

"HOUSING FOR ALL"

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San Luis Obispo County Housing Trust Fund
4111 Broad Street, Suite A-6, San Luis Obispo, CA

Inclusionary Housing: a good choice for the SLO region?

By Chuen Ng, SLOCHTF Intern

In San Luis Obispo County, working families struggle to keep up with the high cost of housing. This problem is common throughout coastal California. Many who cannot afford housing where they work move farther away, resulting in long commutes, along with undesired environmental and social consequences.

In response, more communities are proposing and adopting inclusionary housing policies. Under inclusionary housing, developers are required to provide affordable housing in their projects. This policy is designed to increase the number of units for working households to live in the high-cost communities of where they work.

Many inclusionary policies include resale restrictions that aim to preserve affordability over a period of time, often up to 30 or 55 years or more. Today, more than 107 jurisdictions in California have inclusionary policies, up from 64 in 1994.

Local Inclusionary Policies

Five cities in San Luis Obispo County have existing inclusionary policies: Arroyo Grande, Grover Beach, Pismo Beach, Morro Bay and San Luis Obispo. However, all seven cities and the County have proposed inclusionary housing policies in their latest Housing Elements. Proposed inclusionary percentages range from 3% to 25 %, depending on project size, density and location.

Local inclusionary policies have produced few affordable units to date. This is because they were only adopted in the 1990s. Monterey and Santa Cruz Counties, for comparison, have had inclusion-

ary housing since the late 1970s. Consequently, Monterey County has produced 1388 inclusionary units and Santa Cruz County more than 750 units.

Differences of Opinion

Not everyone supports inclusionary housing policies. The Central Coast Home Builders Association asserts that inclusionary policies shift the burden of subsidizing affordable housing to developers

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HTF Birthday Celebration

Come join the board, staff and friends of the HTF to celebrate our first birthday on Thursday, March 25 from 5:00 to 7:00 PM.

The informal celebration will be held in the downstairs conference room at the Creekside Career Center. The address is 4111 Broad Street in San Luis Obispo. We are just south of Tank Farm Road.

Refreshments and beverages will be served. A short ceremony will be held at approximately 5:45 PM.

No HTF funds will be used for this event. All costs will be paid with donations from Friends of the HTF.



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HTF Schedule:

City of Pismo Beach	Mar 16; 6:30 pm
National Alliance for the Mentally Ill	Mar 23; 7:00 pm
HTF Birthday Party	Mar 25; 5:00 pm

HTF Funding Update

The San Luis Obispo County Housing Trust Fund continues to realize its financial goals.

Cities Approve Grants

The HTF received start-up grants from two cities in February.

The San Luis Obispo City Council approved a \$60,000 grant at its February 17th meeting.

On February 24th, the Arroyo Grande City Council approved a \$5,000 grant.

Both grants were made from housing in-lieu fees collected by the cities.

San Luis Obispo and Arroyo Grande join the County of San Luis Obispo as "Participating Jurisdictions" with the HTF. Each Council may now appoint a member to the HTF Commission.

The Commission will develop the HTF's loan policies and procedures and serve as the HTF's loan committee.

Mission Community Bank Invests \$1 Million

Also in February, the HTF received a \$1 million equity equivalent investment (EQ2) from Mission Community Bank. The

Bank's investment capitalizes the HTF's loan fund and will help to leverage other investments in the loan fund.

The Bank's investment is in the form of a ten year loan with an initial interest rate of 3%. After five years, the interest rate will adjust to 1% below Prime. Annual payments of interest only are required.

The loan will work like a revolving line of credit to minimize the HTF's interest costs. Funds will be drawn from the Bank to fund loans that the HTF makes. When these loans



are repaid, the HTF will pay down the Bank loan.

Over ten years, the HTF should be able to make five to ten loans using the Bank's money.

Thanks to More of Our Angels

Leslie Halls

Leslie Halls's position as Executive Director of the Builder's Exchange and active home life (with children ranging from four years to college age) keep her busy. We certainly appreciate how she makes time to participate with us and other organizations.

In addition to being on the HTF Steering Committee, Leslie was a key organizer of last year's Affordable



Housing Tour.

Leslie brings industry insights to HTF meetings. And she often shares legislative news fresh from her trips to Sacramento.

We are sure happy that Leslie finds space for us in her daytimer!

Lee Ferrero

Last fall when the HTF was looking for an office, many gracious people invited us to share their space. Office sharing is a great idea for a fledgling agency because various costs can be reduced by dividing them between two or more groups.

We feel extremely fortunate that Lee Ferrero, Executive Director of the Private Industry Council (PIC), invited us to sublet space. Lee recognizes that a strong labor force (PIC's mission) needs affordable housing so

there is a good match between our two agencies.

The PIC staff is terrific and made us feel at home from day one. Having amenities like the upstairs board room, large downstairs conference room and full-service mailroom is also great. Plus we have access to on-site computer genius—William Lord.

Thanks Lee and the PIC! We love our new home.

Barnett Cox & Assoc.

It is crucial for start-up organizations to have their message conveyed effectively to the public.

Enlisting the expertise of marketing and advertising pros can be invaluable. Barnett Cox & Associates met our needs magnificently.

Maggie and Dave Cox and their staff have worked with the HTF since our kick-off. They designed our logo, brochures and letterhead. They also produced our business plan and PowerPoint template. In the process, they donated thousands of dollars of services.

For our 2001 introductory breakfast, they created showstopper house-shaped centerpieces. These are now prized souvenirs found in the offices of some of our key members and supporters.

We sincerely appreciate BC&A and the wonderful members of their team who have helped to spread the word about the Housing Trust Fund over the last several years.

May we "communicate" our thanks!

Inclusionary Housing

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and the buyers of market-rate units.

The California Association of Realtors argues that inclusionary policies fail to address the root causes of high housing costs. These causes include high land costs, developer fees and the lack of available building sites.

Incentives for Housing

Some jurisdictions are trying to address these concerns by providing incentives to developers.

For example, density bonuses allow developers to build additional units beyond the zoning limit. State law grants a 25% density bonus for developments that include 10% very-low income units, 20% low-income units, or 50% senior housing units.

San Luis Obispo County offers developers who produce affordable housing up to a 35% density bonus.

Other incentives include permit fast-tracking, in which the planning agency expedites the permit process. This can save developers weeks or months in processing time and associated holding costs.

The planning agency may also ease zoning restrictions and allow greater flexibility in design standards. Developers can negotiate requirements for parking, set-backs and lot sizes in exchange for affordable housing.

Alternatives to Building

Some inclusionary policies offer alternatives to constructing affordable units on-site.

The most common option is the in-lieu fee. Developers pay into a local housing fund rather than build affordable units.

Some inclusionary policies allow developers to dedicate land that can accommodate the same number of affordable units rather than construct the units on-site.

A similar alternative is a transfer of credits in which developers can build more than the required affordable units in one project to compensate for including fewer units in another project.

Innovations Possible

In one case, a private developer provided lots to Habitat for Humanity to meet the inclusionary requirement. Habitat built homes on these lots with the help of a grant from the Santa Cruz Redevel-

opment Agency plus donated labor and materials. These homes are now owned by very-low income families under a deed restriction.

This example and numerous others throughout the State and the country, show that inclusionary policies, with a little bit of innovation and initiative, can produce affordable units, and provide the safe and decent housing that all people deserve.

Inclusionary Housing Resources

Inclusionary Housing in California: 30 Years of Innovation—survey of 100+ local inclusionary housing programs, California Coalition for Rural Housing and Non-Profit Housing Association of Northern California, July 2003 (\$15): https://secure.qa3.org/02/preorder_inclusionaryreport

California Inclusionary Housing Reader—guide for communities that are considering inclusionary policies, including a model ordinance, Institute for Local Self Government, Winter 2003: www.ilsq.org/doc.asp?intparentid=6370&strpagetype=doc

Inclusionary Zoning: Legal Issues and Policy Considerations and Best Practices—reports on inclusionary housing, California Affordable Housing Law Project & Western Center on Law and Poverty, Dec. 2002: www.wclp.org/advocates/housing/IZLEGALFINAL.December2002.PDF and www.wclp.org/advocates/housing/IZBestPracticesFINALDecember2002.PDF

Selected Materials On Inclusionary Housing Issues—annotated bibliography with internet links, California Dept. of Housing and Community Development, Dec. 2003: <http://housing.hcd.ca.gov/hpd/inclusionary.pdf>

Field Guide to Inclusionary Zoning—website with extensive links, National Association of Realtors: www.realtor.org/libweb.nsf/pages/fg806

Inclusionary Housing Debate - Who Really Pays for Affordable Housing, National Association of Realtors article, Winter 2003: www.realtor.org/sg3.nsf/pages/housingdebatepays?OpenDocument

Development Tools: Inclusionary Zoning—PolicyLink website: www.policylink.org/EquitableDevelopment/XQ/ASP/ID.45/QX/fsToolMain.htm

City Of Los Angeles Inclusionary Housing Study—extensive study to support inclusionary housing in Los Angeles, Sept. 25, 2002: www.lacity.org/lahd/inclusio.htm

Items of Interest...

Publications

Urban Slums Reports: The Case of Los Angeles, USA. This United Nations case study examines the historical context of Los Angeles, types of slum neighborhoods, demographics of residents, rental rates, assets available, and policies that have been adopted to improve these communities and alleviate poverty. It reports that more than two-thirds of households in slum/disinvested neighborhoods are families, and 40% are married families: www.ucl.ac.uk/dpu-projects/Global_Report/pdfs/LA.pdf

Smart Infill is a guidebook from the Greenbelt Alliance on how to achieve livable and sustainable communities through infill development. It includes strategies for getting well-planned infill housing and mixed-use development: www.greenbelt.org/downloads/resources/report_smartinfill.pdf

Websites

Fundraising Columns from the National Housing Institute's bi-monthly magazine – Shelterforce – are available online at www.nhi.org/online/issues/fundrais.html

Dense, Denser, Denser Still is an on-line article that analyzes development densities. It was originally published in the August 2002 issue of **Planning**, American Planning Association's monthly magazine. www.seidelholzman.com/pages/streetcred_planning1.html

"**Design Matters**" is an online catalog of "exemplary" affordable housing projects at the City Design Center, University of Illinois, Chicago. Check it out at: <http://131.193.111.149/ahc/catalog/home.html>

Events

April 26-27 – National Low Income Housing Coalition Conference, Washington, DC. The national housing advocacy event: www.nlihc.org/conference.pdf

May 23-25 – Housing California 2004, Sacramento Convention Center. Housing California is the nation's largest annual training event for housing sponsors and advocates. **A limited number of scholarships are available.** The program, registration form and scholarship application form are available online at: www.housingca.org



Please submit Items of Interest to news@sloctf.org

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Anita Robinson, Chair—*President & CEO, Mission Community Bank*

Rachel Richardson, Vice-Chair—*AIDS Support Network; Chair, SLO Supportive Housing Consortium*

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Affiliations are listed for identification purposes only.



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