 270 single-family homes, townhomes, and apartments, and Dove Creek, which had a similar housing type mix.

However, as the remaining large developable areas have dwindled, market conditions have changed, and State laws have been modified (and lawsuits have changed the landscape), inclusionary housing projects have decreased. The ability for developers to provide affordable units based on economies of scale often diminishes on smaller lots; larger tracts of land make the construction of affordable units more financially feasible as the financial impacts of affordable units can be spread across more market-rate units. Construction costs have also increased throughout California, in terms of both material and labor costs. New State requirements, including solar installation for all new single-family homes, have also increased construction costs. All of these factors have resulted in a narrowing of profit margins for new development. At the same time, there has also been a shift towards building housing that is “affordable by design” rather than being deed-restricted affordable housing, particularly in private, for profit development projects where grant finding is not sought or applicable. In Atascadero, trends are shifting

toward smaller units and higher density than has been in demand before. This may be due partly to the economic factors sited here, as well as changing housing preferences in the market.

In addition, changes to State laws include (1) increasingly generous State Density Bonus provisions, (2) strengthening of the Housing Accountability Act and related limitations on jurisdictions to deny projects or reduce density (as well as more emphasis on requiring housing to be allowed “by-right” without a public hearing or discretionary approval), and (3) the rescinding of redevelopment law, which eliminated a structure for requiring affordable housing and a related funding source. State Density Bonus regulations and the Housing Accountability Act are described in more detail below.



Los Lomas Village

Density Bonus

The State Density Bonus law (Government Code Section 65915) is often used in tandem with inclusionary housing policies to lessen the financial impact of inclusionary housing policies on developers.¹

Section 65915 requires the City to adopt an ordinance that specifies how it will comply with the State-mandated density bonus requirements. The City’s density bonus ordinance (Zoning Code Article 30) was last amended in 2013. Various new State laws have amended the density bonus requirements since 2013. Until the City’s density bonus ordinance is updated (which is an implementation action of the Housing Element and will be funded with SB 2 grant funds), the State law governs and supersedes City policies over any inconsistencies.

Over the years, the State Density Bonus law has become increasingly more generous, allowing additional incentives at lower thresholds for the development of affordable housing. The most recent law, AB 2345

¹ In 2013, in *Latinos Unidos del Valle de Napa y Solano v. County of Napa*, the First District Court of Appeal ruled that jurisdictions must allow developers to use the same affordable units to fulfill both inclusionary housing ordinance and density bonus requirements (as long as the more stringent of the two programs’ requirements are applied).

(effective January 2021), decreases the percentage of units that must be affordable in a development while simultaneously increasing the allowed bonuses and concessions. Specific changes associated with AB 2345 include:

- Requires 17 percent of the total units be for lower-income households rather than 20 percent to qualify for two incentives/concessions.
- Requires 24 percent of the total units be for lower-income households rather than 30 percent to qualify for three incentives/concessions.
- Increases cap of bonus percentage from 35 percent to 50 percent.

Density bonus law allows for-sale units to be provided at the moderate level (not lower-income); most inclusionary units produced in Atascadero have been for-sale units and thus moderate-income level. As a result, the City has been limited in its ability to require low- or very low-income units. Furthermore, in Atascadero, developers have used the density bonus process to access the allowed incentives/concessions, even if additional *density* is not needed (or constructed). Prior to the changes to State Density Bonus law, these projects may have instead endeavored to use the variance process to achieve the same effect.

Given the generous approach to State Density Bonus law, it is difficult for the City to provide any additional incentives for affordable housing provisions. In addition to increases in density, developers are often interested in accessing the incentives and concessions available to address site planning issues, including reductions in setbacks, parking, and open space, which are all accessible through State Density Bonus law.

The City's inclusionary housing regulations require that housing remain affordable for 30 years; State density bonus requires a 50-year term. As such, as project developers ask for concessions, the City is able to increase the deed restriction requirement associated with the inclusionary housing ordinance from 30 to 55 years (consistent with State Density Bonus law provisions). However, once a moderate-income deed-restricted unit sells for a moderate price in the free market, the affordability covenant is no longer required, thus reducing the local deed-restricted moderate-income affordable housing, which is generally what is considered "workforce housing".

Given the current local market conditions, deed-restricted very low- and low-income units are the least likely to be provided in the free market, and are the most highly needed.

Housing Accountability Act

The Housing Accountability Act (HAA) was enacted in 1982 to address the high cost of housing in California. The act, strengthened in 2018 with a package of housing bills signed by former Governor Jerry Brown, protects both of the following:

- Developments that comply with all "applicable, objective general plan, zoning, and subdivision standards and criteria." **Local governments may not disapprove – or reduce the density/size of – multi-family residential and mixed-use projects** unless they find that the project would have an unavoidable impact on public health or safety that cannot be mitigated in any way other than rejecting the project or reducing its size.

- Developments that contain a minimum amount of affordable housing (either 20 percent of units for lower-income households or 100 percent of units for moderate-income), even if the projects do not comply with all objective standards. Local governments may not disapprove or reduce the size of qualifying affordable housing projects except under specific circumstances defined in the statute.

This modification to the Housing Accountability Act is consistent with a recent and consistent statewide legislative push toward requiring jurisdictions to increase local by-right approvals (removing discretionary actions, as well as some legislative action, thus no longer triggering the inclusionary policy).

In Atascadero, because the inclusionary housing policy is linked only to legislative actions (general plan amendments, specific plans, zone changes), only certain housing developments are required to comply with the inclusionary housing regulations. For example, a small lot subdivision of four homes that is part of a planned development would be required to comply and provide affordable housing or pay an in-lieu fee; however, a larger project that is fully consistent with zoning regulations (such as Emerald Ridge, with 208 units) would be reviewed by the Planning Commission through the Conditional Use Permit process, but would *not* be subject to the inclusionary requirements. This has resulted in a feeling of unbalance in the applicability of the inclusionary policy.

Atascadero Recent Policy Direction

In previous Housing Element updates, the City included an action item to consider adoption of an inclusionary housing ordinance that expands the existing inclusionary policy to require more residential developments to provide deed-restricted affordable units or pay an in-lieu fee. In 2008, the City approved a new Affordable Housing Funds Policy that established affordable housing goals, policies, and prioritization criteria for the allocation of affordable housing funds.

The 2021-2028 Housing Element includes this Implementation Action: “Evaluate the City’s inclusionary housing policy and consider replacing the current inclusionary policy with an inclusionary housing ordinance...consistent with State density bonus regulations and [that] address[es] changing economic and regulatory considerations.

III. The Balancing Act

Inclusionary housing ordinances are promoted as a way to produce a wider range of housing choices, for a variety of income levels—more than the free marketplace can do on its own. However, if affordable housing requirements are set too high, developers may not be able to make a sufficient profit and may choose not to build at all, ultimately reducing overall housing production. Over time, inclusionary housing policies may also have an impact on land prices, as the market adjusts to reflect the inclusionary housing restrictions in place. In addition, consistent with case law, inclusionary housing requirements cannot be confiscatory or deprive an owner of a fair and reasonable return on his/her investment. Moreover, California Housing Element law² requires any jurisdiction with an inclusionary housing policy or ordinance to analyze potential and actual constraints being placed on the development of housing by that ordinance.

² Government Code Section 65583(a)

For these reasons, any ordinance should be carefully designed to avoid placing an onerous financial burden on developers which could then hinder market rate housing development.

Critically, an inclusionary housing ordinance by itself cannot produce all the affordable housing units that may be in demand or that may be required by the State RHNA targets. While Atascadero was significantly more successful than most jurisdictions in meeting the regional housing needs allocation targets set by the State and San Luis Obispo Council of Governments, local production of very low- and low-income housing during the past five years did not achieve construction goals (see Table 4). In addition, the State of California has determined that household overcrowding and over payment issues effectively increase the need for affordable housing above these RHNA targets.

Table 4: Atascadero 2014-2019 Regional Housing Needs and Progress

Objectives	Income Levels					Total
	Extremely Low-Income Units	Very Low-Income Units	Low-Income Units	Moderate-Income Units	Above Moderate-Income Units	
Construction Objectives						
Goal	49	49	62	69	164	393
Progress	0 (0%)	48 (98%)	28 (45%)	178 (258%)	308 (188%)	562

Other complementary affordable housing strategies can also support provision of a variety of housing choice, including encouraging (or requiring) projects to provide housing that is affordable by design, such as limiting single-family housing types on multi-family properties and/or limiting average unit size for multi-family developments.

IV. Options and Recommendations

A fundamental consideration should be that the inclusionary housing ordinance not place an onerous financial burden on the developers of market-rate housing. As such, it must be carefully crafted to achieve affordable housing goals and avoid unintended consequences.

Inclusionary Housing Ordinance Factors to Consider

In considering an inclusionary housing ordinance that requires on-site units (and allows for alternatives consistent with AB 1505), **it is recommended that the City conduct an economic study** to best determine the appropriate affordability thresholds and optional in-lieu fee.

The courts have held that affordable housing is a “public benefit” and that locally imposed inclusionary housing ordinances are a legitimate means of providing this public benefit. However, the courts have also ruled that inclusionary housing regulations cannot be confiscatory, and they cannot deprive a property owner of a fair and reasonable return on an investment. However, no guidance is provided as to how these requirements should be met. Many California inclusionary housing programs have assumed that a

policy that results in a reduction in land costs of approximately 30 percent would be consistent with these case law requirements.

To understand the appropriate parameters for an individual jurisdiction, an economic study estimates the achievable market rate monthly rents and the defined affordable rents for a variety of unit sizes, the difference between which is identified as the affordability gap. The affordability gap equates to the recommended in-lieu fees per affordable unit. In the development of an inclusionary housing ordinance, the key factors that must be considered are:

- **Percent of units required to be affordable:** Throughout the State, jurisdictions have varied in the percentage of project units that are required to be affordable through an inclusionary housing ordinance. The City of Long Beach and Keyser Marston Associates, Inc. conducted an exhaustive search and summarized 68 inclusionary housing programs in California (see Attachment 1 for the Long Beach report's summary of programs).
- **Threshold of applicability:** Some jurisdictions exempt small projects from inclusionary housing requirements. Common thresholds include one unit, five units, and 10 units (see Attachment 1).
- **Affordability:** There is variation in the level of affordability required. Some jurisdictions require provision of very low-income units (50 percent of the area median income), some require low-income units (80 percent of the area median income), some require moderate-income units (120 percent of area median income, and some with a proportion of each (like Atascadero's existing inclusionary policy). Jurisdictions also have established different thresholds for renter and ownership products. In general, ownership units are reserved for moderate-income households (not very low- or low-income households) since moderate-income households are more likely to have the necessary disposable income to address the costs associated with homeownership. However, in a jurisdiction where most of the new housing product is for sale rather than rent, this can significantly limit amount of new lower-income housing units that come on line.
- **In lieu fee:** An economic study can assess the appropriate amount for the in-lieu fee and a calculation methodology.
- **Covenant period:** The inclusionary ordinance should re-evaluate the existing affordable housing covenant time period and consider adjustments based on best practices. While some jurisdictions throughout California have limitations of 30 years like Atascadero, many have increased restrictions to last 55 years (and some in perpetuity).

Pros and Cons of Inclusionary Housing Ordinances

The benefits of inclusionary housing ordinances are significant:

- Affordable units in market-rate developments can be constructed more quickly than non-profit affordable units, which require more time for financing.
- Construction of affordable units throughout different neighborhoods can meet a wider array of housing needs than concentrating a larger number of units in one development as a traditional

100 percent affordable project. Due to the wider variety of types of housing constructed, inclusionary housing can expand the housing choices available to lower-income families.

- The presence of affordable units within each residential project provides more opportunities for residents to remain in the community.

The drawbacks relate to how an inclusionary requirement can increase the costs of development and potentially reduce residential construction. The goal of an inclusionary requirement is to produce additional affordable housing. This goal is unachievable if increased construction costs due to the inclusionary requirement are too high and discourage residential development. In addition, inclusionary ordinances can require significant administration to ensure that small numbers of affordable units across multiple projects are rented or owned by qualified residents.

Other Affordable Housing Tools to Consider

In addition to, or instead of, an inclusionary housing ordinance, there are other affordable housing tools that the City may want to consider, including (1) an affordable housing impact fee and (2) efforts to encourage (or require) affordability by design.

Affordable Housing Impact Fee

Linkage fees and affordable housing impact fees are policy tools that generate revenue to support the creation of affordable housing by charging a fee on new development, and are used by jurisdictions throughout California. A nexus study must be prepared to demonstrate the connection between the fee and the need for affordable housing. Affordable housing impact fees are assessed on market-rate residential development on the assumption that an influx of new residents will generate increased demand for services and, in turn, low-wage jobs to fulfill that demand. The revenue from affordable housing impact fees can then be used to help provide housing affordable to these workers. Linkage fees are assessed on nonresidential development (commercial and industrial), understanding that these facilities stimulate the creation of jobs, and thus a need for housing. The need to meet the demand for affordable housing created by new growth provides the legal justification for charging linkage fees, which are used to preserve or create affordable housing near the jobs that are created.

When selecting a fee amount, communities strive to develop formulas that generate as much revenue as possible to support local affordable housing goals while avoiding unintended negative impacts on new development. Linkage and affordable housing fees that are too high could suppress economic growth in the short run and lead to higher land prices in the long run. Many communities choose to engage a consultant or other specialist when designing their formulas to help balance these competing priorities.

Linkage or impact fees are sometimes confused with in-lieu fees. When a developer is required to build units on site but allowed to pay a fee as an alternative, the fee is called an “in-lieu fee.” When a program is structured to require fees for all new residential and/or commercial projects across the board instead of requiring onsite units within certain projects, the fee is called an “impact fee” or “linkage fee.” Some jurisdictions in California have opted to require affordable housing impact fees or commercial linkage fees rather than require units to be provided through an inclusionary housing ordinance. Some jurisdictions have a blended program, requiring payment of a linkage fee for new commercial development and

inclusionary housing provisions for new residential development (with on-site units and an option for in-lieu fee payment).

To institute an affordable housing impact fee or a linkage fee, the City would need to conduct a nexus study to determine appropriate fees.

Pros and Cons of Affordable Housing/Linkage Fees

Affordable housing/linkage fees are an effective tool in the creation of affordable housing because they create a dedicated funding source to support development. This option allows affordable housing to be built by a developer with more experience in the construction and operation of affordable housing projects. This options also allows the City to make a significant contribution to affordable housing projects, which often require multiple sources to secure financing, by consolidating fees from multiple projects. Furthermore, there can be economies of scale in the development of larger-scale projects, making these projects less expensive on a per-unit basis. Single-site projects that can be financed through such fees are also generally less costly, on a per-unit basis, to operate than units that are located throughout a community through an inclusionary policy because of efficiencies in administrative, maintenance, and other operating costs.

The drawbacks are similar to an inclusionary requirement in that such impact fees can increase the costs of development and potentially reduce residential construction (for an affordable housing fee) and hinder economic development and job creation (for a linkage fee). Another consideration is that impact fees result in the investment of affordable housing fees within a few individual projects within a community, rather than spreading that investment throughout the community and can result in a more narrow housing type as these project tend to be larger scale for-rent projects.

Affordable by Design

In conjunction with an inclusionary housing ordinance, some jurisdictions have considered additional tools to encourage or require housing to be more “affordable by design.” In locations where land costs are slightly lower than surrounding more expensive areas, demand for new construction (and the related profit margins) tend to be higher for single-family product type over multi-family attached housing such as apartments and condominiums.

In Atascadero, the HDR zone requires a **minimum density** (as required by the State) to increase the amount of lower-cost, smaller units which are affordable by design. Outside of the HDR zone, Grand Oaks Micro Homes on El Camino Real is an example of affordability by design. This project, currently under construction on 1.7 acres, will provide 26 cottage homes, four live/work units, and a community center. Three units are deed-restricted as affordable to moderate-income households (as part of a density bonus agreement). The remaining 27 units are expected to be affordable by design to moderate-income households based on sales price. Housing sizes within this development range from 703 square-feet to 940 square-feet.

The Grand Oaks project provides an excellent prototype for a lower-cost housing option. The model tends to be more difficult to execute, however, on smaller lots (where achieving required parking becomes difficult), and on sloped lots where the topography interferes with simple building design (which often occurs in Atascadero). Cost savings are most often achieved when the geometry and massing of buildings can be very basic: a repetitive typology that is simple to draw, bid, build, and market.

Some jurisdictions require a **maximum unit size** in multi-family zones to support affordable housing by design. Maximum unit sizes may be applied across all units, or as a maximum average unit size for planned developments and multi-family developments. In West Hollywood, the City limits the average size of all dwelling units within a new residential project to 1,200 square feet in the high-density residential zone, not including any required inclusionary units (which may be smaller). This approach limits the construction of larger units, which would command higher rents and sales prices.

To further incentivize affordability by design, some jurisdictions have employed a **fractional density** system, where smaller units count as 0.5 or 0.66 of a unit for the purposes of determining allowable density. This allows developers to develop more units within the same underlying density as an incentive for smaller affordable-by-design units. Some jurisdictions also allow additional design flexibility for affordable housing and/or smaller unit sizes to encourage development, including alternative parking strategies and setbacks. The County of San Luis Obispo **discourages very large homes** (larger than 2,200 square feet) by charging affordable housing fees only on units larger than that threshold, and at increasingly higher rates for larger homes. Many jurisdictions also waive fees for affordable housing developments and offer project streamlining, moving affordable housing projects to the front of the line.

Pros and Cons of Affordable by Design

In general, units that are affordable “by design” cost less to produce because they are small and efficiently designed. This savings in cost can be passed onto the consumer. One of the benefits of this model is its simplicity – these units can be produced by interested developers and require no additional tracking by the City. However, in order to adequately encourage a substantial number of affordable by design units, the City will need to actively encourage developers and likely provide incentives (or requirements) for developers to provide this type of housing.

While units that are affordable by design contribute directly to a lower housing cost burden for the families that reside within them, without a deed restriction or requirement, rents and sales prices may eventually rise to levels that are considered unaffordable. Furthermore, affordable by design will not produce any very low- or low-income units, which are of the highest need.

V. Case Studies/Examples

Attachment 1 provides an overview of 68 inclusionary ordinances in California, compiled by the City of Long Beach and Keyser Marston Associates, Inc. in 2019. Additional detail on three local ordinances is summarized below (County of San Luis Obispo, City of San Luis Obispo, and Pismo Beach).

County of San Luis Obispo

In 2008, the County of San Luis Obispo adopted an inclusionary housing ordinance. It was to be phased in over a five-year period. In the first year, the ordinance stipulated that residential development projects must reserve four percent of all new residential units for occupancy by workforce-moderate, low-, or very low-income households. After five years, the requirements were to rise to a maximum of 20 percent of all new residential units. As an alternative to constructing inclusionary housing units (on-site or off-site), developers were also given the options of opting out by paying an in-lieu fee for each market rate unit or by donating land. In the first of the five years, the in-lieu fee was a modest 75 cents per square foot but after five years was to reach a maximum of \$3.75 per square foot.

As a result of the housing market crash that year, the phased approach was put on hold. Affordability requirements and in-lieu fees remained unchanged until 2019 when the Board of Supervisors voted to amend the policy by requiring multi-family developments to set aside eight percent of their units (instead of four percent) for affordable housing, in effect only the second year of the original five-phase plan. This modest increase is still far short of the originally conceived 20 percent at the end of the first five years. In 2016, the in-lieu fee was raised to \$1.50 per square foot, or 40 percent of the original \$3.75 maximum.

The move to amend the inclusionary housing ordinance was motivated by the increasing cost of housing in a county where only five percent of households can afford the average priced home of \$600,000 and 31 percent of renters pay more than 50 percent of their income on rent. San Luis Obispo County has become the six least affordable place to buy a home in the United States.

During its first decade, only one project incorporated affordable housing units under the inclusionary housing ordinance. In 2017, the Templeton Ranch project provided five on-site affordable housing units. Now with the new in-lieu fee in place, yearly revenue from the fee is expected to increase from less than \$50,000 to more than \$1 million.

Under the revised 2019 ordinance, residential development with one or more units is subject to the inclusionary housing requirements (although rental housing, accessory dwelling units, and assisted living facilities are exempt). In addition, commercial, industrial, and mixed-use development must pay an affordable housing linkage impact fee.

Only new homes over 2,200 square feet in size are subject to in-lieu fees. The planning director calculates the in-lieu fee according to the following rate schedule:

- The first 2,200 square feet of the unit is exempt from paying fees.
- The portion of the unit between 2,200 square feet and 2,500 square feet pays a fee of \$8 per square foot.
- The portion of the unit between 2,500 and 3,500 square feet pays a fee of \$12 per square foot.
- The portion of the unit above 3,500 square feet pays a fee of \$16 per square foot.
- The maximum fee for any single unit shall not exceed \$7 per square foot as calculated using the entire square footage of the residence.
- Units greater than 4,600 square footage are not subject to this rate schedule but simply pay a rate of \$7 per square foot.

San Luis Obispo County allows for alternative methods in addition to constructing inclusionary housing units on site or paying an in-lieu fee (for units over 2,200 square feet). Existing housing units on the site of a new development may be designated as inclusionary housing units if they meet required design standards. This does not apply to existing housing units that are off site. However, constructing new inclusionary housing units off site does qualify, provided the off-site location is in the same housing market area. Finally, developers can donate land located on site or off site of the proposed development.

For inclusionary units built on site, a portion of the base density (eight percent) must be set aside for affordable housing. Inclusionary housing units must be provided for each qualified income group per the following structure:

- Workforce households (earning up to 160% of the area median income) – two percent

- Moderate income households (earning 80-120% of the area median income) – two percent
- Low-income households (earning 50-80% of the area median income) – two percent
- Very low- income households (earning up to 50% of the area median income) – two percent
- Project total – eight percent

Within each residential development project, inclusionary housing units are also to be provided in a required sequence. The first required inclusionary housing unit must be for workforce households, the second for moderate-income households, the third for low-income households, and the fourth for very low-income households. The sequence then repeats itself for every additional inclusionary housing unit.

Multiple incentives are in place to encourage the provision of inclusionary housing units. With any approved residential development, one density bonus unit is granted for each required inclusionary housing unit constructed on site or off site. In addition, when all of a project’s inclusionary housing requirements are met by providing those units on site, the inclusionary requirements of setting aside eight percent for affordable housing is reduced by 25 percent.

If the number of dwellings constructed on site will exceed the base density amount, then the developer can request an additional incentive. In these instances, the County can grant at least one modification of residential development standards for parking, height, private yard space, setback, or parcel size.

The County also encourages the development of affordable housing within incorporated city limits. If a developer satisfies the inclusionary housing requirement through alternative methods such as providing off-site inclusionary housing units or donation of land for affordable housing and this results in development of affordable housing units within the urban limits of an incorporated city within the County, then the inclusionary housing requirement is reduced by 25 percent.

The following development standards apply to the design of inclusionary housing units:

- They are to have compatible exterior designs and finishes to the development’s market-rate units.
- They may be smaller in size and have different interior finishes, features, and appliances, as long as the interior components are durable, of good quality, and consistent with contemporary standards for new housing.
- In 50 percent or more of the inclusionary housing units, the average number of bedrooms must be equal to or greater than the average number of bedrooms in the development’s market rate units.
- Up to 30 percent of the inclusionary housing units can be accessory dwelling units.

City of San Luis Obispo

As of 2020, the City of San Luis Obispo had a total of 1,306 affordable housing units. Twenty percent of these (264 units) are included within the inclusionary housing program. Most of the inclusionary program affordable housing units (71 percent) are rentals, 27 percent are ownership units, and two percent are mixed ownership and rental. Additionally, the City has granted, loaned, or committed \$10,450,954 of affordable housing in-lieu funds to assist with the development of 464 new deed-restricted affordable housing units. The City’s inclusionary housing ordinance was adopted in 1999. It targets very low-income, low-income, and moderate-income populations.

Inclusionary housing requirements are imposed on developments of five or more units. The percent of required affordable housing units varies depending on whether the project is within city limits or its “expansion area,” which is land area proposed for annexation or annexed after the adoption date of the ordinance (see Table 5 below). These requirements can be adjusted based on project density and average unit size.

Table 5: City of San Luis Obispo Inclusionary Housing Requirements

Inclusionary Housing Requirements	
In City Limits	<ul style="list-style-type: none"> • Build 3 percent low <u>or</u> 5 percent moderate income Affordable Housing Units (AHUs) but not less than 1 AHU per project, or • Pay in-lieu fee equal to 5 percent of building valuation
In Expansion Area	<ul style="list-style-type: none"> • Build 5 percent low <u>and</u> 10 percent moderate income AHUs (15 percent total), but not less than 1 AHU per project, or • Pay in-lieu fee equal to 15 percent of building valuation

These housing units must remain affordable for a specified length of time before they can be sold at market rate prices. Older agreements have a 30-year deed restriction, but the most recent agreement terms are 45 years for ownership housing and 55 years for rentals.

Alternatives to on-site construction include:

- in-lieu fees
- dedication of land for affordable housing
- rehabilitation of existing housing units that are vacant and in poor physical condition or otherwise uninhabitable
- a combination of the above methods is also possible with approval of the Director of Community Development

Developers are entitled to receive density bonuses and concessions when they agree to construct very low-, low-, or moderate-income dedicated units, consistent with State Density Bonus law. The extent of the bonus varies depending on the percentage of affordable income units in the project.

In 2020, the City of San Luis Obispo conducted an Affordable Housing Nexus Study to establish a rational nexus between market-rate residential development and nonresidential development and the need for affordable housing in the City. The 2021-2028 Housing Element states that the City will update the Inclusionary Housing Ordinance based on findings and recommendations in the 2020 Affordable Housing Nexus Study and conduct further feasibility analysis to evaluate the City’s ability to provide affordable housing in the proportions shown in the Regional Housing Needs Allocation.

Pismo Beach

The City of Pismo Beach had an estimated population of 8,213 in 2018. It is a built-out beach community with very high housing costs. To encourage affordable housing construction, the City adopted an inclusionary housing ordinance in 2001. For residential projects of five or more units, a developer can either: (1) pay an in-lieu fee equal to or greater than five percent of the building permit value or (2)

dedicate land or build affordable units of equal value to the fee. Commercial projects greater than 5,000 square feet must either: (1) pay an in-lieu fee of at least two percent of the building permit value or (2) build an affordable unit or dedicate land with value equivalent to the in-lieu fee. As of 2017, the inclusionary housing fund has a balance of \$3,360,000.

VI. Next Steps and Factors to Consider in Development of an Inclusionary Housing Strategy

The City should consider many options when designing an inclusive housing strategy that targets local needs and conditions. The State mandates, through our RHNA allocation, achievement of affordable housing opportunities throughout the community, at all income levels. In response to this State goal, the City should focus on an integrated inclusionary housing strategy that supports local community needs as well as regional and statewide efforts for increased affordable housing opportunities. There are currently three main approaches to an inclusionary housing framework: an Inclusionary Housing ordinance, a citywide impact fee, and affordability-by-design incentives and/or requirements.

1. Inclusionary Housing Ordinance

Adoption of an inclusionary housing ordinance would require that all projects over a determined threshold build affordable units on-site. The city must also allow for alternatives to meet this requirement, such as an in-lieu fee that can be paid under certain conditions. It is at the City's discretion to determine the scale of project and parameters for alternatives. Items to consider are:

- a. Project size threshold
- b. Approval level trigger (legislative action, all discretionary projects including CUPs and maps, or all projects, including by-right development)
- c. Percentage of affordability and affordability distribution among product types (rental vs. for-sale units)
- d. Affordability duration
- e. Alternative fee amount / amount of land dedication and parameters for allowing such alternatives

2. Citywide Impact Fee / Commercial linkage fee

As an alternative to an inclusionary housing ordinance, the City may consider a citywide affordable housing linkage fee and/or commercial linkage fee. Key features of this approach include:

- a. Can be applied citywide to all new development, both residential and commercial
- b. Can be structured based on residential square-footage so that larger houses, with greater impact on affordability, pay more while houses below a certain threshold are exempt as affordable-by-design
- c. Must be accompanied by a nexus study to determine true impact of development on affordable housing needs

3. Affordability-by-design

The City can implement development standards that encourage and/or require higher density projects to include units that area affordable-by-design, therefore meeting State goals without deed restrictions and in a way that distributes units over all projects throughout the City.

Standards may include:

- a. Establishing a maximum average or absolute unit size in multi-family developments to limit development of prime housing sites with traditional single-family units
- b. Factoring unit size into density calculations to allow more units to be built on a site if those units are smaller, affordable-by-design units.
- c. Establish design regulations that support higher density development by encouraging community parking and open space rather than a focus on private garages and yards.

An effective strategy can focus on one solution or can combine these strategies into a multi-pronged approach depending on the specific goals and need of the community. Identified community goals include equitable distribution of units throughout the city and developing a successful and robust program that can achieve balance between feasibility of implementation and ensuring compliance with State mandates.