

Adopted January 26, 2021

Resolution No. 5059

CITY OF
ARROYO GRANDE
2020-2028
HOUSING
ELEMENT UPDATE

FOR THE
CITY OF ARROYO GRANDE





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FOR THE CITY OF ARROYO GRANDE

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CHAPTER 1 – INTRODUCTION

1.1 Purpose

The purpose of the Housing Element is to identify and provide: (a) An analysis of existing and projected housing needs; (b) an evaluation of housing constraints, (c) a statement of goals, policies, quantified objectives and financial resources; and (d) scheduled programs for the preservation, improvement, and development of housing. The State Legislature, in its adoption of planning law, has set forth the following policies toward the provision of housing:

- The availability of housing is of vital importance, and the early attainment of decent housing and a suitable living environment for every Californian, including farm workers, is a priority of the highest order.
- The early attainment of this goal requires the cooperative participation of government and the private sector to expand housing opportunities and accommodate the needs of Californians of all economic levels.
- The provision of housing affordable to low- and moderate-income households requires the cooperation of all levels of government.
- Local and state governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for the housing needs of all economic segments of the community.
- The Legislature recognizes that in carrying out this responsibility, each local government also has the responsibility to consider economic, environmental, and fiscal factors and community goals set forth in the general plan and to cooperate with other local governments and the state in addressing regional housing needs.

This document is intended to comply with Article 10.6 (as amended) of State Planning Law and to meet the California Department of Housing and Community Development (HCD) guidelines for the implementation of Article 10.6. This document replaces the Housing Element adopted by the City of Arroyo Grande on March 22, 2016. The Housing Element planning period will begin December 31, 2020, and will last through December 31, 2028.

This Housing Element includes all the following information, as required by state law:

- Specific goals, policies, and measurable programs.
- Information about the existing housing stock, covering such items as the amount, type, cost, tenure, and structural condition of the units. Other areas addressed include overcrowding and the needs of special subgroups of the population.
- An analysis of potential barriers to housing production, including both governmental and non-governmental constraints.
- Information about energy conservation opportunities for housing.
- A summary of the past housing-related efforts by the City and an analysis of their success or failure.

1.2 Relationship to City General Plan

Housing elements are one of eight elements of the General Plan that every California city and county is required by state law to prepare. Under state law, a General Plan must function as an integrated, internally consistent and compatible statement of values. The housing, land use, and circulation elements form the heart of a community strategy to promote orderly growth and provide housing for all economic segments.

State law is very specific about the content of housing elements. The housing element is also the only part of the general plan that is subject to mandatory deadlines for periodic updates that include a review and “certification” by HCD.

General Plan Consistency

The City’s Land Use Element of the 2001 General Plan designates the sites noted in this Housing Element for residential purposes at densities consistent with the goals of providing housing affordable to a wide range of incomes. The Housing Element has been reviewed for consistency with the City’s General Plan and is consistent with the policy direction in the plan. No disadvantaged unincorporated communities exist in Arroyo Grande’s sphere of influence, so no updates to the General Plan are needed to comply with Senate Bill (SB) 244. As portions of the General Plan are amended in the future, the Housing Element will be reviewed to ensure internal consistency.

1.3 Organization of Housing Element

As noted previously, the intent of this Housing Element update is to meet the statutory requirements of state housing law. Chapter 1 provides a brief overview of the laws and its relationship to the General Plan. Chapter 2 is the heart of the document, setting forth all the goals, policies, programs, and objectives for housing in Arroyo Grande. Chapter 3 describes relevant demographics concerning housing needs and issues in the City, while Chapter 4 discusses regional housing needs and provides an overview of the City’s land availability and public services. Chapter 5 analyzes the constraints to housing development and Chapter 6 sets forth a set of regional goals and policies developed in coordination with the County of San Luis Obispo, the San Luis Obispo Council of Governments, and all seven incorporated cities in the County. Chapter 7 reviews the past housing efforts as proposed in the 2014–2019 Housing Element.

1.4 Public Participation

The California Government Code states that “the local government shall make a diligent effort to achieve public participation of all economic segments of the community in the development of the housing element, and the program shall describe this effort.” While opportunities to connect with the community are more limited due to the COVID-19 pandemic, the City has conducted a study session with the Planning Commission and made the draft housing element available for public review on the City’s website.

Public Draft Housing Element

The Draft Housing Element was published on the City of Arroyo Grande website and made available for public comment on September 21, 2020. The City notified key stakeholders via email, as listed in Appendix A. The City also notified these stakeholders about the October 6th study session to give them the opportunity to participate.

Study Session

The City held a virtual public study session with the Planning Commission to solicit input on October 6, 2020. The format for this meeting was a presentation with an overview of the 6th-round Housing Element update process and solicited input from the members of the Commission and meeting attendees on the public review draft. Five Planning Commissioners, one City Councilmember, and at least three members of the public attended the meeting. City staff and the City's consultant gave an introductory presentation and then a discussion was held with those at the session. There were no requests for translation services at the meeting.

The following is a summary of the comments and questions received at the study session:

- The draft housing element is detailed but exceeds the City's ability to complete all identified tasks due to staff workload limits. Consider looking into other resources that could be helpful to City staff.
- Are the goals in the goals, policies, and programs section in order of importance or priority for implementation?
- Are Policy A.1 and the programs that go with it the only zoning changes identified in the housing element?
- Are there certain areas in the City's sphere of influence where Program D.1-1 would aim to conduct specific plans?
- Does the state enforce the building of the Regional Housing Needs Allocation (RHNA) and if so, what they do to enforce?
- A commenter asked about a program that was removed from the existing housing element regarding attainable housing and whether that type of housing is different from affordable housing?
- The high density, low-income housing sites proposed across the city in the sites inventory should be more well-distributed and spread across the city.
- There was a question about Policy A.2 regarding manufactured homes and whether allowing manufactured homes in the way the policy calls for would be required?
- The City appears to promote rather than just allow accessory dwelling units (ADUs) in the draft housing element.
- How does Policy G.2 actually apply in terms of consistency with state law? City staff talked about the discretion on affordable housing projects being more limited than it was historically because of state law.
- Child care facilities should be supported in the housing element.
- Multi-family housing as proposed is supported.
- The income levels need to be more clearly defined in Chapter 4 in Tables 4-2 and 4-3.
- Program A.1-3 from the previous housing element should be maintained to help distribute sites and housing opportunities equally.
- Population trends displayed in the draft housing element are surprising and concerning, especially related to age groups that have decreased in number in recent years.

- The draft housing element should not rely as heavily on ADUs to meet the RHNA.
- ADUs don't provide ownership opportunities, so these units do not serve all segments of the population.
- The City should adjust zoning to address missing middle housing by allowing housing types like cottage homes and changing development standards.
- The Land Use Element of the General Plan designates a significant portion of land for single-family uses which is inconsistent with the draft housing element's assertion that the element has goals consistent with providing housing affordable to a wide range of incomes.
- The private market controls housing development, and affordable housing is almost exclusively developed by nonprofits. The City should incentivize the private sector to build affordable housing and missing middle housing.
- ADUs are too small for many families, and the community needs more family-sized housing in the city.
- The time that goes into creating the housing element does not result in enough affordable housing.
- Modest growth in the city will likely continue, which is not inconsistent with the goal to maintain community character.
- Construction cost estimates in the public draft housing element (\$134 per square feet) seem lower than reality.
- Comments were supportive of the regional chapter of the draft housing element and the regional housing planning efforts. Planning Commissioners and elected officials should be included in regional housing planning efforts.

Written Input Received on Draft Housing Element

In addition to feedback received at the study session, five organizations or members of the public also submitted comment letters before the meeting. Some of those who wrote letters also commented during the study session. Some of their comments from the letters maybe be included under the summary of input during the study session above. Those comments are summarized below:

- Access to affordable and quality child care should be supported in the housing element through the following recommendations:
 - Policies in Goal A, Goal B, and Goal I of the existing housing element should include language to support the provision of affordable on-site child care facilities. The housing element should acknowledge that single-parent and female-headed households contribute a higher percentage of their income to housing costs, and access to affordable and convenient child care is paramount.
 - Policies in Goal A, Goal B, and Goal I of the existing housing element should promote intergenerational facilities – such as senior centers co-located near or with child care centers.
 - The housing element update should address the critical need to maximize outdoor spaces, including those in proximity for outdoor learning environments and play for a range of age groups.
- Affordable housing should be defined more clearly in the housing element.
- Missing middle housing is needed in Arroyo Grande and should be provided with specific goals and priorities in the housing element update in the following ways:

- The City's Land Use Element designates sites noted in the existing housing element for residential purposes. While the existing housing element states that the designated sites are a range of densities, consistent with the goals of providing affordable housing, most of the residential land is zoned for single family uses. Single family uses will never meet that goal.
- The City cannot enable and encourage multi-family uses without updating zoning, given that the majority of the city's land is currently zoned for single family uses. There are few locations where duplexes and triplexes wouldn't be appropriate.
- Given population trends shown in the draft housing element, the city appears to be losing young families. None of the median salaries in the city are over \$100,000. We are building a city where the options are not feasible or desirable for young families.
- Allow missing middle housing by permitting duplexes and triplexes by right throughout existing single-family-zoned neighborhoods.
- ADUs projections make up the majority of the difference in all housing groups, and it is unlikely that these housing groups will be met.
- Potential ADUs do not provide potential homeownership and 40 percent of housing will not be available to people who don't have a family member or friend who can rent them their ADU. This is not an equitable or scalable scenario.
- Potential housing is contained in a handful of large, high-density projects. These projects are slow to permit and build and encounter a lot of community resistance. It is not reasonable to put them in the land inventory.
- The City should not hold meetings about this topic when people cannot attend the meeting in person.
- We should not try to meet the needs of future residents. We should meet the needs of current residents and keep it affordable. If we attract outsiders, this will increase housing costs until we are squeezed out to accommodate all who want to live here.
- Not requiring off-street parking for all who live in these units is wrong.
- Where will all the water come from for these new residences? We need to ensure adequate infrastructure is in place.
- Do not allow manufactured housing on legal parcels in all residential zoning districts because it compromises community character in single-family residential areas.
- Most low-income housing sites in the sites inventory are in one area of Arroyo Grande, and it should not be located all in one place. Streets in this area would be congested with a high concentration of new residents. Schools would not be prepared to handle the heightened enrollment generated by the new construction.
- Support Housing Authority of San Luis Obispo's (HASLO) proposed large low-income development on the vacant lot on the corner of Oak Park and El Camino Real, but the project should be reduced in scale to an appropriate housing density for the following reasons:
 - This project provides 50 percent of the low-income housing needed to meet the RHNA through 2028. All other low-income housing sites are on the other side of Highway 101.
 - NYU Furman Center argues that dispersed low-income housing better matches existing character, faces less community opposition, and integrates tenants into the existing housing.
 - This is the only project that has a "Realistic Dwelling Unit" number higher than the maximum.

- The project will increase traffic flow on the nearby arterial corridor and in/around the neighborhood. Some of these nearby intersections have existing safety concerns that need to be addressed.
- Parking would be an issue. Existing street conditions and sizes cannot support the new development. There is an existing lack of street parking.
- Building heights for this size of project would block views on existing properties. Residential building heights should be limited to two stories.
- Oak trees on the project site contribute to the character and aesthetic of the neighborhood and should be protected. The existing oak trees would scale and screen new development.
- The draft housing element should include housing opportunities for all income categories east and north of Highway 101, rather than concentrating them in only half of the city.
- The City did not implement Program A.1-3 in the 2014-2019 Housing Element, which would have encouraged high-density, low-income housing east of Highway 101.
- The draft housing element should be revised to assume housing density in the Traffic Way Mixed Use District is 20 units per acre.
- Opportunities for extremely low-, very low-, and low-income housing should be analyzed in the Traffic Way Mixed Use District, Village Mixed Use zone east of Highway 101, and Village Core Downtown zone east of Highway 101.
- The City should not rely on a single project to provide such a high percentage of the anticipated future community housing resources. It will disproportionately impact adjacent residents and businesses.
- Revise Policy A.5 to encourage residential uses in mixed-use and village core districts to promote uniform spatial distribution of low-income housing.
- Changing the zoning at 700 Oak Park to by-right residential will make it difficult for the City to comply with Policy G.2.
- Given population trends, the City should attract and retain younger residents and families in part with a first-time homebuyer program.

Response to Input Received on Draft Housing Element

Edits to the public draft housing element were made after the October 6th study session prior to submittal to HCD for review. Some of the comments summarized above were addressed by these revisions as noted below.

- The draft housing element is detailed but exceeds the City's ability to complete all identified tasks due to staff workload limits. Consider looking into other resources that could be helpful to City staff.
 - Revisions to draft in response to this comment: No revisions made in draft in response to this comment.
- Are the goals in the goals in the goals, policies, and programs section in order of importance or priority for implementation?
 - Response: No, they are not in order of priority.
- Are Policy A.1 and the programs that go with it the only zoning changes identified in the housing element?
 - Response: No, there are other programs in Chapter 2 that call for changes to the Development Code/zoning ordinance.

- Are there certain areas in the City's sphere of influence where Program D.1-1 would aim to conduct specific plans?
 - Response: No, the City doesn't have certain areas in mind. The sphere of influence area is relatively small, so the intent of this program is to make sure residential is a priority when these areas are planned and annexed.
- Does the state enforce the building of the RHNA and if so, what they do to enforce?
 - Response: The state has the statutory authority to enforce certain things related to the RHNA including maintenance of enough sites to address the RHNA by the City. Historically, the state has not penalized local jurisdictions for failing to develop enough housing units to meet the RHNA by the end of the housing element planning period.
- A commenter asked about a program that was removed from the existing housing element regarding attainable housing and whether that type of housing is different from affordable housing.
 - Response: Attainable housing and affordable housing are not the same thing. Attainable housing is for higher incomes than affordable housing and is more consistent with the state's moderate income category. As used in this housing element affordable housing refers to the extremely low, very low and low income categories.
- The high density, low-income housing sites proposed across the city in the sites inventory should be more well-distributed and spread across the city.
 - Revisions to draft in response to this comment: Additional sites were added to Table 4-6 in the draft, some of which may be suitable for lower income housing.
- There was a question about Policy A.2 regarding manufactured homes and whether allowing manufactured homes in the way the policy calls for would be required?
 - Revisions to draft in response to this comment: No revisions were made in response to this comment. Policy A.2 was included in the existing Housing Element and is being carried forward into this cycle's element.
- The City appears to promote rather than just allow ADUs in the draft housing element.
 - Revisions to draft in response to this comment: No revisions were made in response to this comment.
- How does Policy G.2 actually apply in terms of consistency with state law? City staff talked about the discretion on affordable housing projects being more limited than it was historically because of state law.
 - Revisions to draft in response to this comment: Program F.1-4 has been added to this draft to address streamlining of review of affordable housing projects. The program will also address making standards for this type of project more objective.
- Child care facilities should be supported in the housing element.
 - Revisions to draft in response to this comment: Policies I.7 and I.8 were added in response to this and other comments.
- Multi-family housing as proposed is supported.
 - Revisions to draft in response to this comment: No revisions were made in response to this comment.
- The income levels need to be more clearly defined in Chapter 4 in Tables 4-2 and 4-3.
 - Revisions to draft in response to this comment: Tables 4-2 and 4-3 and accompanying text was revised to address this comment.
- Program A.1-3 from the previous housing element should be maintained to help distribute sites and housing opportunities equally.

- Response: This program has been continued in the draft.
- Population trends displayed in the draft housing element are surprising and concerning, especially related to age groups that have decreased in number in recent years.
 - Revisions to draft in response to this comment: No revisions were made in response to this comment.
- The draft housing element should not rely as heavily on ADUs to meet the RHNA.
 - Revisions to draft in response to this comment: The number of ADUs projected was reduced from 350 to 236 in Table 4-5.
- ADUs don't provide ownership opportunities, so these units do not serve all segments of the population.
 - Revisions to draft in response to this comment: The number of ADUs projected was reduced from 350 to 236 in Table 4-5 and more sites for housing were added to Table 4-6.
- The City should adjust zoning to address missing middle housing by allowing housing types like cottage homes and changing development standards.
 - Revisions to draft in response to this comment: Policy A.15 was added to address this and other comments regarding missing middle housing.
- The Land Use Element of the General Plan designates a significant portion of land for single-family uses which is inconsistent with the draft housing element's assertion that the element has goals consistent with providing housing affordable to a wide range of incomes.
 - Revisions to draft in response to this comment: No revisions were made in response to this comment.
- The private market controls housing development, and affordable housing is almost exclusively developed by nonprofits. The City should incentivize the private sector to build affordable housing and missing middle housing.
 - Revisions to draft in response to this comment: No revisions were made in response to this comment, except to the extent that greater incentivization occurs through streamlined review processes and new Program F.1-4.
- ADUs are too small for many families, and the community needs more family-sized housing in the city.
 - Revisions to draft in response to this comment: The number of ADUs projected was reduced from 350 to 236 in Table 4-5 and more sites for housing were added to Table 4-6.
- The time that goes into creating the housing element does not result in enough affordable housing.
 - Response: Comment noted.
- Modest growth in the city will likely continue, which is not inconsistent with the goal to maintain community character.
 - Response: Comment noted.
- Construction cost estimates in the public draft housing element (\$134 per square foot) seem lower than reality.
 - Revisions to draft in response to this comment: The cost per square foot was increased to \$140/square foot based on City records from a recent housing development project.
- Comments were supportive of the regional chapter of the draft housing element and the regional housing planning efforts. Planning Commissioners and elected officials should be included in regional housing planning efforts.
 - Response: Comment noted.

- Access to affordable and quality child care should be supported in the housing element through the following recommendations:
 - Policies in Goal A, Goal B, and Goal I of the existing housing element should include language to support the provision of affordable on-site child care facilities. The housing element should acknowledge that single-parent and female-headed households contribute a higher percentage of their income to housing costs, and access to affordable and convenient child care is paramount.
 - Policies in Goal A, Goal B, and Goal I of the existing housing element should promote intergenerational facilities – such as senior centers co-located near or with child care centers.
 - The housing element update should address the critical need to maximize outdoor spaces, including those in proximity for outdoor learning environments and play for a range of age groups.
 - Revisions to draft in response to these comments: Policies I.7 and I.8 were added in response to these and other comments.
- Affordable housing should be defined more clearly in the housing element.
 - Revisions to draft in response to this comment: Tables 4-2 and 4-3 were revised.
- Missing middle housing is needed in Arroyo Grande and should be provided with specific goals and priorities in the housing element update in the following ways:
 - The City's Land Use Element designates sites noted in the existing housing element for residential purposes. While the existing housing element states that the designated sites are a range of densities, consistent with the goals of providing affordable housing, most of the residential land is zoned for single family uses. Single family uses will never meet that goal.
 - The City cannot enable and encourage multi-family uses without updating zoning, given that the majority of the city's land is currently zoned for single family uses. There are few locations where duplexes and triplexes wouldn't be appropriate.
 - Given population trends shown in the draft housing element, the city appears to be losing young families. None of the median salaries in the city are over \$100,000. We are building a city where the options are not feasible or desirable for young families.
 - Allow missing middle housing by permitting duplexes and triplexes by right throughout existing single-family-zoned neighborhoods.
 - Revisions to draft in response to this comment: Policy A.15 was added to address this and other comments regarding missing middle housing. Some missing middle housing types like twin homes or duplexes, triplexes and fourplexes are already allowed in the single-family zoning district under the City's Development Code.
- ADUs projections make up the majority of the difference in all housing groups, and it is unlikely that these housing groups will be met.
 - Revisions to draft in response to this comment: The number of ADUs projected was reduced from 350 to 236 in Table 4-5 and more sites for housing were added to Table 4-6.
- Potential ADUs do not provide potential homeownership and 40 percent of housing will not be available to people who don't have a family member or friend who can rent them their ADU. This is not an equitable or scalable scenario.
 - Revisions to draft in response to this comment: The number of ADUs projected was reduced from 350 to 236 in Table 4-5 and more sites for housing were added to Table 4-6. The reference to 40 percent of ADUs being rented to family and friends

is not specific to ADUs in Arroyo Grande in terms of what is available. This percentage is cited on page 68 of this draft as part of the basis for affordability assumptions for ADUs in combination the countywide ADU market study that collected rents for ADUs and concluded that there are affordable ADUs for rent in Arroyo Grande. There was no conclusion that 40 percent of ADUs in the City are rented only to family and friends.

- Potential housing is contained in a handful of large, high-density projects. These projects are slow to permit and build and encounter a lot of community resistance. It is not reasonable to put them in the land inventory.
 - Revisions to draft in response to this comment: No revisions were made in response to this comment.
- The City should not hold meetings about this topic when people cannot attend the meeting in person.
 - Response: This meeting was noticed, and the community had the opportunity to submit written comments or call in to the virtual meeting to provide live verbal comments.
- We should not try to meet the needs of future residents. We should meet the needs of current residents and keep it affordable. If we attract outsiders, this will increase housing costs until we are squeezed out to accommodate all who want to live here.
 - Revisions to draft in response to this comment: No revisions were made in response to this comment.
- Not requiring off-street parking for all who live in these units is wrong.
 - Revisions to draft in response to this comment: No revisions were made in response to this comment.
- Where will all the water come from for these new residences? We need to ensure adequate infrastructure is in place.
 - Response: Water availability is discussed on page 76 of this draft.
- Do not allow manufactured housing on legal parcels in all residential zoning districts because it compromises community character in single-family residential areas.
 - Revisions to draft in response to this comment: No revisions were made in response to this comment.
- Most low-income housing sites in the sites inventory are in one area of Arroyo Grande, and it should not be located all in one place. Streets in this area would be congested with a high concentration of new residents. Schools would not be prepared to handle the heightened enrollment generated by the new construction.
 - Revisions to draft in response to this comment: Additional sites were added to Table 4-6 in the draft, some may be suitable for lower income housing.
- Support HASLO's proposed large low-income development on the vacant lot on the corner of Oak Park and El Camino Real, but the project should be reduced in scale to an appropriate housing density for the following reasons:
 - This project provides 50 percent of the low-income housing needed to meet the RHNA through 2028. All other low-income housing sites are on the other side of Highway 101.
 - NYU Furman Center argues that dispersed low-income housing better matches existing character, faces less community opposition, and integrates tenants into the existing housing.
 - This is the only project that has a "Realistic Dwelling Unit" number higher than the maximum.

- The project will increase traffic flow on the nearby arterial corridor and in/around the neighborhood. Some of these nearby intersections have existing safety concerns that need to be addressed.
- Parking would be an issue. Existing street conditions and sizes cannot support the new development. There is an existing lack of street parking.
- Building heights for this size of project would block views on existing properties. Residential building heights should be limited to two stories.
- Oak trees on the project site contribute to the character and aesthetic of the neighborhood and should be protected. The existing oak trees would scale and screen new development.
- Revisions to draft in response to this comment: No revisions were made in response to this comment.
- The draft housing element should include housing opportunities for all income categories east and north of Highway 101, rather than concentrating them in only half of the city.
 - Revisions to draft in response to this comment: Additional sites were added to Table 4-6 in the draft, some of which may be suitable for lower income housing.
- The City did not implement Program A.1-3 in the 2014-2019 Housing Element, which would have encouraged high-density, low-income housing east of Highway 101.
 - Response: This program has been continued in the draft.
- The draft housing element should be revised to assume housing density in the Traffic Way Mixed Use District is 20 units per acre.
 - Response: See response to previous comment.
- Opportunities for extremely low-, very low-, and low-income housing should be analyzed in the Traffic Way Mixed Use District, Village Mixed Use zone east of Highway 101, and Village Core Downtown zone east of Highway 101.
 - Revisions to draft in response to this comment: No revisions were made in response to this comment.
- The City should not rely on a single project to provide such a high percentage of the anticipated future community housing resources. It will disproportionately impact adjacent residents and businesses.
 - Revisions to draft in response to this comment: Additional sites were added to Table 4-6 in the draft, some of which may be suitable for lower income housing.
- Revise Policy A.5 to encourage residential uses in mixed-use and village core districts to promote uniform spatial distribution of low-income housing.
 - Revisions to draft in response to this comment: No revisions were made in response to this comment.
- Changing the zoning at 700 Oak Park to by-right residential will make it difficult for the City to comply with Policy G.2.
 - Revisions to draft in response to this comment: No revisions were made in response to this comment.
- Given population trends, the City should attract and retain younger residents and families in part with a first-time homebuyer program.
 - Revisions to draft in response to this comment: No revisions were made in response to this comment.

Additional Written Input Received

One comment letter on the housing element was received after the draft was submitted to HCD for their 60-day review. The letter was from the San Luis Obispo County Council of Governments. They had a couple comments in support of actions proposed in the draft housing element. They also asked what additional outreach was occurring on the housing element.

Planning Commission, January 5, 2021

The Arroyo Grande Planning Commission reviewed the final draft 2020-2028 Housing Element at their online meeting on January 5, 2020. One member of the public participated in public comment. There was one other public participant attending online. The City and consultant presented about the final draft housing element and responded to questions. Members of the Planning Commission had comments and questions throughout the draft document. The Planning Commission voted to approve forwarding the draft final draft Housing Element and the associated CEQA General Plan EIR Addendum to the City Council for their review and approval.

City Council, January 26, 2021

The Arroyo Grande City Council reviewed the final draft 2020-2028 Housing Element at their meeting on January 26, 2021. No members of the public participated in public comment. City staff and consultant presented about the final draft housing element and responded to questions.

The City Council voted to adopt the Housing Element and associated CEQA General Plan EIR Addendum. The Council authorized City staff to submit the adopted Housing Element to HCD for their certification review.

CHAPTER 2 – GOALS, POLICIES, PROGRAMS, AND QUANTIFIED OBJECTIVES

2.1 Housing Element Goals, Policies, and Programs

State law requires that the Housing Element contain a “statement of the community’s goals, policies, programs and quantified objectives relative to the maintenance, improvement, and development of housing.” This chapter describes the proposed goals, policies, and programs of the Housing Element for the City of Arroyo Grande.

Goals refer to general statements of purpose and indicate a direction the City will take with respect to the identified housing problems. **Policies** are statements of the City’s intent regarding the various housing issues identified and provide a link between the goals and the programs. **Programs** are steps to be taken to implement the policies and achieve the quantified objectives. **Quantified Objectives** refer to the number of units that are expected or estimated to be constructed, conserved, or rehabilitated during the time frame of the Housing Element, December 31, 2020, to December 31, 2028 (not all programs have quantified objectives).

Goal A – Housing for All Income Groups within the Community.

Provide a continuing supply of affordable housing to meet the needs of existing and future Arroyo Grande residents in all income categories.

Policies:

- A.1. The City shall adopt policies, programs, and procedures to attempt to meet the present and future needs of residents of the City, and to aim at providing the fair-share regional housing need allocated for each income classification, within identified governmental, market, economic, and natural constraints.
- A.2. The City shall continue to use the following incentives for the production of affordable housing: (a) allowing accessory dwelling units under specified criteria; (b) allowing manufactured housing on legal parcels in all residential zoning districts; (c) allowing density bonuses for very low- and low-income housing, senior housing projects, and any other project types called for under state law.
- A.3. The City shall give priority to processing housing projects that provide for affordable housing, and lower development impact fees shall be charged as an incentive for low, very low, and extremely low-income housing.
- A.4. The City shall establish minimum residential densities that are no lower than 75 percent of the maximum densities allowed in each multifamily residential zoning district, with exceptions made for properties with significant environmental constraints.
- A.5. The City shall encourage housing compatible with commercial and office uses and promote “mixed-use” and “village core” zoning districts to facilitate integration of residential uses into such areas.

- A.6. Where circumstances warrant, the City will work with mobile home owners to relocate mobile homes if the City seeks to modify a portion or all of a mobile home park for economic development purposes.
- A.7. The City will continue to maintain a zoning district for mobile home and manufactured home park uses.
- A.8. The City may annex land on the urban edge to promote orderly growth and the preservation of open space.
- A.9. The City shall continue to enable and encourage multiple-family, rental apartments, senior, mobile home, and special needs housing in appropriate locations and densities. These multiple-family residential alternative housing types tend to be more affordable than prevailing single-family residential low- and medium-density developments.
- A.10. The City shall review and revise its development regulations, standards, and procedures to encourage increased housing supply, as needed.
- A.11. The City shall continue to use and expand the density bonus program to encourage affordable housing supply.
- A.12. The City shall continue to maintain a system to inventory vacant and underutilized land.
- A.13. The City shall pursue adequate water sources and conservation programs to accommodate projected residential development.
- A.14. The City shall pursue program assistance for first-time home buyers.
- A.15. The City shall encourage the development of "missing middle" housing, including an evaluation of the zoning, design standards, and policies necessary to enable the types of housing that best serve "missing middle" households.

Programs:

- A.1-1. To comply with Assembly Bill (AB) 1397, the Development Code shall be amended to allow Assessor's Parcel Numbers (APNs) 077-011-010, 077-204-028, 077-211-022, and 077-221-031 in the land inventory in this sixth-round Housing Element to be developed for residential use by-right, in accordance with California Government Code Section 65583.2(c). This zoning change is necessary because parcel 077-011-010 which is vacant was included in the City's fourth- and fifth-round Housing Elements and has not yet developed for housing and the other three parcels which are non-vacant were included in the City's fifth round Housing Element. This by-right (without discretionary review) requirement will only apply to housing developments in which at least 20 percent of the units are affordable to lower-income households. The application of the requirement should not be used to further constrain the development of housing. As such, housing developments that do not contain the requisite 20 percent would still be allowed to be developed according to the underlying (base) zoning. These parcels are currently zoned Office Mixed-Use (OMU) and Fair Oaks Mixed Use (FOMU) which require a Use Permit for multifamily housing development. The City shall modify the Development Code to reflect the by-right

provisions described in this program within three years of the beginning of the sixth-cycle Housing Element planning period, which is December 31, 2023.

Responsible agency/department: Community Development, Planning Commission, City Council

Timeframe: Amend zoning by December 31, 2023

Funding: General Fund

Expected Outcome: Development Code amendment

Quantified Objective: 98 lower income units on these parcels and the other parcels that the parcel at 700 Oak Park Boulevard (APN 077-011-010) is combined with.

- A.1-2. The City shall amend the Development Code to revise the requirements for the Traffic Way Mixed-Use District to remove the limitation of only live-work residential uses. A mix of residential use types shall be allowed consistent with all the mixed-use zoning districts (except the Industrial Mixed-Use District). The Development Code shall also be amended to allow residential projects at densities up to 20 units per acre in the Traffic Way Mixed-Use District.

Responsible agency/department: Community Development

Timeframe: Within three years of Housing Element adoption

Funding: General Fund

Expected Outcome: Development Code amendment

Quantified Objective: 10 moderate-income units, 10 above-moderate-income units

- A.1-3. To mitigate the loss of affordable housing units, new housing developments shall be required to replace affordable housing units lost due to new development. In accordance with 65583.2 subdivision (g), the City also will require replacement housing units subject to the requirements of Government Code, section 65915, subdivision (c)(3) on sites identified in the sites inventory when any new development (residential, mixed-use or non-residential) occurs on a site that has been occupied by or restricted for the use of lower-income households at any time during the previous five years.

This requirement applies to:

- Non-vacant sites
- Vacant sites with previous residential uses that have been vacated or demolished

Responsible agency/department: Community Development

Timeframe: Ongoing, the replacement requirement will be implemented immediately and applied as applications on identified sites are received and processed, 2020–2028

Funding Source: General Fund

- A.2-1. The City shall continue to encourage and publicize on the City's website the accessory dwelling program to increase public awareness, including a flowchart to aid in the application process. The City will also amend the accessory dwelling unit regulations in the Development Code for consistency with updates to state law. In addition, as part of the

ordinance update, the City will evaluate ADU requirements related to off-street parking, lot coverage and open space, setbacks, maximum size and height and passageways, entrances and orientation; and adjust them as feasible to be more permissive than what is required by state law. The City will evaluate and adopt pre-approved accessory dwelling unit plans to streamline the approval process and lower development costs for applicants. Additional outreach regarding ADUs and the pre-approved plans will be conducted, including the steps detailed in the REAP (AB 101) grant work program. This outreach will include flyers, promotional materials and other outreach to further spread the word about ADUs and ADU-related resources in Arroyo Grande. The City will monitor ADU permitting throughout the planning period to track whether permits are keeping up with the ADUs anticipated in the housing element, including affordability. The City will monitor the number and affordability of ADUs every two years and include additional actions as appropriate including conducting additional outreach if ADU permits are not keeping up with numbers anticipated in the housing element after 2 years and every 2 years thereafter. The outreach will include regular announcements (at least once a month) about options to build ADUs and ADU resources at Planning Commission and City Council meetings and prominent placement of ADU information and the process to permit them on the City's website. If ADUs are not occurring consistent with assumptions in the element, the City will amend and submit the housing element to HCD to identify adequate sites to accommodate the RHNA.

Responsible agency/department: Community Development

Timeframe: Amend Development Code by May 31, 2021 and if needed later in the planning period to address any new updates to state law, and enforce state law until the zoning is updated. Assess ADU approval progress by the end of 2022 and every two years thereafter, and conduct additional outreach and amend the housing element after that if ADU numbers are not tracking with projections in Chapter 4 of the Housing Element.

Funding: General Fund, SB 2 funds, and AB 101 funds

Expected Outcome: Expected outcome is continued consistent production of accessory dwelling units as an affordable housing alternative.

Quantified Objective: 14 low income, 12 moderate income and 13 above moderate income units/year during the planning period. Total of 130 low-income, 105 moderate income, and 115 above moderate income units for the planning period.

- A.2-2. To further encourage ADU creation, the City shall establish an amnesty program in compliance with Senate Bill 13 to facilitate the process of bringing unpermitted ADUs into compliance with local regulations including the building code by owners of this type of unit. Senate Bill 13 requires under certain circumstances specified by state law, that enforcement of violations related to unpermitted ADUs be delayed for 5 years if correcting the violations are not necessary to protect health and safety. The City program would consider reductions in fees associated with necessary upgrades to bring the unit up to code along with providing information and staff assistance with the steps in the process to bring the unit up to code.

Responsible agency/department: Community Development

Timeframe: Develop and put amnesty program into place by May 31, 2022.

Funding: General Fund

Expected Outcome: Expected outcome is adding accessory dwelling units to the City's housing stock as unpermitted units become legal.

Quantified Objective: See quantified objectives under Program A.2-1.

- A.3-1. The City shall amend the Municipal Code to encourage the development of affordable housing projects, including expedited permitting, providing financial assistance through the City's In-Lieu Affordable Housing Fund, requiring lot consolidation, and providing greater flexibility in development standards.

Responsible agency/department: Community Development

Timeframe: Within five years of Housing Element adoption

Funding: General Fund and SB 2 funds

Expected Outcome: Additional affordable units

Quantified Objective: Five very low-income and five low-income units

- A.3-2. The City shall amend the Development Code to provide additional incentives specifically for extremely low-income housing projects. Incentives may include flexible standards for on- and off-site improvements, such as reduced parking requirements, reduced curb, gutter, and sidewalk requirements; reduced or deferred water and/or sewer connection fees; development review and permit streamlining procedures; or financial incentives and assistance.

Responsible agency/department: City Manager, Public Works, and Community Development

Timeframe: Amend Development Code by 2022

Funding: General Fund

Expected Outcome: Draft program or ordinance to incentivize and/or streamline permitting and procedures for extremely low-income housing developments

Quantified Objective: Two extremely low-income units

- A.3-3. The City shall consider a program to waive, reduce or defer impact fees for ADUs and projects with deed-restricted affordable units.

Responsible agency/department: City Manager, Community Development, Planning Commission and City Council

Timeframe: Amend Fees by December 31, 2021

Funding: General Fund

Expected Outcome: Consider and potentially establish a fee waiver or reduction for ADUs and affordable units

Quantified Objective: See quantified objectives under Program A.2-1

- A.10-1. To facilitate affordable housing, the City shall comply with State Density Bonus Law. The City shall update Development Code Chapter 16.82 to comply with current state density bonus law. The City will continue to update Chapter 16.82 on an ongoing basis to comply with any future updates to State Density Bonus Law (Government Code Section 65915 et seq.), as well as evaluate proposed Development Code amendments to assess whether they pose any constraints to developer utilization of density bonuses.

Responsible agency/department: Community Development

Timeframe: Amend Development Code Chapter 16.82 to comply with Government Code Section 65915 et seq. – Within 1 year of Housing Element adoption; Assess Development Code Amendments - Ongoing

Funding: General Fund

Expected Outcome: City-initiated Development Code amendments

Quantified Objective: 20 lower-income units

A.10-2. To encourage higher densities and reduce constraints to multifamily housing production, the City shall amend the Development Code to allow densities up to 20 du/ac in the OMU District and up to 25 du/ac in the FOMU and GMU districts for 100% multifamily housing projects with a Minor-Use Permit (MUP) subject to design review through the Architectural Review Committee. Mixed-use projects will continue to have a maximum allowed density of 20 du/ac in OMU and 25 du/ac in FOMU and GMU.

Responsible agency/department: Community Development

Timeframe: Within 2 years of Housing Element adoption

Funding: General Fund

Expected Outcome: Remove barrier to construct affordable housing

A.12-1. The City shall continue to maintain its geographical information system (GIS) mapping and planning database inventory of vacant and underutilized “opportunity sites.”

Responsible agency/department: Community Development

Timeframe: Ongoing

Funding: General Fund

Expected Outcome: Maintain land availability inventory

Quantified Objective: Maintain sites available for 692 units to address the City's RHNA

A.14-1. The City shall establish a program to assist first-time home buyers.

Responsible agency/department: Community Development

Timeframe: Within 2 years of Housing Element adoption

Funding: General Fund; HCD Home Investments Partnerships Program (HOME)

Expected Outcome: Development of a first-time home buyers' program

Goal B – Affordable Housing.

Ensure that housing constructed in the City is affordable to all income levels.

Policies:

- B.1. All residential projects that receive additional densities or other City incentives to include affordable housing shall be placed into a City-approved program to maintain the affordability for at least 45 (owner-occupied) or 55 years (rental units). Any sale or change of ownership of these affordable units prior to satisfying the year restriction shall

- be “rolled over” for same amount of years to protect “at risk” units. For rental housing, affordability shall be maintained through recorded agreements between a property owner and the City, its Housing Authority, or another housing provider approved by the City. For owner-occupied units, long-term affordability can be maintained through property-owner agreements to maintain the designated unit as affordable for the specified period, using a promissory note and deed of trust recorded on the property.
- B.2. The City shall continue monitoring affordable units to ensure ongoing compliance with the sales limits or rental rates established by agreement between the City and the developer. The City shall continue to take the necessary steps to ensure compliance with the regulatory agreement, including consideration of contracting with a housing authority or joining a regional monitoring agency if one is developed.
 - B.3. The City may establish parking districts, or off-site shared parking, and use of in-lieu fees where appropriate to enable additional density.
 - B.4. Affordable housing shall not be concentrated into a condensed, identifiable portion of a development or subdivision but rather dispersed throughout and integrated into the development as determined acceptable considering site constraints, size, and design.
 - B.5. The City shall continue to regulate the use of existing residences on residentially zoned properties as vacation rentals.

Programs:

- B.2-1. The City may contract with the Housing Authority of San Luis Obispo, local non-profit organizations, or a regional monitoring agency for the monitoring of affordable units to ensure compliance with terms of development agreements and/or affordable housing agreements.

Responsible agency/department: City Manager and Community Development

Timeframe: Ongoing

Funding: Fees for service

Expected Outcome: Expected outcome is consistent monitoring of affordable units.

- B.5-1. The City shall monitor the loss of permanent housing from vacation rentals and consider modifying the Development Code to adjust for this loss.

Responsible agency/department: Community Development

Timeframe: Ongoing

Funding: General Fund

Expected Outcome: Program to monitor vacation rentals

Goal C – Identify Funding for Extremely Low, Very Low, and Low-Income Housing.

Research and identify various additional financial and other resources to provide extremely low, very low, and low-income housing for current and future residents of the City.

Policies:

- C.1. The City shall establish criterion for allocating financial resources from its In-Lieu Affordable Housing Fund to augment extremely low, very low, and low-income housing development.
- C.2. The City shall consider issuance of bonds to finance extremely low, very low, and low-income housing.
- C.3. The City shall pursue state and federal funds to finance extremely low, very low, and low-income housing.
- C.4. The City shall consider cooperation with non-profit organizations and other developers for loan and/or grant applications to provide extremely low, very low, and low-income housing.

Programs:

- C.1-1. The City shall continue to allocate financial resources to augment extremely low, very low, and low-income housing development based on the financial projection of the In-Lieu Affordable Housing Fund.

Responsible agency/department: City Manager/Community Development

Timeframe: During City budgeting cycle

Funding: Inclusionary Affordable Housing Trust Fund/Other sources, as identified

Expected Outcome: Funding to finance affordable housing

Quantified Objective: Three extremely low, three very low, and twenty low-income units

- C.4-1. The City shall continue to meet with local non-profit and private developers semi-annually or more frequently if opportunities arise, to promote the extremely low, very low, and low-income housing programs and programs for special needs residents (including those who are homeless) outlined in the Housing Element. The City shall direct private housing developers to funding sources (such as federal and state housing grant fund programs and local housing trust funds) to promote affordable housing, as outlined in the policies of Goal C.

Responsible agency/department: Community Development and City Manager

Timeframe: Twice per year

Funding: General Fund

Expected Outcome: Increased awareness of the City's desire to provide affordable housing and to accommodate affordable housing

- C.4-2. The City shall continue to participate in financial incentive programs established by the San Luis Obispo County Housing Trust Fund, such as a revolving loan program.

Responsible agency/department: Community Development and City Manager

Timeframe: Ongoing

Funding: General Fund

Expected Outcome: Leverage of financial resources to augment development of affordable housing

Quantified Objective: Loan(s) provided for five very low- income units

Goal D – Encourage Diverse Housing Stock.

In order to provide affordable housing, especially for extremely low, very low, and low-income households, encourage apartment construction.

Policies:

- D.1. The City shall relax parking standards for apartments containing extremely low, very low, low, and/or senior housing.
- D.2. Evaluate the procedure for calculating density in multi-family and mixed-use developments.

Programs:

- D.1-1. The City shall encourage specific plans for land within its sphere of influence that include increased capacity for residential development.

Responsible agency/department: Community Development

Timeframe: Ongoing, as specific plans are approved

Funding: General Fund

Expected Outcome: Possible increased land inventory to support affordable housing

- D.1-2. The City shall review the parking standards for affordable and senior housing projects and reduce them to the greatest extent possible.

Responsible agency/department: Community Development

Timeframe: Review parking standards by December 31, 2022; Revise parking standards in Development Code by December 31, 2023.

Funding: General Fund

Expected Outcome: Remove constraints associated with parking requirements for affordable and senior housing projects

Goal E – Inclusionary Housing.

Strengthen the City's inclusionary housing ordinance to require more affordable units in both residential and commercial development projects.

Policies:

- E.1. The City shall require housing projects greater than two units to meet inclusionary housing requirements by (1) payment of in-lieu fee, (2) on-site construction of affordable units, or (3) dedication of land. An inclusionary unit is defined as one that will meet the state's standards for affordable housing.

- E.2. An “affordable housing agreement” shall be required for projects subject to the Inclusionary Affordable Housing Ordinance.

Programs:

- E.1-1. The City shall evaluate and consider amending the inclusionary affordable housing requirements in the Development Code (Chapter 16.80) based on experience using the requirements in producing affordable units. In addition, the City shall continue to amend the in-lieu fee as needed and as called for in Chapter 16.80.

Potential changes to the requirements include: (1) consider contracting with a housing management organization to manage deed-restricted affordable units in the City; (2) consider adding incentives to encourage construction of rental units; and (3) investigate extending the income categories served by the inclusionary requirements to extremely low-income households. The City will engage the development community during the evaluation process.

Responsible agency/department: Community Development, Planning Commission, and City Council

Timeframe: Within two years of Housing Element adoption

Funding: General Fund

Expected Outcome: Amendments to the inclusionary affordable housing requirements and inclusionary in-lieu fee

Quantified Objective: Two extremely low, five very low, 10 low, and 15 moderate-income units

Goal F – Mitigate Governmental Constraints.

Create clearer regulations and streamline the approval process for affordable housing projects.

Policies:

- F.1. The City shall review and periodically amend its Development Code and design review regulations and procedures to streamline permit processing for affordable housing projects and minimize application and development review costs.

Programs:

- F.1-1. The City shall work with non-profit organizations to maintain a list of persons interested in development projects containing affordable housing. Agendas for all City meetings related to these projects shall be sent to persons on the list. The City shall also continue to post the agendas on the City's website.

Responsible agency/department: Community Development

Timeframe: Ongoing

Funding: General Fund

Expected Outcome: Increased public awareness of affordable housing projects.

F.1-2. The City shall address and remove, replace or modify the use permit requirements for multifamily development in multifamily zones to promote certainty in the approval process, increase objectivity and address the CUP and MUP requirements as a constraint. Examples of action include:

- Replace the use permit requirements with a site plan review, including approval guidance on development and design standards
- Raise unit threshold allowed without an MUP or CUP to a greater threshold than currently allowed in consultation with HCD
- Revise findings for use permits to be more objective, including limiting compatibility criteria to health and safety issues
- Reduce the level of review for this type of project to more ministerial processes

Responsible agency/department: Community Development

Timeframe: Within two years of Housing Element adoption

Funding: General Fund

Expected Outcome: Remove barrier to construct affordable housing

Quantified Objective: 15 lower income units

F.1-3. Establish a written policy or procedure and other guidance as appropriate to specify the SB 35 (2017) streamlining approval process and standards for eligible projects, as set forth under California Government Code, Section 65913.4.

Responsible agency/department: Community Development

Timeframe: December 2021

Funding: General Fund

Expected Outcome: Remove barriers to construct affordable housing

F.1-4. Conduct a comprehensive review of the Development Code and the General Plan and replace any subjective standards that may apply to housing projects with objective design standards in compliance with applicable State law. This will include revising the findings for design review to be objective.

Responsible agency/department: Community Development

Timeframe: December 2025

Funding: General Fund, Grant Funding (e.g. SB 2, AB 101)

Expected Outcome: Streamline review process and remove barriers to construct affordable housing

F.1-5. The City will establish a written process to comply with Senate Bill 1087 and identify ways to move forward with improvements to water and wastewater infrastructure as needed in order to maintain sufficient infrastructure and capacity to serve the City's housing need. This will include working on planning, funding and construction of infrastructure.

Responsible agency/department: Community Development, Public Works

Timeframe: Assess needs annually

Funding: General Fund

Expected Outcome: Maintain sufficient water and wastewater infrastructure and capacity

Goal G – Housing Conservation and Rehabilitation.

Conserve and rehabilitate the City's older stock, particularly to provide affordable housing.

Policies:

- G.1. The City shall encourage private and public financing of affordable housing rehabilitation.
- G.2. The City shall ensure zoning compatibility when integrating public affordable housing projects into existing residential neighborhoods. All impacts relating to neighborhood stability and quality of life issues shall also be considered as allowed under state law.

Programs:

- G.1-1. The City shall continue to coordinate with the San Luis Obispo Housing Authority to maintain and expand Section 8 rental housing assistance to qualified households.

Responsible agency/department: Community Development

Timeframe: Ongoing, when eligible

Funding: General Fund

Expected Outcome: Continued affordable housing.

- G.1-2. The City shall develop a program to offer housing developers an alternative to meet affordable housing requirements by contributing some "sweat equity" on projects where existing housing units will be rehabilitated or conserved as affordable, pursuant to the City's Affordable Housing Program.

Responsible agency/department: Community Development

Timeframe: Within two years of Housing Element adoption

Funding: General Fund

Expected Outcome: Conservation and rehabilitation of existing housing stock

Quantified Objective: Five low-income housing units

- G.2-1. The City shall continue to consider abatement of unsafe or unsanitary structures, including buildings or rooms inappropriately used for housing contrary to adopted health and safety codes. Where feasible, the City will encourage rehabilitation and allow reasonable notice and time to correct deficiencies.

Responsible agency/department: Community Development

Timeframe: Ongoing

Funding: General Fund

Expected Outcome: Conservation of existing housing stock

Goal H – At-Risk Unit Preservation.

Preservation of at-risk units in Arroyo Grande.

Policies:

- H.1. The City shall establish a notification procedure to occupants of affordable housing units of conversion to market-rate units.
- H.2. The City shall assist in the preservation of affordable units at risk of conversion to market-rate units.

Programs:

H.1-1. The City will monitor the list of all dwellings in Arroyo Grande that are subsidized by government funding or low-income housing developed through local regulations or incentives. The list will include, at least, the number of units, the type of government program, and the date on which the units are at risk to convert to market-rate dwellings. No units have been identified as at risk of converting to market rate within 10 years of the beginning of the sixth-round Housing Element planning period. The City will work to reduce the potential conversion of any units to market rate through the following actions:

- Monitor the status of affordable projects, rental projects, and mobile homes in Arroyo Grande. Should the property owners indicate the desire to convert properties, consider providing technical and financial assistance, when possible, to ensure long-term affordability.
- If conversion of units is likely, work with local service providers as appropriate to seek funding to subsidize the at-risk units in a way that mirrors the HUD Housing Choice Voucher (Section 8) program. Funding sources may include state or local funding sources.

Pursuant to state law, owners of deed-restricted affordable projects are required to provide notice of restrictions that are expiring after January 1, 2021, to all prospective tenants, existing tenants, and the City within three years of the scheduled expiration of rental restrictions. In addition, the City or owner will provide notice to HUD and the San Luis Obispo Housing Authority. Owners shall also refer tenants of at-risk units to educational resources regarding tenant rights and conversion procedures and information regarding Section 8 rent subsidies and any other affordable housing opportunities in the City. In addition, notice shall be required prior to conversion of any units to market rate for any additional deed-restricted lower-income units that were constructed with the aid of government funding, that were required by inclusionary zoning requirements, that were part of a project granted a density bonus, or that were part of a project that received other incentives.

If a development is offered for sale, HCD must certify persons or entities that are eligible to purchase the development and to receive notice of the pending sale. Placement on the eligibility list (see Appendix) will be based on experience with affordable housing.

When necessary, the City shall continue to work with property owners of deed-restricted affordable units who need to sell within 45 years of initial sale. When the seller is unable to

sell to an eligible buyer within a specified time period, equity-sharing provisions are established (pursuant to the affordable housing agreement for the property), whereby the difference between the affordable and market value is paid to the City to eliminate any incentive to sell the converted unit at market rate. Funds generated would then be used to develop additional affordable housing within the City. The City shall continue tracking all residential projects that include affordable housing to ensure that the affordability is maintained for at least 45 years for owner-occupied units and 55 years for rental units, and that any sale or change of ownership of these affordable units prior to satisfying the 45- or 55-year restriction shall be “rolled over” for another 45 or 55 years to protect “at-risk” units.

Responsible agency/department: Community Development

Timeframe: Ongoing communication with owners, service providers, and eligible potential purchasers; work with owners of deed-restricted units on an ongoing basis – in particular at the time of change of ownership.

Funding: General Fund

Expected Outcome: Preservation of existing affordable units

Quantified Objective: Preserve 30 assisted units

Special Needs

Goal I – Special Needs Housing.

Meet the housing needs of special groups of Arroyo Grande residents, including seniors, persons with disabilities, persons with developmental disabilities, single parents, large families, and farmworkers.

Policies:

- I.1. The City shall encourage and shall seek funding to assist in the development of low- and moderate-income senior rentals.
- I.2. The City shall permit larger group housing for seniors in appropriate multiple-family or mixed-use locations, subject to discretionary review.
- I.3. The City shall continue to allow small-scale group housing (less than seven persons) in multiple-family residential districts, in accordance with applicable state laws.
- I.4. The City shall encourage multiple-family housing projects that include a portion of the units with three or more bedrooms to accommodate larger families.
- I.5. The development of housing for farmworkers shall be encouraged.
- I.6. Co-housing and similar unconventional housing arrangements shall be considered in appropriate locations subject to review and approval on a case-by-case basis.
- I.7. The City shall encourage the development of housing projects that include on-site child care facilities, particularly where projects propose 50 or more housing units or 50,000 or more square feet of commercial or industrial space.

- 1.8. The City shall encourage the development of projects and facilities that promote inter-generational uses and activities.

Programs:

- 1.1-1. The City shall continue to promote housing opportunities for seniors and other special needs groups by identifying sites suitable for senior and transitional housing and considering other incentives to promote senior and transitional housing. Single-room occupancy units (SROs) shall be added to the use tables in the Development Code as allowed in all mixed-use zoning districts with a CUP. SROs shall be allowed in the MFVH zoning district with an MUP.

Responsible agency/department: Community Development

Timeframe: Identifying sites - Ongoing; Development Code Amendments – Within two years of Housing Element adoption

Funding: General Fund

Expected Outcome: Increased housing opportunities for seniors and other special needs groups

Quantified Objective: Five extremely low and 10 very low-income units

- 1.5-1. To encourage farmworker housing, the City will amend the zoning ordinance to identify farmworker housing as a residential use in the use tables. The City Zoning Ordinance will be amended to ensure that permit processing procedures for farmworker housing do not conflict with Health and Safety Code, Section 17021.5, which states that farmworker housing for six or fewer employees should be "deemed a single-family structure with a residential land use designation," and Section 17021.6, which states that for "employee housing consisting of no more than 36 beds in a group quarters or 12 units or spaces designed for use by a single family or household...no CUP, zoning variance, or other zoning clearance shall be required of employee housing of this employee housing that is not required of any other agricultural activity in the same zone."

Responsible agency/department: Community Development

Timeframe: Within two years of Housing Element adoption

Funding: General Fund

Expected Outcome: Increased housing opportunities for farmworkers

Quantified Objective: Five very low-income units

- 1.5-2. Revise the definition of family in the Development Code to comply with state law.

Responsible agency/department: Community Development

Timeframe: Within two years of Housing Element adoption

Funding: General Fund

Expected Outcome: Clarify state compliant definition of family

The Homeless

Goal J– Housing for the Homeless.

Reduce or minimize the incidence of homelessness in the community.

Policies:

- J.1. The City shall consider joint powers development and cooperation agreements to develop homeless shelters and related services or participate in the operations and maintenance of countywide or south county regional homeless shelter facilities.
- J.2. The City shall continue to allow emergency shelters for overnight lodging and other housing serving homeless persons in appropriate zoning districts, in compliance with state law.
- J.3. The City shall consider supporting overnight parking programs that may be instituted in a manner that ensures the safety and security of participants and neighboring land uses.

Programs:

- J.1-1. The City shall continue to participate in the South San Luis Obispo County working group cooperating with other cities, the county, and other agencies in the development of programs aimed at providing homeless shelters and related services.

Responsible agency/department: Community Development/City Manager

Timeframe: Ongoing

Funding: General Fund

Expected Outcome: Continued cooperation in providing homeless shelter and services

- J.2-1. The City shall consider implementing an overnight parking program, or a similar program, for the homeless in appropriate zoning districts.

Responsible agency/department: Community Development

Timeframe: Within two years of Housing Element adoption

Funding: General Fund

Expected Outcome: Provide approved parking locations for the homeless to sleep

- J.2-2. Per AB 2162, the City will review its Development Code to ensure compliance with AB 2162 related to allowing supportive housing. The Development Code will be reviewed to assess whether supportive housing is allowed without discretionary review in all zoning districts that allow multifamily housing or mixed-use development, including nonresidential zoning districts, as applicable. If it is determined that the allowed uses in the Development Code are not in compliance with AB 2162, the City will revise the allowed uses along with corresponding development standards, as detailed in AB 2162.

Responsible agency/department: Community Development, Planning Commission, City Council

Timeframe: Review Development Code by 2021 . Make revisions by 2022.

Funding: General Fund

Expected Outcome: Allow supportive housing per state law

- J.2-3. As set forth in AB 101 (2019), the City will review its Development Code and make revisions, if necessary, to allow low-barrier navigation centers for the homeless pursuant to Government Code Sections 65660–65668.

Responsible agency/department: Community Development, City Council

Timeframe: Review Development Code by 2021 . Make revisions by 2022.

Funding: General Fund

Expected Outcome: Allow low-barrier navigation centers for homeless per state law

Disabled Persons

Goal K – Housing for Persons with Disabilities.

Ensure that those residents with handicaps or disabilities have adequate access to housing.

Policies:

- K.1. The City shall encourage housing development that meets the special needs of disabled persons, including developmentally disabled individuals, and ensure that all new multiple-family developments comply with the handicapped provisions of the California Building Code and Americans with Disabilities Act (ADA).
- K.2. The City shall ensure, through the design review process for multiple housing projects, that project design, parking locations, pedestrian walkways, and direct access to the housing units accommodates handicapped or disabled access.

Programs:

- K.1-1 The City shall explore models to encourage the creation of housing for persons with disabilities, including developmental disabilities. Such models could include coordinating with the Tri-County Regional Center and other local agencies in encouraging affordable housing projects to dedicate a percent of housing for disabled individuals; assisting in housing development; providing housing services that educate, advocate, inform, and assist people to locate and maintain housing; and models to assist in the maintenance and repair of housing for persons with developmental disabilities.

Responsible agency/department: Building Division/Community Development

Timeframe: Establish a model program within two years of Housing Element adoption

Funding: General Fund

Expected Outcome: Increased access to housing and housing resources for disabled persons, including information and services available for developmentally disabled persons

Quantified Objective: Five low-income units

- K.2-1. The City shall create a policy or amend the Development Code to provide persons with disabilities seeking equal access to housing an opportunity to request reasonable accommodation in the application of City building and zoning laws.

Responsible agency/department: Building Division/Community Development

Timeframe: Within one year of Housing Element adoption

Funding: General Fund

Expected Outcome: Greater accessibility for disabled persons accommodated through the design review process for discretionary residential projects

Energy Conservation

Goal L – Energy Conservation.

Increase the efficiency of energy use in new and existing homes, with a concurrent reduction in housing costs to Arroyo Grande residents.

Policies:

- L.1. All new dwelling units shall be required to meet current state and local requirements for energy efficiency. The retrofitting of existing units shall be encouraged.
- L.2. New land use patterns shall encourage energy efficiency.
- L.3. When feasible, buildings shall be sited on a north to south axis and designed to take advantage of passive solar heating and cooling.

Programs:

- L.1-1. The City shall continue working to implement water conservation incentive programs, including the Plumbing Retrofit Program, and energy conservation programs, such as those described by San Luis Obispo County Energy Watch and others, as applicable.

Responsible agency/department: Building Division/Community Development

Timeframe: Ongoing

Funding: General Fund, funds established by utilities such as Pacific Gas and Electric Company (PG&E)

Expected Outcome: Reduce usage of water and electrical resources

- L.1-2. Consistent with Measure E-5 of the City's Climate Action Plan, the City shall establish a program to allow residential projects to receive minor exceptions if they meet 25 percent of items on the Tier 1 list of the California Green Building Code (Title 24) or 15 percent of items on the Tier 2 list of that code.

Responsible agency/department: Building Division/Community Development

Timeframe: Establish program within two years of Housing Element adoption

Funding: General Fund

Expected Outcome: Encourage energy efficiency in new residential buildings

Equal Opportunity

Goal M – Equal Opportunity and Fair Housing.

Assure access to sound, affordable housing for all persons, regardless of race, religion, age, or sex.

Policies:

- M.1. The City declares that all persons, regardless of race, religion, age, or sex, shall have equal access to sound and affordable housing.

Programs:

M.1-1. The City will continue to promote the enforcement of policies of the State Fair Employment and Housing Commission and shall resolve housing discrimination complaints through assistance from HUD, and/or local, regional private fair-housing organizations. The City will develop a fair-housing program to implement San Luis Obispo County's Urban County Team's fair-housing program, "Fair Housing Analysis of Impediments," and prepare a brochure that promotes equal housing opportunities and addresses discrimination. The brochure will be available at the Community Development Department and a link to download the brochure will be placed on the City's website. In addition, the City shall disseminate information in one or more of the following ways to ensure the public is aware of Fair Housing Law:

- Distribute materials to property owners and apartment managers twice a year.
- Make public service announcements through multiple media outlets, including newspaper, radio, television, and social media to run on a regular basis.
- Conduct public presentations with different community groups once or twice a year.

Responsible agency/department: Community Development

Timeframe: Ongoing; Brochure available within one year of Housing Element adoption, strategy to implement Urban County Team fair housing program within one year of County Fair Housing Plan adoption.

Funding: General Fund

Expected Outcome: Dissemination of information through the City.

M.1-2. Arroyo Grande will develop a plan to Affirmatively Further Fair Housing (AFFH). The AFFH Plan shall take actions to address significant disparities in housing needs and in access to opportunity for all persons, regardless of race, religion, sex, marital status, ancestry, national origin, color, familial status, or disability, and other characteristics protected by the California Fair Employment and Housing Act (Part 2.8, commencing with Section 12900, of Division 3 of Title 2), Section 65008, and any other state and federal fair housing and planning law. Specific actions will include the following:

- Facilitate public education and outreach by creating informational flyers on fair housing that will be made available at public counters, libraries, and on the City's website. City Council meetings will include a fair housing presentation at least once per year.

- Actively recruit residents from neighborhoods of concentrated poverty (if applicable) to serve or participate on boards, committees, and other local government bodies.
- Ensure environmental hazards are not disproportionately concentrated in low-income communities and low-income communities of color.
- Develop a proactive code enforcement program that holds property owners accountable and proactively plans for resident relocation, when necessary.

Responsible agency/department: Community Development

Timeframe: Create plan by January 2022 and implement on an ongoing basis.

Funding: General Fund

Expected Outcome: Dissemination of information at the City Hall front counter, education at City Council meetings.

Housing Element Implementation

Goal N – Public Participation.

Ensure participation of all economic segments of the community in the development of housing policy for Arroyo Grande.

Policies:

- N.1. The City shall encourage the participation of all residents of Arroyo Grande in the development of housing policies for the City.
- N.2. The City shall provide a brief summary of key information about housing-related issues to help ensure widespread notice to all residents.

Programs:

- N.1-1. Prior to any public hearing where the City is considering amending or updating its Housing Element or housing policies, the City will notify all local housing organizations, as well as social service agencies, and post notices at locations frequented by the public.

Responsible agency/department: Community Development

Timeframe: Ongoing

Funding: General Fund

Expected Outcome: Provide information about housing programs

2.2 Summary of Quantified Objectives

Quantified objectives estimate the number of units that are planned to be constructed, rehabilitated, and conserved over the planning period. This information is presented in Table 2-1.

Table 2-1 Quantified Objectives by Income Group						
Housing Program	Quantified Objectives by Income Group					Total
	Extremely Low-Income	Very Low-Income	Low-Income	Moderate-Income	Above Moderate-Income	
New Housing Production						
Program A.1-1.	8	27	63	0	0	98
Program A.1-2.	0	0	0	10	10	20
Program A.2-1.	0	0	131	105	0	236
Program A.3-1.	0	5	5	0	0	10
Program A.3-2.	2	0	0	0	0	2
Program A.10-1.	10	10	0	0	0	20
Program A.12-1.	85	85	107	124	291	692
Program C.1-1.	3	3	20	0	0	26
Program C.4-2.	0	5	0	0	0	5
Program E.1-1.	2	5	10	15	0	32
Program F.1-2.	2	5	8	0	0	15
Program I.1-1.	5	10	0	0	0	15
Program I.5-1.	0	5	0	0	0	5
Program K.1-1.	0	5	0	0	0	5
<i>Subtotals</i>	<i>117</i>	<i>165</i>	<i>344</i>	<i>254</i>	<i>301</i>	<i>1,181</i>
Preservation						
Program H.1-1	0	10	20	0	0	30
<i>Subtotals</i>	<i>0</i>	<i>10</i>	<i>20</i>	<i>0</i>	<i>0</i>	<i>30</i>
Rehabilitation						
Program G.1-2	0	0	5	0	0	5
<i>Subtotals</i>	<i>0</i>	<i>0</i>	<i>5</i>	<i>0</i>	<i>0</i>	<i>5</i>
Totals	117	175	369	254	301	1,216

Source: City of Arroyo Grande and California Housing Partnership Corporation (CHPC), 2020.

CHAPTER 3 – BACKGROUND INFORMATION

3.1 Introduction

The City of Arroyo Grande occupies 5.45 square miles (3,388 acres) of land along U.S. Highway 101 in southwestern San Luis Obispo County, as shown on Figure 3-1. It is immediately adjacent to the west, southwest, and south to urban development within the cities of Pismo Beach and Grover Beach, and the unincorporated community of Oceano, as shown on Figure 3-2. Unincorporated lands adjoin the City to the north, east, and south. Residential rural and suburban developments characterize unincorporated areas to the north and southeast of the City, while agricultural uses dominate the Arroyo Grande Valley to the northeast and the Cienega Valley south of the City. Arroyo Grande Creek runs in a generally north to south direction through the eastern portion of the City. This chapter presents and analyzes demographic, population, and housing characteristics that are crucial to understanding the local housing market and needs and to plan for different housing types for all income levels.

Figure 3-1 Regional Location Map

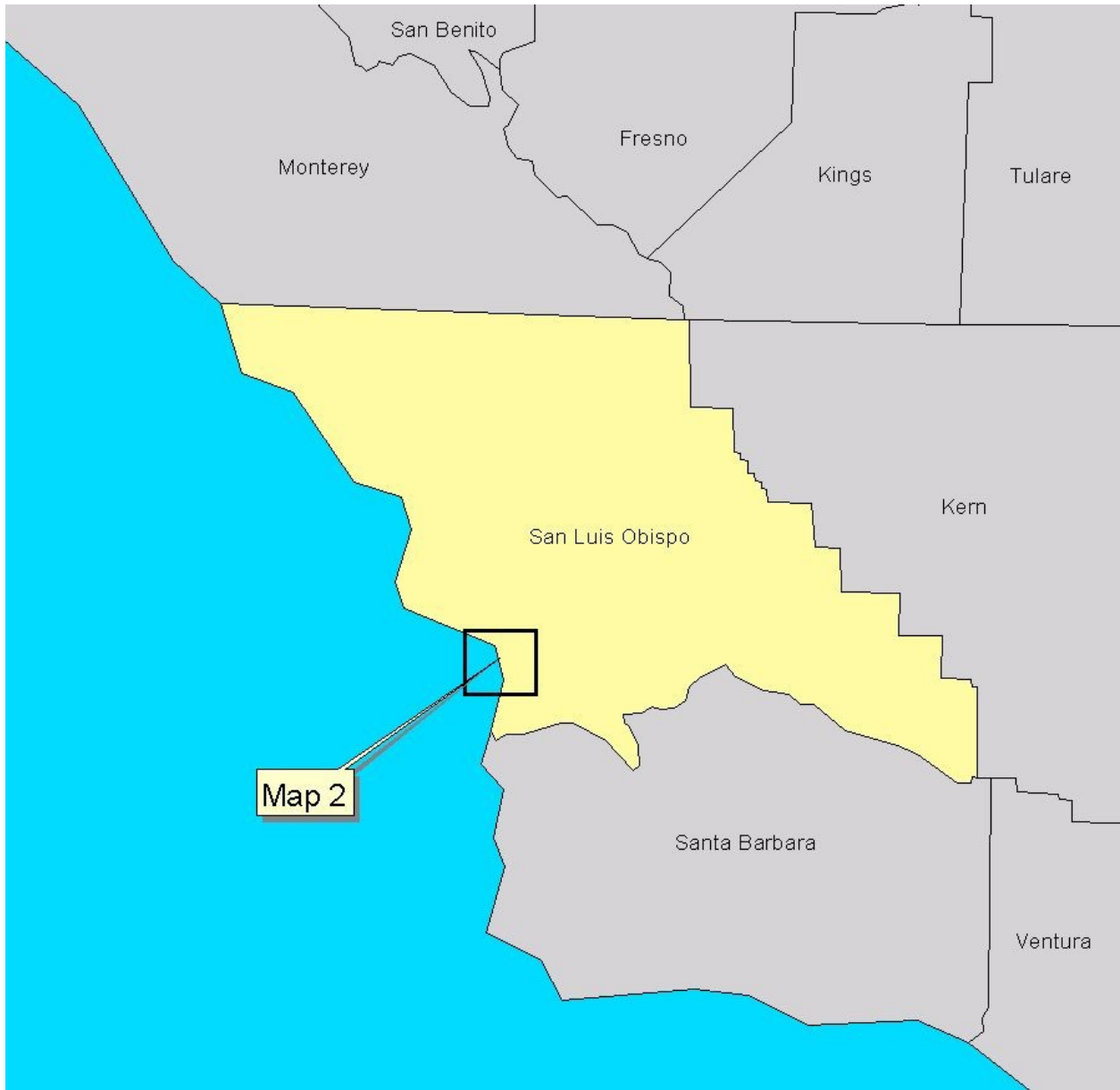
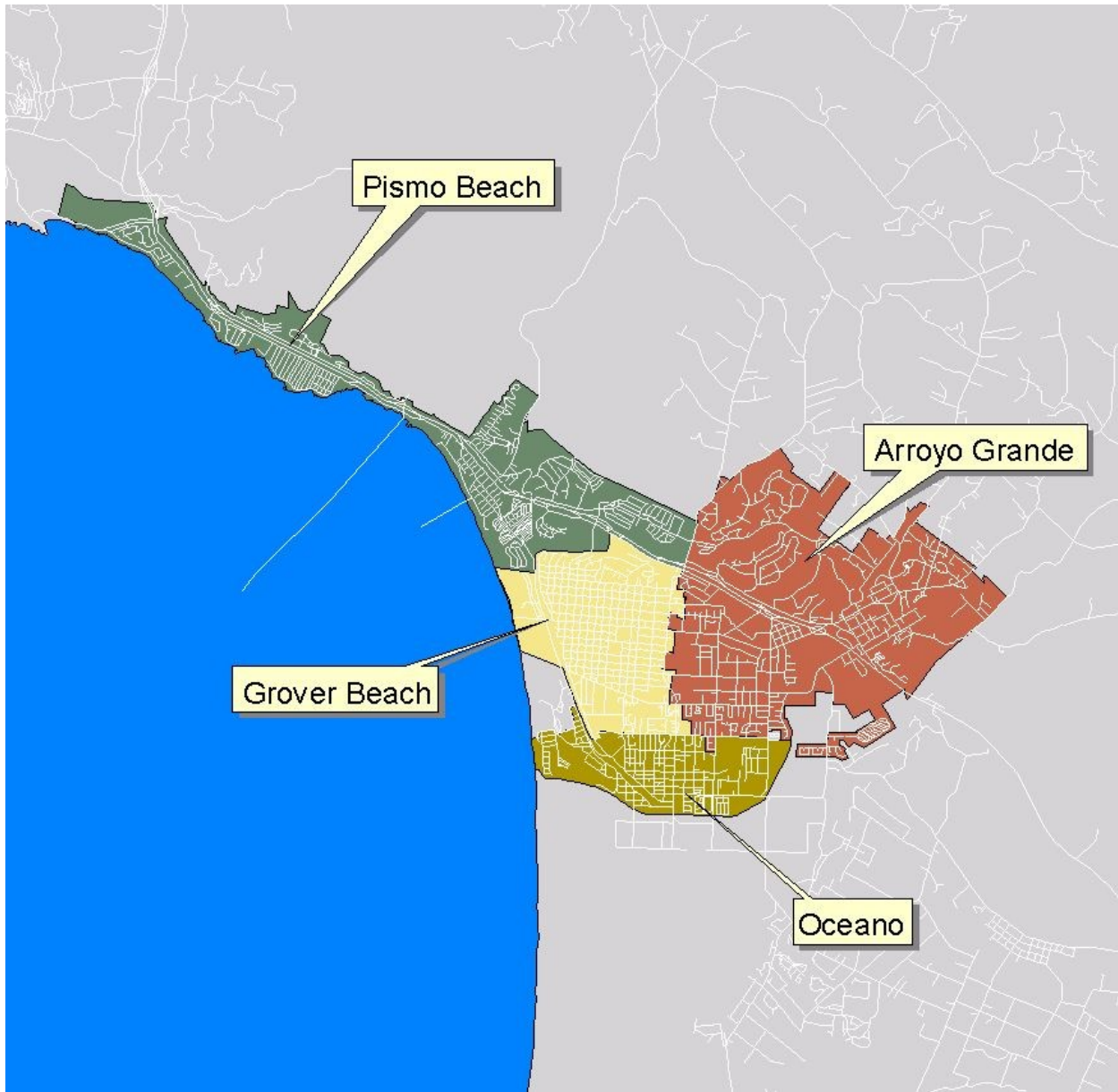


Figure 3-2 South County Location Map



3.2 Demographic Overview

This section provides information on population trends (population growth, ethnicity, age, and sex); household data (size, tenure, and type of household); income; and employment.

Population Trends

Population Growth. The City of Arroyo Grande's population has grown from 3,291 in 1960 to 17,876 in 2019 according to the U.S. Census and California Department of Finance (DOF). Population growth during the 1960s occurred rapidly, some years exceeding 12 percent. In the 1970s, growth slowed to an average of seven percent over the decade, falling still further in the 1980s to less than two percent from 1980 to 1990. According to the U.S. Census, Arroyo Grande grew 10.2 percent between 1990 and 2000 and 8.8 percent between 2000 and 2010. Table 3-1 compares population growth in Arroyo Grande from 2010 to 2019 relative to Pismo Beach, Grover Beach, the County of San Luis Obispo, and the State of California. This table indicates that the growth that occurred in Arroyo Grande from 2010 to 2019 was higher than Grover Beach and comparable to the County, but less than Pismo Beach or the State of California.

	2000	2010		2019	
	Number	Number	Change from 2000	Number	Change from 2010
Arroyo Grande	15,851	17,252	8.80%	17,876	3.62%
Grover Beach	13,067	13,156	0.70%	13,533	2.87%
Pismo Beach	8,551	7,655	-10.50%	8,239	7.63%
San Luis Obispo County	246,681	269,637	9.30%	280,393	3.99%
California	33,871,648	37,253,956	10.00%	39,927,315	7.18%

Source: U.S. Census 2000, State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties, and the State, 2011-2019 with 2010 Census Benchmark

Current estimates by SLOCOG in their 2050 Regional Growth Forecast (2017) project the City's population to reach approximately 20,449 residents by 2050, based upon a compound annual growth rate of 0.39 percent (see Table 3-2).

	2020	2030	2040	2050	% Annual Change
Arroyo Grande	18,288	19,505	20,158	20,449	0.39%
Grover Beach	13,751	14,536	14,934	15,091	0.32%
Pismo Beach	8,642	9,486	9,901	10,079	0.55%
San Luis Obispo County	286,657	305,692	315,922	320,482	0.39%

Source: SLOCOG 2050 Regional Growth Forecast, Population Projections by Jurisdiction, 2010 to 2050 (Medium Scenario)

Age and Sex Distribution. Table 3-3 shows that in 2017, 27 percent of the population of Arroyo Grande was age 24 years and under, 34 percent of the population was between 25 and 54 years, and 40 percent was 55 years or older. The highest percentage in one age category, 23 percent, is in the 65 and older age range, followed by the 55 to 64 age range (17 percent). The median age in years is 48. These statistics reflect an older population than California as a whole, with a

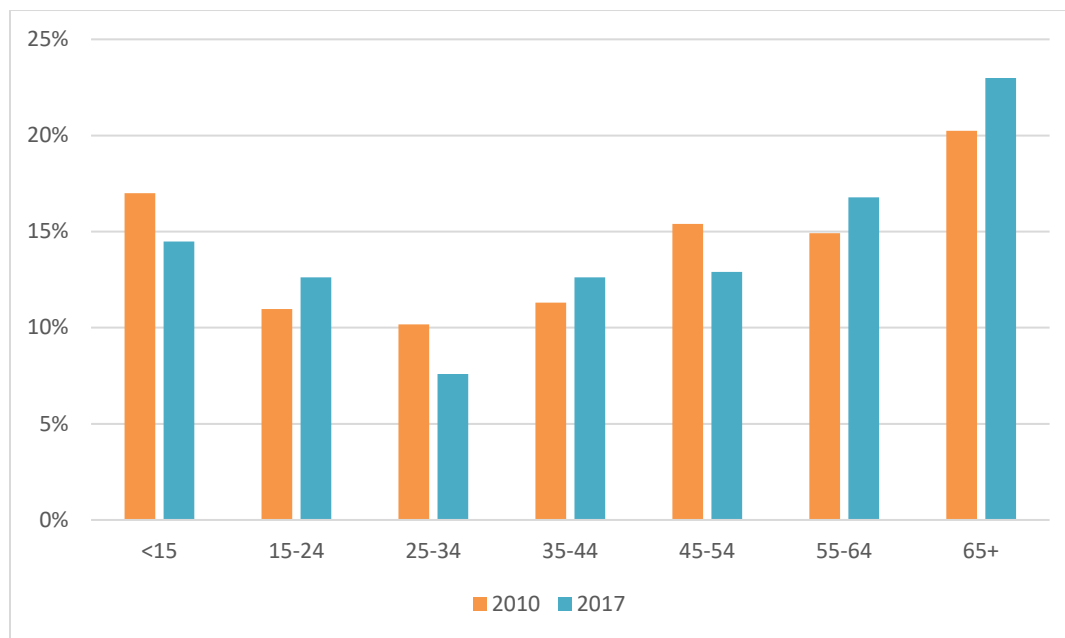
higher percentage of those considered seniors (55 or over). However, this is similar to trends in San Luis Obispo County as a whole, with the senior population increasing more rapidly than other age groups.

Table 3-3 Trends in Population Age					
Age Group	2010		2017		Percent Change
	Number of Persons	Percent of Total	Number of Persons	Percent of Total	
<15	2,933	17%	2,603	14%	-11%
15-24	1,893	11%	2,269	13%	20%
25-34	1,755	10%	1,364	8%	-22%
35-44	1,949	11%	2,268	13%	16%
45-54	2,657	15%	2,320	13%	-13%
55-64	2,572	15%	3,015	17%	17%
65+	3,493	20%	4,132	23%	18%
Total	17,252	100%	17,971	100%	4%

Source: U.S. Census 2010 and ACS 2013-2017

Between 2010 and 2017, there were increases in the age ranges 55 and older and between 15 and 24 years, and a large decrease in the 25 to 34 age range, while all other age ranges remained similar. These trends can be seen in Figure 3-3.

Figure 3-3 Change in Population Age, 2010 to 2017



Source: U.S. Census 2010 and 2017

Race and Ethnicity. Table 3-4 reports the race and ethnicity of the demographics in the City of Arroyo Grande. The residents of the City of Arroyo Grande are majority white, with 85.4 percent of the population identifying this way in 2018. Approximately 17 percent of the population in the City identify as Hispanic or Latinx. The questions posed by the Census regarding race and ethnicity

provide the opportunity for respondents to self-identify with a sub-group within the racial and ethnic categories; 66.5 percent of respondents who identified as Hispanic or Latinx also identified as White. Over four percent of the population identifies as Asian, almost four percent identifies as two or more races, and over three percent identifies as some other race. All other subgroups comprised less than two percent of the population.

Race or Ethnicity	Number of Persons	Percent of Total
White	15,411	85%
Black or African American	142	1%
American Indian and Alaska Native	271	2%
Asian	814	5%
Native Hawaiian and Other Pacific Islander	122	1%
Two or more races	659	4%
Some other race	620	3%
Hispanic or Latino ¹	3,061	17%
Total	18,039	100%

¹ *Hispanic or Latino (or Latinx) category is counted separately and in addition to other categories.*
Source: ACS 2014–2018

Household Data

Household Projections. According to SLOCOG's Regional Growth Forecast, Arroyo Grande is expected to grow from 7,087 households in 2010 to 8,460 households in 2050, reflecting a 0.5-percent annual increase in households. In comparison, Grover Beach is anticipated to grow at a slightly slower rate of 0.4 percent per year, while Pismo Beach will grow faster at 0.6 percent per year. All these rates are quite gradual. The County's number of households is expected to grow at nearly the same rate as the City of Arroyo Grande through 2050, as shown in Table 3-5.

	2010	2020	2030	2040	2050	% Annual Change
Arroyo Grande	7,087	7,493	8,064	8,349	8,460	0.48%
Grover Beach	5,111	5,327	5,689	5,878	5,963	0.42%
Pismo Beach	3,834	4,250	4,582	4,742	4,805	0.63%
San Luis Obispo County	102,016	108,169	116,112	120,215	121,826	0.49%

Source: SLOCOG 2050 Regional Growth Forecast

Household Size. According to the 2017 American Community Survey (ACS), the average household size in Arroyo Grande is 2.47 persons. The City's average household size increased slightly from 2.41 to 2.47 between 2010 and 2017.

Tenure by Household. Table 3-6 shows the occupancy of housing units in Arroyo Grande. Overall, 70 percent of households are owner-occupied, and 30 percent rent. In comparison, about 60 percent of households are owner-occupied countywide, while the remaining 40 percent of households are renter-occupied.

Table 3-6 Household Tenure					
	Owner-Occupied		Renter-Occupied		Totals
	Number	Percent	Number	Percent	Number
Arroyo Grande	5,023	70%	2,169	30%	7,192

Source: Sixth-Cycle HCD Data Packet, 2013-2017 ACS, Table B25003

Income

Table 3-7 shows income ranges and the number of households in each range in Arroyo Grande. According to U.S. Census, the median income for Arroyo Grande households was \$80,615 in 2018. This is compared to the 2010 median household income of \$58,725 in Table 3-6. The largest category that renter-occupied households in Arroyo Grande fell into in 2018 was the \$50,000 to \$74,999 range (7 percent of total renter households). The largest category in 2018 for owner-occupied households was the \$100,000 or more range (35 percent of total owner households).

Table 3-7 Trends in Household Income					
	2010		2018		Percent Change in No. of Households
	Households	Percent	Households	Percent	
Renter-Occupied					
Less than \$10,000	136	2%	52	1%	-61.8%
\$10,000 to \$14,999	218	3%	141	2%	-35.3%
\$15,000 to \$24,999	293	4%	325	5%	10.9%
\$25,000 to \$34,999	328	5%	174	2%	-47.0%
\$35,000 to \$49,999	358	5%	309	4%	-13.7%
\$50,000 to \$74,999	472	7%	500	7%	5.9%
\$75,000 to \$99,999	182	3%	297	4%	63.2%
\$100,000 or more	131	2%	411	6%	213.7%
Owner-Occupied					
Less than \$10,000	122	2%	143	2%	17.2%
\$10,000 to \$14,999	189	3%	133	2%	-29.6%
\$15,000 to \$24,999	277	4%	309	4%	11.6%
\$25,000 to \$34,999	385	5%	213	3%	-44.7%
\$35,000 to \$49,999	668	9%	336	5%	-49.7%
\$50,000 to \$74,999	862	12%	596	9%	-30.9%
\$75,000 to \$99,999	814	12%	612	9%	-24.8%
\$100,000 or more	1,616	23%	2,448	35%	51.5%
Total Households	7,051	100%	6,999	100%	—
Median Income (All Households)	\$58,725	—	\$80,615	—	—

Source: U.S. Census 2010; ACS 2014–2018, Table B25118

Employment

Table 3-8 compares employment growth estimates from SLOCOG in their 2050 Regional Growth Forecast (2017) in Arroyo Grande from 2020 to 2050 to Pismo Beach, Grover Beach, and the County of San Luis Obispo. The City's employment is anticipated to grow to approximately 7,913 employees by 2050, based upon a compound annual growth rate of 1.27 percent. This table indicates that the job growth that will occur in Arroyo Grande from 2020 to 2050 will be higher than Grover Beach and the County and greater than but comparable to Pismo Beach.

Table 3-8 Employment Growth Projections					
	2020	2030	2040	2050	% Annual Change
Arroyo Grande	6,822	7,364	7,705	7,913	1.27%
Grover Beach	3,109	3,355	3,509	3,604	0.55%
Pismo Beach	4,919	5,309	5,555	5,705	1.07%
San Luis Obispo County	115,842	125,054	130,837	134,375	0.86%

Source: SLOCOG 2050 Regional Growth Forecast

According to the 2018 Occupational Employment Statistics (OES) survey for the region, employment in a wide range of industries are anticipated to grow through 2026. However, this data was gathered prior to the impacts to the economy due to COVID-19 and does not take the COVID-19 pandemic into account. In Table 3-9, home health aides and market research analysts or marketing specialists are expected to grow the most, increasing by 47 and 45 percent, respectively. Most of these professions have relatively high median hourly wages, given that the minimum wage in California is \$12 as of 2020. Veterinary assistants or lab animal caretakers and nonfarm animal caretakers had the lowest median hourly wage, both earning under \$15 per hour.

Table 3-9 San Luis Obispo-Paso Robles-Arroyo Grande Metropolitan Statistical Area Projections of Employment					
Occupation	2019 Median Hourly Wage	2019 Median Annual Salary	Estimated Employment		Percent Change
			2016	2026	
Software Developers, Systems Software	\$43.77	\$91,048	360	490	36%
Cost Estimators	\$38.37	\$79,817	220	270	23%
Electricians	\$34.23	\$71,207	620	800	29%
Market Research Analysts and Marketing Specialists	\$30.20	\$62,814	420	610	45%
Heavy and Tractor-Trailer Truck Drivers	\$24.75	\$51,474	670	790	18%
Construction Laborers	\$22.14	\$46,057	1,210	1,590	31%
Medical Secretaries	\$20.19	\$41,996	500	670	34%
Home Health Aides	\$16.37	\$34,038	170	250	47%
Veterinary Assistants and Lab Animal Caretakers	\$14.83	\$30,839	240	320	33%
Nonfarm Animal Caretakers	\$14.46	\$30,075	270	360	33%

Source: U.S. Department of Labor's Employment Cost Index, 2018 Occupational Employment Statistics (OES) survey

Data from the California Employment Development Department shown in Table 3-10 shows the largest employers in San Luis Obispo County, including the Arroyo Grande Community Hospital located in the City. All other major companies are located elsewhere in the county, and many residents may commute out of Arroyo Grande for work at one of these other employers. Major employers in the county are medical offices, schools, and regional or federal government offices. Additionally, using ACS data, Table 3-11 shows the number of jobs within the City by industry category. The City's largest industry is the educational services and health care sector, consisting of 1,897 jobs, or 22 percent. Following that is the arts, entertainment, and recreation, and accommodation and food services sector supplying 14 percent of the jobs in the City.

Table 3-10 Largest Employers			
Employer Name	Location	Industry	Number of Employees
Arroyo Grande Community Hospital	Arroyo Grande	Hospitals	1,000 -- 4,999
Pacific Gas & Electric Co.	Avila Beach and San Luis Obispo	Electric Companies	1,000 -- 4,999
Cal Poly San Luis Obispo	San Luis Obispo	Schools -- Universities & Colleges Academic	1,000 -- 4,999
San Luis Obispo County	San Luis Obispo	Government Offices -- County	1,000 -- 4,999
California Men's Colony	San Luis Obispo	Correctional Facility -- State	1,000 -- 4,999
AMI Sierra Vista Radiology	San Luis Obispo	Physicians & Surgeons	500 -- 999
Medi-Cal	San Luis Obispo	Government Offices -- County	500 -- 999
Sierra Vista Regional Medical Center	San Luis Obispo	Hospitals	500 -- 999
Cuesta College	San Luis Obispo and Paso Robles	Schools -- Universities & Colleges Academic	500 -- 999
County Office of Education	San Luis Obispo	Schools	250 -- 499
French Hospital Medical Center	San Luis Obispo	Hospitals	250 -- 499
San Luis Obispo Sheriff's Department	San Luis Obispo	Sheriff	250 -- 499

Source: EDD, America's Labor Market Information System (ALMIS) Employer Database, 2016 1st edition, San Luis Obispo Chamber of Commerce website -- Pacific Coast Business Times 2017

Table 3-11 Industry Profile		
	Jobs	Percent
Educational services, and health care and social assistance	1,897	22.35%
Arts, entertainment, and recreation, and accommodation and food services	1,177	13.87%
Professional, scientific, and management, and administrative and waste management services	992	11.69%
Retail trade	823	9.70%
Transportation and warehousing, and utilities	667	7.86%
Finance and insurance, and real estate and rental and leasing	609	7.18%
Construction	571	6.73%
Public administration	563	6.63%
Manufacturing	498	5.87%
Other services, except public administration	350	4.12%
Wholesale trade	164	1.93%
Information	101	1.19%
Agriculture, forestry, fishing, and hunting, and mining	74	0.87%
Total	8,486	100.00%

Source: Sixth-Cycle HCD Data Packet, 2013-2017 ACS, Table DP-03

Another issue related to employment and residency is the matter of commuting to work. U.S. Census data indicates that of the estimated 8,386 workers 16 years and over, 6,542, or 78 percent, drove alone to work. Only 42 employees, or 0.5 percent, used public transportation. The mean travel time to work was 21.5 minutes (see Table 3-12). This would indicate that most of the City's working residents are commuting to jobs outside of Arroyo Grande.

Travel Time to Work	Percentage
Less than 15 minutes	33%
15 to 29 minutes	47%
30 to 59 minutes	17%
60 or more minutes	4%
Average Travel Time (minutes)	21.5

Source: 2017 ACS 5-Year Estimates: Table S0801

3.3 Housing Characteristics

This section provides information on types of housing, vacancy rates, overcrowding, age of units, and housing conditions.

Types of Housing

Table 3-13 provides a breakdown of the total housing units by type of structure for 2010 and 2019. In 2019, it was estimated that there were 7,853 housing units in the City, an increase of 225 housing units from 2010. This was a 77-percent decrease from the number of housing units added from 2000 to 2010 (963-unit increase). As indicated, most of the units (68 percent) in Arroyo Grande are single-family units.

	2010		2019	
	Number	Percent	Number	Percent
Total Housing Units	7,628	100%	7,853	100%
Units in Structure				
1-unit, detached	5,201	68%	5,358	68%
1-unit, attached	627	8%	648	8%
Multiple-Family 2-4 Units	360	5%	366	5%
Multiple-Family 5 + Units	845	11%	886	11%
Mobile home or Other	595	8%	595	8%

Source: Sixth-Cycle HCD Data Packet: California DOF E-5 Estimates 2019

Vacancy Rates

The U.S. Census reported 673 vacant units in 2017, which is nine percent of the total housing units in the City. The number of vacant units in the City has increased from the 541 vacant units reported in 2010. As shown in Table 3-14, almost two-thirds of the vacant units are for seasonal, recreational, or occasional use. Table 3-14 shows that 21 percent of the vacant units are vacant for reasons other than being available for rent or sale, rented but not occupied, and sold but not occupied. These figures should not be confused with the reported vacancy rates of the City, which represents the proportion of vacant rental inventory to the sum of renter- or owner-occupied units, year-round units awaiting occupancy, and the vacant year-round units for rent.

	Number	Percent
For rent	37	5%
For sale only	28	4%
Rented, not occupied	0	0%
Sold, not occupied	43	6%
For seasonal, recreational, or occasional use	426	63%
Other vacant	139	21%
Total Vacant Units	673	100%

Source: 6th Cycle HCD Data Packet, 2013-2017 ACS, Table B25002

Vacancy rates are commonly used as an indicator of housing market activity in a given area. The individual vacancy rate for a community theoretically measures the health of the local housing market. The vacancy rate is a percentage of the total housing stock that is vacant and/or available for sale or rent at any one time. Generally, a two-percent vacancy rate in units available for owner-occupancy and a six-percent rate for rental units are considered desirable to keep prices down and to ensure that units are available to new and relocating residents.

Vacancy rates for 2010 and 2017 are shown in Table 3-15. Vacancy rates are calculated by dividing the total vacant year-round units by the sum of occupied units, vacant year-round units that are awaiting occupancy, and vacant year-round units. For Arroyo Grande in 2017, it was reported that there was a 0.5-percent vacancy rate for owner-occupied units and a 4.2-percent vacancy rate for rental units. In 2010, the vacancy rate was 1.9 percent for owner-occupied units and 4.0-percent for rental units. The 2017 vacancy rate for owner-occupied units is lower than the optimal rate described above, and the vacancy rate for rental units is also less than the optimal rate. This indicates a shortage of both owner-occupied units and rental housing units in the city. However, this is not an uncommon statistic in the south San Luis Obispo County area; Neighboring Grover Beach has an overall total unit vacancy rate of three percent and San Luis Obispo County, just less than three percent.

	2010	2017	Optimal Vacancy Rates
Owner-occupied	1.9%	0.5%	2.0%
Rental Units	4.0%	4.2%	6.0%
Overall Total Unit Vacancy	7.0%	4.7%	--

Source: Sixth-Cycle HCD Data Packet, 2013-2017 ACS, Table B25002

Overcrowded Units

A common method of measuring overcrowding in housing is to compare the number of persons to the number of rooms in the unit. The U.S. Census defines an overcrowded household as one that has more than 1.01 persons per room (not including kitchens and bathrooms), while units with more than 1.5 persons per room are considered severely overcrowded. In Arroyo Grande, the data collected from the 2013–2017 ACS shows that three percent of all occupied units were overcrowded. As shown in Table 3-16, U.S. Census data indicates 139 units or 1.9 percent of the total occupied housing units had been between 1.01 and 1.50 occupants per room, and 81 units, or 1.1 percent, of all units were severely overcrowded at 1.51 occupants or more per room.

Occupants Per Room	Owner-Occupied		Renter Occupied		Total	
	Number of Households	Percent	Number of Households	Percent	Number of Households	Percent
1.00 or less	4,945	98.5%	2,027	91.8%	6,972	96.4%
1.01 – 1.50	32	0.6%	107	4.8%	139	1.9%
1.51 or more	46	0.9%	35	1.6%	81	1.1%
Total	5,023	100.0%	2,209	100.0%	7,232	100.0%

Source: ACS 2013–2017

The rate of overcrowding in the City is lower than San Luis Obispo County as a whole, which has a 3.4-percent overcrowding rate (more than 1.01 persons per room).

While the rate may in comparison be lower than many other communities, the incidence of overcrowding (220 units) should still be considered. The problem of overcrowding for large families can be addressed by the construction of more affordable larger units. However, overcrowding goes beyond family size to affordability issues. Even single individuals and small families may be affected by overcrowding. Due to limited incomes and high housing costs and rents, individuals and families may be forced to double up with extended family members or non-relatives in similar circumstances.

Overcrowding will be addressed by promotion and production of more affordable units in the City and regional cooperation on housing issues.

Age of Housing Units

The age of housing is an important characteristic of its relative condition as older units tend to be in greater need of repair. Many federal and state programs use age of housing to determine

potential housing rehabilitation needs. Typically, the useful life of major components of an average quality housing structure ranges from 20 to 30 years for items such as roofing, plumbing, landscaping, paving, and electrical. When a housing unit is over 30 years old, the replacement or refurbishing of major components is an important factor in the ability of a community to provide safe, decent, and sanitary housing.

Table 3-17 provides a breakdown of the age of housing units in Arroyo Grande through 2019. In reviewing this table, the largest percentage of the housing units was constructed between 1970 and 1979 (24.9 percent), followed by units built from 1980 to 1989 (18.4 percent). This suggests that nearly 84 percent of the housing stock is 20 years or older, while 72 percent is 30 years or older. The table indicates that 293 units were built prior to 1940. However, according to a survey of the housing stock, most of the City's housing is in sound condition (see next section).

Year Structure Built	Number	Percent
2016 to 2019	161	2.0%
2005 to 2015	358	4.5%
2000 to 2004	776	9.8%
1990 to 1999	886	11.2%
1980 to 1989	1,457	18.4%
1970 to 1979	1,974	24.9%
1960 to 1969	843	10.6%
1950 to 1959	898	11.3%
1940 to 1949	284	3.6%
1939 or earlier	293	3.7%
Total	7,930	100%

Source: U.S. Census 2010; City of Arroyo Grande 2020.

Condition of Units

One of the issues required by state housing element law for discussion and analysis is the condition of the community's housing stock. The purpose for this is to provide a basis for determining which units need rehabilitation and which units may be beyond feasible repair and determined to need demolition and replacement. One of the guidelines set by the state is that units constructed before 1960 may be eligible for repair and/or rehabilitation to keep those units in the existing housing stock. To maintain the historical nature of the community, many older communities like Arroyo Grande have already repaired and/or rehabilitated many of their older units.

Based upon the review of Table 3-17, 1,475 or 19 percent of the total housing units in the City were built prior to 1960. While these numbers could represent an estimate of the number of housing units that could be analyzed for rehabilitation need, the 1993 Housing Element survey was conducted to determine the structural condition of housing in Arroyo Grande. The structural condition of housing units was reported as "sound," in need of "minor rehabilitation," "moderate rehabilitation," "substantial rehabilitation," or "dilapidated." The survey used a point system to evaluate the housing units in the City. The result of this survey was that 99.3 percent of the 1993 housing units were in "sound" condition, 0.4 percent or 26 units were in need of "minor

rehabilitation," 0.3 percent or 13 units were in need of "moderate rehabilitation" and one unit was in need of "substantial rehabilitation." No units were determined to be dilapidated. The survey concluded that virtually all housing units were in sound condition and the overall appearance of the City is of well-maintained homes. To update the findings of the 1993 housing survey, City staff conducted a windshield survey of housing units in the older neighborhoods where housing conditions may be an issue. The survey located less than 10 units that appear to need substantial rehabilitation or removal. Sixteen units that were deemed to be in dilapidated condition were demolished during the period of June 30, 2003, and June 30, 2007. The City has not identified any additional units in need of demolition.

During the previous 2014-2019 planning period, 10 code enforcement cases related to substandard housing were opened. All cases have since been resolved. Generally the condition of the housing in Arroyo Grande has improved since 2014 because home values have gone up, allowing people to obtain funding for improvements, and the majority of the building permits the City has processed since 2014 are homeowners re-investing in their homes, including small expansions and remodels of existing homes. In addition, the City's code enforcement and building inspection staff note health and safety issues that they observe when out in the field on a call and provide property owners with resources that can assist with necessary repairs/corrections.

3.4 Housing Affordability

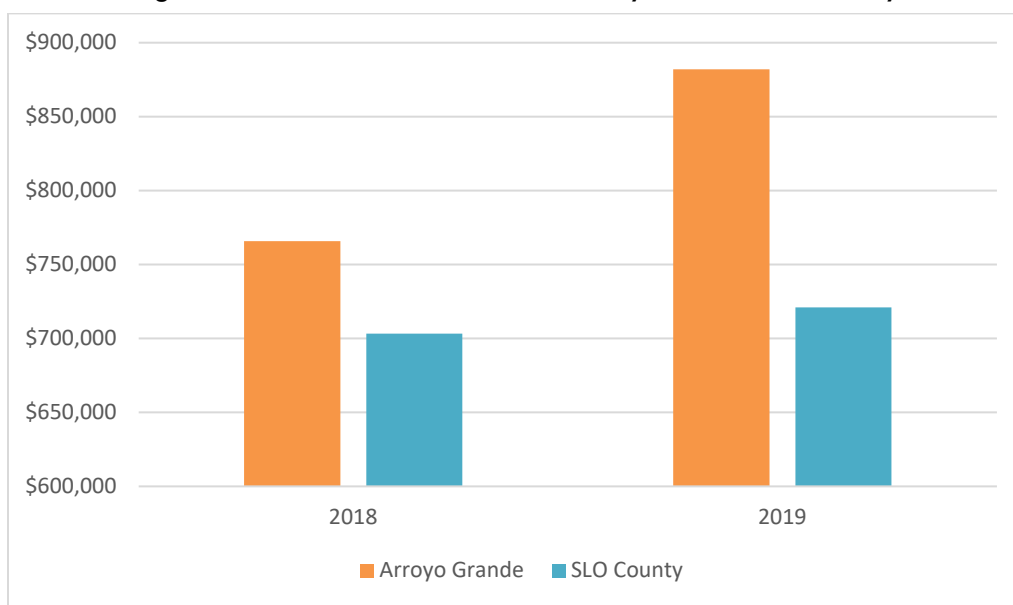
One of the key issues facing the provision of housing in the state is affordability. The ability to acquire safe and sound housing is a major social and economic issue. It continues to affect decisions regarding business retention and expansion, commuting distances for employees, as well as the overall quality of life. The housing affordability issue is further complicated by the limited financial and other resources available to mitigate the current housing situation.

The primary issue of housing affordability on the Central Coast is the relationship between household income and the cost of housing. This section covers housing prices, rental rates, affordability thresholds, overpayment, and long-term affordability issues.

Housing Prices

According to the San Luis Obispo Association of Realtors as published in SLO LIFE Magazine, the median value of a home in 2019 in San Luis Obispo County was \$720,972 and \$882,000 for Arroyo Grande. Median means a point where 50 percent of housing prices are below the listed number and 50 percent are above. Housing prices in 2019 in Arroyo Grande were 15 percent higher than in 2018. Housing prices in Arroyo Grande are higher than in the County, as shown in Figure 3-4.

Figure 3-4 Median Home Prices Trend, Arroyo Grande and County



Source: SLO Life Magazine 2019 - SLO Association of Realtors

Rental Unit Rates

According to Zillow, the median rent in Arroyo Grande was \$2,400 per month in March 2020.

Market rental rates were gathered using Zillow, an online real estate and rental marketplace, on March 5, 2020. Table 3-18 shows the average market rental rates for each type of unit.

	Average	Median	Lowest	Highest
1 Bedroom	\$1,532	\$1,600	\$1,295	\$1,700
2 Bedroom	\$1,933	\$1,945	\$1,410	\$2,800
3 Bedroom	\$2,836	\$2,700	\$2,250	\$3,900
4 Bedroom	\$2,835	\$2,973	\$1,995	\$3,400
5 Bedroom ¹	\$2,995			
Total	\$2,440	\$2,400	\$1,295	\$3,900

¹ There was only one unit at this size available on Zillow at the time of the survey.

Source: Zillow, retrieved March 5, 2020

While this rental analysis involves a limited number of housing units that were available for rent at the time of the point-in-time survey (the number of units listed in each category ranges from 1 to 13), the data does give a perspective on rents being published in Arroyo Grande. Market rental rates varied for apartments and single-family residences. The lowest rent found for a unit was \$1,295, while the highest was \$3,900. Three and four-bedroom units had a higher average rental cost than one- and two-bedroom units. While the five-bedroom average rent was lower, there was only one unit available on Zillow, which may account for the skewed price.

Affordability Thresholds

Affordable rental and sales prices for housing were calculated by the County of San Luis Obispo Planning and Building Department using HCD's 2020 income limits and are summarized in Table 3-19.

The median home price in Arroyo Grande in 2019 was reported as \$882,000. As can be seen in Table 3-19, a moderate-income household cannot afford this price. While they may be able to afford some available rental housing, large households, low-income households, and extremely low-income households may still have a difficult time finding decent housing.

Table 3-19 San Luis Obispo County Housing Affordability					
	Studio ³	1 Bedroom ⁴	2 Bedroom ⁵	3 Bedroom ⁶	4 Bedroom ⁷
Maximum Affordable Rent¹:					
Extremely Low-Income	\$510	\$583	\$655	\$728	\$786
Very Low-	\$849	\$970	\$1,091	\$1,213	\$1,310
Low-Income	\$1,359	\$1,553	\$1,746	\$1,940	\$2,096
Moderate	\$2,044	\$2,335	\$2,628	\$2,919	\$3,153
Maximum Affordable Sales Price²:					
Extremely Low	\$56,988	\$76,995	\$100,885	\$124,773	\$144,132
Very Low	\$164,727	\$204,681	\$234,144	\$260,161	\$281,081
Low	\$291,542	\$333,113	\$374,686	\$416,258	\$449,784
Moderate	\$438,520	\$501,013	\$563,772	\$626,264	\$676,420

Note: Prices shown are preliminary estimates and may be revised. Actual sales price limits will be determined by the County on a case-by-case basis. Footnotes correspond below:

1. These rent limits are assumed to be 30 percent of the monthly total household income.
2. Assumptions include \$500 in monthly expenses, 20-percent down payment, property taxes, and fees, and property insurance and 4.5-percent interest rate., \$150/month for HOA dues, Mortgage financing at fixed rate of 4.35% for 30 years (per HSH Associates)
3. Studio assumes one person occupies the unit.
4. One bedroom assumes two people occupy the unit.
5. Two bedroom assumes that three people occupy the unit.
6. Three bedroom assumes that four people occupy the unit.
7. Four bedroom assumes that five people occupy the unit.

Source: HCD 2020, Chase Online Affordability Calculator

Overpayment

Another measure of housing affordability is the percentage of income paid for housing. State housing guidelines consider 30 percent of gross income paid for housing costs as the standard affordable level and those households paying 30 percent or more as overpayment. According to the 2015 Comprehensive Housing Affordability Strategy (CHAS), 1,570 households or 22 percent of the owner-occupied units were paying monthly housing costs of 30 percent or more of their income, as shown in Table 3-20. For renter-occupied housing units, 1,215 households or 17 percent

paid 30 percent or more for rent compared to household income. Lower-income households often face a greater incidence of housing overpayment, allocating a greater portion of their income to cover housing costs. Approximately 75 percent of lower-income renters overpay for housing, and 57 percent of lower-income homeowners overpay for monthly housing costs.

Table 3-20 Total Household Overpayment by Income, 2015		
Total Household Characteristics	Number	Percentage of Total Households
Total occupied units (households)	7,040	100%
Total renter households	2,355	33%
Total owner households	4,685	67%
Total lower- income (0–80% of HUD Area Median Family Income (HAMFI)) households	2,880	41%
Lower-income renters	1,510	21%
Lower-income owners	1,370	19%
Extremely low-income renters	315	4%
Extremely low-income owners	355	5%
Lower-income households severely overpaying (paying more than 50%)	1,010	14%
Lower-income renter households severely overpaying	535	8%
Lower-income owner households severely overpaying	475	7%
Extremely low income (ELI) (0–30% of HAMFI)	390	6%
ELI renter households severely overpaying	210	3%
ELI owner households severely overpaying	180	3%
Lower-income households overpaying (paying more than 30%)	1,915	27%
Lower-income renter households overpaying	1,140	16%
Lower-income owner households overpaying	775	11%
Total households overpaying	2,785	39%
Total renter households overpaying	1,215	17%
Total owner households overpaying	1,570	22%

Source: CHAS Databook, 2011–2015

Long-Term Affordability

It is apparent, based on the data that the households that appear to be in the greatest need of housing assistance are those of low and very low-income.

Affordable housing provided by City incentives is required to be maintained as affordable for a period of at least 45 (owner-occupied) or 55 years (rental units). The issue of long-term affordability is a subject of a number of existing programs that ensure that affordable units maintain their status.

Affordability terms are secured by a promissory note and deed of trust, recorded on the property prior to or concurrent with the initial occupancy (for rental units) or sale of property. The promissory note is based on the monetary difference between the initial purchase and the initial appraised value as an “affordability loan” or “silent second” payable to the City. The loan accrues interest

at a rate set by the City when the note is executed, amortized over 45 years. Monthly payments (principal plus interest) on the affordability loan are typically waived as long as eligible residents continue to own and reside in the property. The City's established priority has been to maintain units as affordable. Therefore, they are only allowed to be sold at market value if the seller is unable to sell to an eligible buyer within a specified time period. In such cases, equity-sharing provisions are established within the affordable housing agreement whereby the difference between the affordable and market value is paid to the City to eliminate incentives for conversion to market-rate units.

3.5 Special Housing Needs Groups

This section reviews the characteristics of households with special housing needs, including elderly or senior households, families with female heads of households, large family households, farmworker households, disabled persons/households, and homeless people.

Elderly/Senior Households

An analysis of the needs of elderly or senior households or persons is important for four reasons: (1) many elderly have fixed, limited incomes; (2) many elderly persons are "over-housed" (living alone or with two people in a three- or four-bedroom house); (3) some elderly have mobility and health problems that can create special housing needs; and (4) recent projections indicate an increase in the elderly population in the planning period, both those currently living in the area or those that will be relocating to the area (in addition to data showing an increase in seniors during the previous planning period).

According to the 2013–2017 ACS, there are a total of 5,023 owner-occupied housing units and 2,169 renter-occupied housing units, of which, 2,614 are senior households. Table 3-21 represents householders by tenure and age in the City of Arroyo Grande.

	Owner		Renter		Total	
	Number	Percent	Number	Percent	Number	Percent
Total 65 and older	2,073	41%	541	25%	2,614	36%
65 to 74 years	1,045	21%	311	14%	1,356	19%
75 to 84 years	736	15%	178	8%	914	13%
85 years and older	292	6%	52	2%	344	5%
Total 64 and under	2,950	59%	1,628	75%	4,578	64%
Total (all ages)	5,023	100%	2,169	100%	7,192	100%

Source: Sixth-Cycle HCD Data Packet, 2013–2017 ACS

Families with Female Heads of Households

State law identifies female-headed households as having special needs due to their income challenges, childcare expenses, and need for affordable housing. Female-headed households are households with a female occupant and no partner present. The 2013–2017 ACS reported that of the total 4,775 households in the City, there were 433 female-headed households. This represents 9.1 percent of the total households (see Table 3-22). Of these households, 173 or 3.6

percent, had children. Based upon the ACS Census data for incomes in 2017, 25 female-headed households were reported to be below the poverty level.

Table 3-22 Housing Problems for Female head of Households		
	2017	
	Number	Percent
Total households¹	4,775	100.0%
Total female-headed households	433	9.1%
Female Household Heads with Children	173	3.6%
Female Household Heads without Children	260	5.4%
Female Headed Householders Below the Poverty Level	25	0.5%
Total Families Below the Poverty Level	192	4.0%

¹ Note that this total householder count is smaller than the total household count presented elsewhere in this Housing Element. This is the total presented by the Census in the data packet as approved by HCD and therefore, considered accurate for this table.

Source: Sixth-Cycle HCD Data Packet, ACS 2013–2017

Large Families/Households

Large households are those consisting of five or more persons. Large families can have special housing needs if they cannot find affordable large housing units. In that case, their living conditions may become overcrowded. Table 3-23 shows the total occupied housing units by the number of persons living within each unit. This information is shown for owner-occupied and rental housing.

The highest percentage of owner-occupied housing units is for a two- to four-person unit (69 percent). About eight percent of the owner-occupied households are occupied by five or more persons. For renter-occupied units, one-person households and two- to four-person households are equally common, accounting for 45 percent of all households, each. About 10 percent of the renter-occupied units are occupied by five or more persons. These numbers are generally low compared to the county as a whole.

Table 3-23 Tenure by Household Size				
	Owner-Occupied Housing Units		Renter-Occupied Housing Units	
	Number	Percent	Number	Percent
1-person household	1,171	23%	866	45%
2- to 4-person household	3,456	69%	882	45%
5- or more person household	396	8%	197	10%
Total	5,023	100%	1,945	100%

Source: Sixth-Cycle HCD Data Packet, 2013–2017 ACS, Table B25009

Extremely Low, Very Low, and Low-Income Households

Lower-income households (earning 80 percent or less of median household income) generally have a higher incidence of housing problems. Extremely low-income households earn 30 percent or less of the median household income. As of 2016, approximately 21 percent of Arroyo Grande households (1,535 households) had extremely or very low incomes.

A continuing priority of communities is maintaining quality of life. A key measure of quality of life is the extent of housing problems. According to the federal government, the term “housing problems” refers to overpayment, overcrowding, and when residential units lack sufficient kitchens or plumbing. The CHAS was developed by the U.S. Department of Housing and Urban Development (HUD) to assist jurisdictions in writing their HUD-required consolidated plans. The CHAS data provides information about housing problems in Arroyo Grande. According to this data (Table 3-24), 72 percent of extremely or very low-income renter households had housing problems. In comparison, 56 percent of extremely or very low-income owner households had housing problems.

Table 3-24 Housing Problems for Lower-Income Households			
	Renters	Owners	Total
Household Income <= 30% HUD Area Median Family Income (HAMFI) with any housing problem	245	260	505
Household Income > 30% to <= 50% HAMFI (Very Low-Income)	330	155	485
Percentage of households (<= 50% HAMFI) with any housing problem	72%	56%	64%

Source: CHAS 2012–2016

Between December 31, 2018, and December 31, 2028, the RHNA estimate for very low-income housing need in Arroyo Grande is 170 housing units. Based on HCD standards, 50 percent of these should be planned for extremely low-income households. Therefore, it is projected that an additional 85 extremely low-income households will be added to the City.

Farmworker Households

According to the 2017 U.S. Department of Agriculture (USDA) Agricultural Census, there are 11,416 workers in San Luis Obispo County hired on farms. Farmworkers are classified into permanent farmworkers working 150 days or more, seasonal farmworkers working less than 150 days and earning at least half of their annual income from farming, and migrant farmworkers who have seasonal tenure and travel great distances for work. Generally, farmworker earnings are lower than other measures of income adequacy such as the California Self Sufficiency Standard and about the same as the federal poverty guidelines for a family of four. There is also a need for many more units of farmworker housing in California both to maintain the current level of farmworkers and their families living in subsidized housing and a much larger number to alleviate the high levels of existing overcrowding in farmworker households. Given the location and environment of Arroyo Grande near active agricultural areas, it is assumed that there is a need for farmworker housing within the City. There are 588 farms in the county. There are 8,681 farmworkers who work fewer than 150 days. The percent of resident versus migrant workers in this area is unknown.

HCD reports that there are 83 farmworker housing units provided under farmworker grant programs in the county. Of the farmworkers living in the four farmworker employee housing

facilities, 79 are permanent farmworkers and 16 are seasonal. Studies continue to indicate that most farmworkers live in substandard conditions. The major issue for resident farmworkers is that they are generally low income and thus have to compete for housing with other lower-income residents. The issue for many migrant workers is that farm employers are not required to provide housing. As a result many farmworkers and their families must find their own housing, which sometimes leads to workers living in their cars or in illegal units. The greatest need for migrant workers is temporary seasonal housing. This could be in the form of bunk houses on the property where the workers are employed. In summary, farmworkers generally earn low incomes, live in overcrowded units, and pay a disproportionate share of income for housing. The City is in compliance with the state Employee Housing Act that addresses housing for agricultural workers (Health and Safety Code Sections 17021.5 and 17021.6).

Persons with Disabilities

The 2013–2017 ACS recorded the disability status of the civilian non-institutional population of City residents. Approximately 19 percent of residents in the City reported having a disability. The age breakdown can be seen in Table 3-25, showing that the largest percentage (60.4 percent) of the disabilities are reported by those 65 years of age or older. The two most common disabilities in that age range are ambulatory difficulty (32.1 percent) and hearing difficulty (31.1 percent). Cognitive difficulty is the most common disability reported by people between ages 5 and 64 years old, reported in 17.5 percent of all disabled people in the City.

Table 3-25 Persons with a Disability by Disability Type		
	2017	
	Number	Percent
Total disabled persons from survey data	1,996	100.0%
Disability types for people Ages 5-64 (note: some people have more than one disability type)	791	39.6%
Hearing Difficulty	167	8.4%
Vision Difficulty	157	7.9%
Cognitive Difficulty	349	17.5%
Ambulatory Difficulty	249	12.5%
Self-Care Difficulty	128	6.4%
Independent Living Difficulty	210	10.5%
Disability types for people Ages 65 and Over (note: some people have more than one disability type)	1,205	60.4%
Hearing Difficulty	620	31.1%
Vision Difficulty	89	4.5%
Cognitive Difficulty	168	8.4%
Ambulatory Difficulty	641	32.1%
Self-Care Difficulty	125	6.3%
Independent Living Difficulty	281	14.1%

Source: Sixth-Cycle HCD Data Packet, ACS 2013–2017

There are two major housing related problems facing persons with a disability: the need for housing that meets particular physical needs (e.g., wheelchair accessibility, etc.) and monetary needs. Because of limited job opportunities, many persons with disabilities have incomes below the median. Table 3-26 identifies the employment status of disabled persons in the city. About 22 percent of the population is not in the labor force, of which, about a quarter report having a disability.

Table 3-26 Persons with a Disability by Employment Status, 2013-2017		
	2017	
	Number	Percent
Total Population Ages 18 to 64	10,458	100.0%
In the labor force	8,161	78.0%
Employed	7,800	74.6%
With a disability	224	2.1%
No disability	7,576	72.4%
Unemployed	361	3.5%
With a disability	11	0.1%
No disability	350	3.3%
Not in the labor force	2,297	22.0%
With a disability	529	5.1%
No disability	1,768	16.9%

Source: Sixth-Cycle HCD Data Packet, ACS 2013-2017

Persons with disabilities living in Arroyo Grande may have varying housing needs depending on the nature and severity of their disability. Persons with physical disabilities generally require modifications to housing units, such as wheelchair ramps, elevators, wide doorways, accessible cabinetry, modified fixtures and appliances. If the disability prevents the person from operating a vehicle, then proximity to services and access to public transportation are important.

If the disability prevents the person from working or limits their income, then the cost of housing and needed modifications can be significant. Because physical handicaps vary, this group rarely gravitates toward a single service organization. This makes estimating the number of persons and specific needs difficult. For example, the physical modification of housing may not be necessary to accommodate persons with mental disabilities, but such persons will generally require special services and monetary support. Because jobs and income are often limited for persons with disabilities, affordable housing is important. Issues related to those with a mental disability would suggest that there is a need for apartment or other housing complexes that are reserved or designed to accommodate persons requiring extra assistance. If the person is unable to drive, access to public transportation is very important.

Although the City has not adopted a reasonable accommodation policy or ordinance for persons with disabilities, the City has mechanisms that allow for the modification of standards and retrofitting to increase the suitability of homes to accommodate persons living with special needs, including those with disabilities. In addition, the City proposes Program K.2-1 to create a reasonable accommodation procedure for the City.

Developmentally Disabled

According to Section 4512 of the Welfare and Institutions Code a “developmental disability” is defined as a disability that originates before an individual attains age 18 years, continues, or can be expected to continue, indefinitely, and constitutes a substantial disability for that individual, which includes mental retardation, cerebral palsy, epilepsy, and autism. This term also includes disabling conditions found to be closely related to mental retardation or to require treatment similar to that required for individuals with mental retardation but does not include other handicapping conditions that are solely physical in nature.

Many developmentally disabled persons can live and work independently within a conventional housing environment; however, more severely disabled individuals may require a group living environment where supervision is provided. The most severely affected individuals may require an institutional environment where medical attention and physical therapy are provided. Because developmental disabilities exist before adulthood, the first issue in supportive housing for the developmentally disabled is the transition from the person’s living situation as a child to an appropriate level of independence as an adult.

The California Department of Developmental Services (DDS) provided community-based services to about 243,000 persons in 2019 with developmental disabilities and their families through a statewide system of 21 regional centers, four developmental centers, and two community-based facilities. The Tri-County Regional Center (TCRC) is one of 21 regional centers in California that provides point of entry to services for people with developmental disabilities in Ventura, Santa Barbara, and San Luis Obispo Counties. The center is a private, non-profit community agency that contracts with local businesses to offer a wide range of services to individuals with developmental disabilities and their families. In 2019, TCRC provided services to approximately 11,887 persons in the Tri-County area. Table 3-27 shows the number of individuals served by TCRC in the 93420 zip code. While this is the primary zip code for the City, the 93420 zip code includes unincorporated areas within the County.

Table 3-27 Developmentally Disabled Persons			
Location	0–17 years	18+ years	Total
93420	101	162	263

Source: Sixth-Cycle HCD DATA Packet, Updated Data Profile 2019

There are a number of housing types appropriate for people living with a development disability: rent-subsidized homes, licensed and unlicensed single-family homes, inclusionary housing, renting using Section 8 vouchers, special programs for home purchase, and HUD housing. Similar to the needs of disabled residents and households mentioned above, the design of housing-accessibility modifications, the proximity to services and transit, the availability of group living opportunities, and consideration of the affordability of housing for people with disabilities living on a fixed income represent some of the types of considerations that are important in serving this group. Incorporating ‘barrier-free’ design in all, new multifamily housing (as required by state and federal Fair Housing laws) is especially important to provide the widest range of choices for disabled residents. Table 3-28 provides information about developmentally disabled persons’ places of residence in Arroyo Grande.

Table 3-28 Developmentally Disabled Residents by Residence Type							
	Community Care	Home Parent/Guardian	Independent Living	Intermediate Care Facility	Foster/Family Home	Other	Total
93420	21	190	23	22	<11	<11	>256

Source: Sixth-Cycle HCD DATA Packet, Updated Data Profile 2019

Local and county programs and services provide housing and living assistance for disabled residents. Locally, the Housing Authority of San Luis Obispo administers the Housing Choice Voucher program, commonly known as Section 8, which provides long-term rental assistance for families with children, elderly and disabled individuals, as well as families with members who are disabled. Currently, the agency provides 194 Section 8 vouchers to low-income households in Arroyo Grande and maintains a waiting list that is currently closed. Additionally, Transitions-Mental Health Association (TMHA), a nonprofit organization serving San Luis Obispo County, provides housing assistance and housing to disabled individuals. HASLO and TMHA have partnered over the years to provide case management services to homeless/disabled individuals.

To assist in the housing needs for persons with disabilities, the City will continue to implement program K.1-1 to encourage creation of housing for persons with disabilities. Suggested models include coordinating housing activities and outreach with TCRC and other local agencies, encouraging housing providers to designate a portion of new affordable housing developments for persons with disabilities, especially persons with developmental disabilities, and assisting individuals in locating and maintaining suitable housing.

Homeless

The 2019 San Luis Obispo County Homeless Census and Survey provided a "point-in-time" survey of the homeless population in South San Luis Obispo County, which includes the cities and communities of Pismo Beach, Grover Beach, Oceano, Arroyo Grande, and Nipomo. The homeless population in South County represents 14 percent of the total homeless population in the County, which was reported at 1,483 people. Thirty homeless persons were counted in the City of Arroyo Grande in 2019. Of the total homeless population in San Luis Obispo County, 99 percent were over the age of 18.

The primary homeless services organization in the South County is the 5 Cities Homeless Coalition. The 5 Cities Homeless Coalition does not operate a shelter but provides education, counseling, and financial support to homeless individuals. Since 1989, the Community Action Partnership of San Luis Obispo County's (CAPSLO) Homeless Services program has been working to meet the needs of the homeless in the County as well, offering emergency housing, on-site information, referral services, and assistance in finding permanent housing. This organization operates the Prado Road Campus in San Luis Obispo, which provides 100 beds nightly year-round with additional services. An additional 25 to 40 beds per night are added through the Interfaith Coalition for the Homeless, bringing the overflow total to more than 25,000 shelter nights provided per year. There are several other organizations in the County that provide services and housing for the homeless, including several churches. Table 3-29 identifies the homeless facilities throughout the county. There are 354 adult-only beds in the county, which serves the largest group of homeless people in the county.

Facility Type	Family Units	Family Beds	Adult-Only Beds	Seasonal
Emergency Shelter	18	71	83	124
Transitional Housing	8	42	10	n/a
Permanent Supportive Housing	62	62	230	n/a
Rapid Rehousing	15	15	31	n/a
Total	103	190	354	124

Source: Sixth-Cycle HCD DATA Packet, Updated Data Profile 2019

These resources are provided by the City as well as by the support of the Homeless Services Oversight Council of San Luis Obispo County. The City declared a homeless shelter crisis in 2018, citing a lack of homeless shelters in the city and neighboring cities. The City is currently seeking block grant funding from the Homeless Emergency Aid Program (HEAP) in partnership with the 5 Cities Homeless Coalition and People's Self-Help Housing to support construction of an emergency shelter in neighboring Grover Beach. San Luis Obispo County has also incorporated a 10-year Plan to End Homelessness that was completed in 2008. This plan includes goals in housing attainability, ongoing services for the homeless, and prevention action to divert individuals from becoming part of the cycle of homelessness.

3.6 At-Risk Housing Units

As shown in Table 3-30, Arroyo Grande has seven state and/or federally assisted housing developments that provide 283 affordable housing units.

Projects	Total Units	Affordable Assisted Units	Funding Source	Earliest Date of Conversion
Cawelti Court	28	28	Tax Credits	2050
Oak Forest Apartments/Elm Village	20	19	Tax Credits	2051
Juniper Street Apartments	14	15	Tax Credits	2054
Cortina D'Arroyo	108	107	Tax Credits	2060
Courtland Street Apartments	36	35	Tax Credits	2068
Halcyon Collective	20	19	Tax Credits	2072
Parkview Manor	61	61	HUD	2031
Total	287	283	—	—

Source: HCD SLO Housing Element Update Data Profile 2019 and California Housing Partnership Corporation (CHPC), 2020

California Housing Element law requires all jurisdictions to include a study of all state and/or federally assisted low-income housing units that may at some future time be lost to the affordable inventory by the expiration of some type of affordability restrictions. The law requires that the analysis and study cover a 10-year period beginning at the start of the Housing Element planning period, that is, December 31, 2020, through December 31, 2030.

At-risk units are financially subsidized low-income housing projects that may be at risk for conversion to market-rate because they are nearing the end of their subsidized contract. Such units are deemed "at risk" of being lost as affordable housing. Currently, no subsidized housing

units are considered at risk of converting to market-rate units within 10 years of the beginning of this Housing Element planning period. However, Program I.1-1 states that the City will maintain a list of all dwellings in the city that are subsidized by government funding or low-income housing developed through local regulations or incentives, and that the City will contact all property owners and notify them of the legal requirements to provide notice prior to the conversion of any units for lower-income households to market-rate units.

CHAPTER 4 - HOUSING RESOURCES

This chapter evaluates the availability of land and public services in Arroyo Grande to support future residential development. The chapter also summarizes financial resources available for affordable housing and energy conservation opportunities.

4.1 Regional Housing Needs Determinations

State law requires councils of government to prepare Regional Housing Needs Allocation Plans (RHNAP) for all cities and counties within their jurisdiction. The RHNAP for San Luis Obispo County, which includes the City of Arroyo Grande, was prepared by SLOCOG and adopted in August 2019. The RHNAP is intended to anticipate growth, and therefore allow the City to plan for this anticipated growth based on the RHNA. It also is intended to ensure that adequate sites and zoning exist to address anticipated housing demand during the planning period (December 31, 2020, through December 31, 2028). In addition, the RHNAP sets targets to ensure the availability of sites to accommodate the housing needs of a wide range of socioeconomic segments of a community.

Pursuant to Government Code Section 65580 et seq., SLOCOG developed a methodology for estimating the future housing needs of the county, which was then allocated to each jurisdiction. This methodology took the housing need for the entire region (10,810 housing units), and weighted that figure in order to improve intraregional jobs/housing balance. The methodology distributed the regional figure based on the city's proportional share of population and jobs (weighting 75 percent to population and 25 percent to jobs). This methodology also excluded four unique, statewide employers from the figures because these employers would result in a disproportionate allocation; the employers excluded were Atascadero State Hospital, the California Men's Colony, Cal Poly, and the Diablo Canyon Nuclear Power Plant. According to data from the California DOF, the City of Arroyo Grande is projected to comprise six percent of the region's population, and six percent of the region's jobs. These factors, when applied to the methodology, resulted in a total allocation of 692 housing units needed to accommodate the anticipated population growth in the City between December 31, 2020, and December 31, 2028.

Pursuant to the California Health and Safety Code (Section 50093, et seq.) the RHNAP divided the specified housing allocation into four income groups. The groups are defined as percentages of County median income. Table 4-1 displays the criteria for the income groups. As noted earlier in the element, half of the RHNA number for very low income is assumed to apply to the extremely low-income category.

Table 4-1 Income Group	
Very Low	Household income is less than 50% of the County median income.
Low	Household income is between 51% and 80% of the County median income.
Moderate	Household income is between 81% and 120% of the County median income.
Above Moderate	Household income is greater than 120% of the County median income.

Source: 2020 HCD Income Definitions

4.2 2020–2028 Regional Housing Needs Allocation

As noted, the total number of dwelling units that need to be accommodated during the planning period for Arroyo Grande is 692 housing units. The four income group categories and their respective allocation of housing units needed, derived from U.S. Census data and the ACS, are outlined in Table 4-2. The combined very low and low-income categories make up 40 percent of the housing allocation.

	Number	Percent Share
Very Low ¹	170	24.6%
Low	107	15.5%
Moderate	124	17.9%
Above Moderate	291	42.0%
Total	692	100%

Source: Regional Housing Needs Allocation Plan 2019, San Luis Obispo Council of Governments, U.S. Census/ACS

Notes:

¹ As noted earlier in the element, 50 percent of the very low income RHNA is assumed to be for extremely low-income households.

According to HCD and based upon federal income standards, the median household income for a family of four in San Luis Obispo County was \$97,300 in 2020. Table 4-3 indicates the income limits or thresholds by income category for 2020 along with the median income for each household size.

Number of Persons in Household	1	2	3	4	5	6	7	8
Extremely low-income	\$20,400	\$23,300	\$26,200	\$29,100	\$31,450	\$35,160	\$39,640	\$44,120
Very low-income	\$33,950	\$38,800	\$43,650	\$48,500	\$52,400	\$56,300	\$60,150	\$64,050
Low-income	\$54,350	\$62,100	\$69,850	\$77,600	\$83,850	\$90,050	\$96,250	\$102,450
Median Income	\$68,100	\$77,850	\$87,550	\$97,300	\$105,100	\$112,850	\$120,650	\$128,450
Moderate Income	\$81,750	\$93,400	\$105,100	\$116,750	\$126,100	\$135,450	\$144,750	\$154,100

Source: HCD 2020.

Over the period from January 1, 2019 to September 2020, 118 above-moderate income primary units, 29 accessory dwelling units, and a HASLO low-income housing project comprising 20 deed-restricted low-income units were constructed or permitted in Arroyo Grande. In addition, two very-low income units were entitled as part of a project receiving a density bonus. Fourteen of the accessory dwelling units constructed or approved are assumed to be available to low-income families, while 15 accessory dwelling units constructed or approved are assumed to be moderate-

income units. The affordability assumptions about the accessory dwelling units being counted in these income categories are included in the subsection later in this section.

The City continues to use funds from the City's Affordable Housing in-Lieu Fee Program when feasible to finance future affordable housing projects. The City strives to make funding available to local affordable housing non-profit organizations to assist with housing projects when possible. However, the level of funding the City can provide is not sufficient to address direct and associated costs of providing this level of housing without increased state or federal financial assistance.

After accounting for permit and construction activity in the period from January 2018 to December 2019, the City has a remaining RHNA of 523 units. Of these remaining units, 241 are lower-income units (see Table 4-4).

Table 4-5 shows the City's RHNA, units permitted or constructed since January 1, 2019, and the vacant and non-vacant land available for residential development. The bottom row shows the RHNA remaining after those units are subtracted. It is important to note that the City is not responsible for the actual construction of the units in the RHNA. The City is, however, responsible for creating a regulatory environment in which the private market can build units affordable to extremely low, very low, low, moderate, and above moderate households to meet the City's allocation. This includes the creation, adoption, and implementation of General Plan policies, development standards, and/or economic incentives to encourage the construction of various types of units.

Table 4-4 City Share of Regional Housing Need 2019–2028						
	Extremely Low	Very Low	Low	Moderate	Above Moderate	Total (added across)
2019–2028 RHNA	85	85	107	124	291	692
Units Constructed/ Approved Since 1/1/2019	0	2	20	0	118	140
Accessory Dwelling Units Constructed/Approved	0	0	14	15	0	29
Remaining 2019–2028 RHNA	241			109	173	523

Source: San Luis Obispo Council of Governments, City of Arroyo Grande 2020

Table 4-5 Remaining RHNA, 2019–2028						
	Extremely Low	Very Low	Low	Moderate	Above Moderate	Total (added across)
Subtotal remaining RHNA	241			113	173	523
Vacant Land Inventory ¹	66			8	59	133
Non-Vacant Land Inventory ¹	58			0	139	197
Accessory Dwelling Unit Potential	0	0	120	116	0	236
Total Additional Units from Vacant and Non-Vacant Land and ADU Potential	244			124	198	566
Surplus 2019–2028 RHNA	3			15	25	

Notes:

¹ Details about these sites are found in Table 4-6

Source: Regional Housing Needs Allocation Plan 2019, San Luis Obispo Council of Governments, City of Arroyo Grande 2020.

As Table 4-5 shows, the City can meet all its remaining RHNA with available vacant and non-vacant sites and accessory dwelling unit development potential. The City has vacant and non-vacant land available to accommodate 330 units. Of these, 124 units would be located on sites that can be developed to accommodate the lower-income allocation. Additionally, the City has identified accessory dwelling unit development potential of 236 units. Vacant and non-vacant land and accessory dwelling unit potential are discussed in Section 4.3.

4.3 Land Availability

State housing law requires that the housing element provide an inventory of land suitable and available for residential development, including vacant sites and sites having potential for intensification and/or redevelopment. The purpose of this requirement is to identify sites that could accommodate residential development as set forth by the RHNAP. This analysis is not a construction quota or an anticipated list of projects that will be constructed, given that the law recognizes that there may be limitations that would affect residential development, as well as the fact that private development and market forces affect the level of housing construction.

Table 4-6 provides a list of vacant and non-vacant sites available for housing construction. Figure 4-1 presents a housing opportunity inventory map with locations for the sites discussed in Table 4-6.

The City's Land Use Element includes a "Mixed-Use" land use category that encompasses approximately 85 percent (254 acres) of all the commercially zoned land within the City. Development standards for the Village Core Downtown (VCD) and Village Mixed-Use (VMU) districts allow densities of up to 15 dwelling units per acre. Other mixed-use districts include Gateway Mixed-Use (GMU), Fair Oaks Mixed-Use (FOMU), and Traffic Way Mixed-Use (TMU), Office Mixed-Use (OMU), Industrial Mixed-Use (IMU), and Highway Mixed-Use (HMU). Development standards for most of these mixed-use districts have a range of maximum densities from 15 to 25 dwelling units per acre, with the exceptions in the IMU and TMU zoning districts, whose maximum

density is subject to discretionary review. Exceptions to minimum density requirements include GMU and FOMU zoning districts, which have minimum densities set at 75 percent of maximum. Most of the land (the exception is the Regional Commercial zoning district) within the City is zoned for some level of residential development with minimum densities.

The City recognizes that the state requires land zoned at 20 units per acre or greater to meet the extremely low, very low-, and low-income housing allocation. With the flexible density for mixed-use (MU) zoned areas, the City is able to meet or exceed the 20 units per acre. There is no minimum percent of a mixed-use project that must be non-residential, but some portion needs to be non-residential. Recent projects have all had a residential component and have all been developed as almost all residential. For example, the project located at the intersection of Halcyon Road and Fair Oaks Road achieved a density of 25 units per acre in the OMU zoning district. The project was less than 1-percent commercial, demonstrating that a nearly 100-percent residential project can be achieved in the OMU zoning district. Based on this recent project, the development potential is assumed to be 95-percent residential for the sites included to address extremely low, very low, and low-income RHNA in the OMU and FOMU zoning districts that have these same regulations. The HMU zoning district allows 20 units per acre for an all residential or mixed use project.

Other recently approved or constructed high-density residential projects in the mixed-use zoning districts include the 1136 E. Grand project, which will demolish existing structures and construct a 41,000-square-foot development with a 2,220-square-foot medical office structure and twenty-two residential units, two of which will be deed restricted for very-low income households. The project has a density of 24 units per acre. The 1214 E. Grand project, which will also demolish an existing commercial structure and construct a 21,700-square-foot development with a 400-square-foot commercial structure and ten residential units. This project has a density of 16 units per acre. The City has demonstrated that it is flexible in approving higher-density residential projects and that higher-density residential projects are being developed as part of mixed-use projects.

Vacant Land

The current vacant land inventory (Table 4-6) identifies the potential for 133 units. Arroyo Grande has over 70 acres of vacant land in the PD, RR, RS, SF, VMU, and OMU zoning districts. Most of these sites are expected to accommodate above-moderate-income households. A map showing the locations of vacant and non-vacant sites is shown as Figure 4-1.

Non-Vacant Land

The City also has non-vacant sites that are underutilized and have potential to redevelop for various densities of housing during the planning period. All of the non-vacant sites included in Table 4-6 to address lower income RHNA are zoned to allow at least 20 units per acre in a mixed-use project as described earlier in this section.

HASLO has agreed to a purchase price for the parcels at 700 Oak Park Boulevard listed in Table 4-6. The site includes four parcels, one vacant and three non-vacant. They all have the same owner. HASLO has proposed 66 low-income units, which can be accomplished through a density bonus. The site is in the OMU zoning district, which allows multifamily housing in a mixed-use project at a density of up to 20 dwelling units per acre with a CUP.

The other four non-vacant parcels to address the lower income RHNA are all underutilized and appropriately zoned to allow a mixed-use project with high density residential during the planning

period. The precedent projects discussed in earlier sections are the type of project that would likely develop on these sites over the course of the planning period. Details about each site are provided in Table 4-6.

Additional non-vacant sites are included in Table 4-6 to address the above-moderate income RHNA. The sites include parcels in the SF, RH, AG, MFA, PF, OMU, and FOMU zoning districts. These sites vary in size and allowed density and may be suitable for a variety of types of residential projects, and some allow higher densities. However, these sites are not considered as strong of candidates to redevelop as affordable or high density housing as the non-vacant sites listed to address the lower income RHNA. As a result, they are listed in the above-moderate income section of Table 4-6 as market rate or above moderate-income units because these types of units have a greater likelihood of being developed.

Accessory Dwelling Units

In 2018, 2019 and 2020, City planning permit records indicate that an average of 15 accessory dwelling units were permitted per year. In 2018, 13 ADUs were permitted, in 2019, 15 ADUs were permitted and as of October 2020, 14 ADUs have been permitted. The 14 ADUs so far in 2020 have been extrapolated to 17 ADUs permitted through the end of 2020. Because of efforts the City is already making to promote and facilitate ADUs and additional efforts committed to in the programs in this housing element, it is assumed that an additional 236 accessory dwelling units will be permitted between now and December 2028. In the fall of 2019, San Luis Obispo County conducted a countywide market study of accessory dwelling units that included all of the cities and unincorporated areas within the county. The market study found that accessory dwelling units currently available for rent in San Luis Obispo County are affordable to a variety of income groups and household sizes. The average market rate for an accessory dwelling unit ranges from about \$800 per month for a 350-square-foot accessory dwelling unit to up to \$1,495 per month for 550-square-foot accessory dwelling unit, placing many market-rate accessory dwelling units in the affordable range for low-income households.

In addition, accessory dwelling unit research conducted by the University of California Berkeley's (UC Berkeley's) Center for Community Innovation (Chapple et al. 2017) indicates that 40 percent of accessory dwelling units are typically rented to family members or friends at either no cost or below-market rental rates. Based on the combination of the countywide market study analysis and the Chapple industry research, of the 236 accessory dwelling units projected to be built in Arroyo Grande between 2020 and 2028, 120 are anticipated to be affordable to low-income households and 116 are anticipated to be affordable to moderate-income households.

The Arroyo Grande accessory dwelling unit regulations encourage this housing type and allow flexibility in their development. The regulations may assist homeowners in purchasing a home, provide security for people living alone, provide quarters for relatives, make more efficient use of infrastructure, increase the diversity of people living in neighborhoods, and offer an opportunity for low- and moderate-income renters. Arroyo Grande last updated its regulations for accessory dwelling units in 2017. Program A.2-1 calls for updates to the accessory dwelling unit regulations to comply with changes to state law since 2017 and for other efforts to promote and facilitate ADUs. Programs A.2-2 and A.3-3 also establish programs and efforts related to facilitating and making ADUs more affordable in Arroyo Grande.

Table 4-6 Land Inventory											
APN	Address	Site Size (Acres)	Land Use	Zoning District	Maximum Density	Maximum Dwelling Units	Realistic Dwelling Units - 80% of Maximum Units Unless Noted	Vacant or Non-Vacant	Notes/Site Constraints	Income Categories Affordable To	Infrastructure
Low Density Sites											
007-019-015	318 Grace Lane	0.67	LD	PD	1 unit/parcel	1.0	1	Vacant	Per Reso 3732	Above Moderate	Yes
007-781-055	Noyes Road	24.53	LD	PD	2.5	10.0	8	Vacant	Reso 3775 changed land use designation to Very-Low Density Planned Development	Above Moderate	Yes
007-781-056	Noyes Road	26.35	LD	PD	2.5	11.0	8	Vacant	Reso 3775 changed land use designation to Very-Low Density Planned Development	Above Moderate	Yes
007-851-034	737 Arabian Circle	0.61	LD	PD	0.7	1.0	1	Vacant	Per Reso 1745 approving Tract 1149	Above Moderate	Yes
007-851-039	791 Arabian Circle	1.43	LD	PD	0.7	1.0	1	Vacant	Per Reso 1745 approving Tract 1149	Above Moderate	Yes
007-015-018	164 Rodeo Drive	0.27	LMD	PD	1 unit/parcel	1.0	1	Vacant	Per Reso 2133 approving Tract 1390	Above Moderate	Yes
007-784-008	252 Via Bandolero	0.58	LMD	PD	0.9	1.0	1	Vacant		Above Moderate	Yes
007-785-022	534 Calle Cuervo	0.74	LMD	PD	0.9	1.0	1	Vacant		Above Moderate	Yes
PD Totals		55.18					22				
007-061-004	No address assigned	0.59	LMD	RR	1	0.6	1	Vacant		Above Moderate	Yes
007-061-010	No address assigned	0.52	LMD	RR	1	0.5	1	Vacant		Above Moderate	Yes
RR Totals		1.10					2				
007-291-033	215 Cindy Way	1.18	LD	RS	2.5	2.9	2	Vacant		Above Moderate	Yes
007-291-038	265 Cindy Way	0.98	LD	RS	2.5	2.5	1	Vacant		Above Moderate	Yes
007-291-039	276 Cindy Way	1.15	LD	RS	2.5	2.9	2	Vacant		Above Moderate	Yes
007-291-042	221 Cindy Way	1.36	LD	RS	2.5	3.4	2	Vacant		Above Moderate	Yes
007-211-007	210 Tally Ho Road	0.59	LMD	RS	2.5	1.5	1	Vacant		Above Moderate	Yes
007-254-062	576 Paseo Street	0.19	LMD	RS	2.5	1.0	1	Vacant		Above Moderate	Yes
007-254-063	582 Paseo Street	0.21	LMD	RS	2.5	1.0	1	Vacant		Above Moderate	Yes
007-471-002	366 Stagecoach Road	0.29	LMD	RS	2.5	1.0	1	Vacant		Above Moderate	Yes
007-471-029	416 Stagecoach Road	0.26	LMD	RS	2.5	1.0	1	Vacant		Above Moderate	Yes
007-471-030	410 Stagecoach Road	0.24	LMD	RS	2.5	1.0	1	Vacant		Above Moderate	Yes
007-471-031	400 Stagecoach Road	0.24	LMD	RS	2.5	1.0	1	Vacant		Above Moderate	Yes
007-471-033	355 Gularte Road	0.25	LMD	RS	2.5	1.0	1	Vacant		Above Moderate	Yes
007-471-035	323 Gularte Road	0.26	LMD	RS	2.5	1.0	1	Vacant		Above Moderate	Yes
007-471-036	302 Zogata Way	0.25	LMD	RS	2.5	1.0	1	Vacant		Above Moderate	Yes
007-471-037	314 Zogata Way	0.26	LMD	RS	2.5	1.0	1	Vacant		Above Moderate	Yes
007-471-038	328 Zogata Way	0.26	LMD	RS	2.5	1.0	1	Vacant		Above Moderate	Yes

Table 4-6 Land Inventory											
APN	Address	Site Size (Acres)	Land Use	Zoning District	Maximum Density	Maximum Dwelling Units	Realistic Dwelling Units - 80% of Maximum Units Unless Noted	Vacant or Non-Vacant	Notes/Site Constraints	Income Categories Affordable To	Infrastructure
007-471-039	340 Zogata Way	0.28	LMD	RS	2.5	1.0	1	Vacant		Above Moderate	Yes
007-471-040	346 Zogata Way	0.24	LMD	RS	2.5	1.0	1	Vacant		Above Moderate	Yes
077-013-006	1575 Hillcrest Drive	0.42	LMD	RS	2.5	1.1	1	Vacant		Above Moderate	Yes
RS Totals		8.90					22				
077-021-010	1457 Hillcrest Drive	0.36	LMD	SF	4.5	1.6	1	Vacant		Above Moderate	Yes
007-511-002	No address assigned	0.29	MD	SF	4.5	1.3	1	Vacant		Above Moderate	Yes
007-548-029	No address assigned	0.75	MD	SF	4.5	3.4	2	Vacant		Above Moderate	Yes
007-548-032	No address assigned	0.45	MD	SF	4.5	2.0	1	Vacant		Above Moderate	Yes
007-548-038	225 Whitely Street	0.15	MD	SF	4.5	1.0	1	Vacant		Above Moderate	Yes
007-572-014	702 Myrtle Street	0.17	MD	SF	4.5	1.0	1	Vacant		Above Moderate	Yes
077-126-009	1406 Strawberry Avenue	0.16	MD	SF	4.5	1.0	1	Vacant		Above Moderate	Yes
077-151-014	1278 Cedar Street	0.14	MD	SF	4.5	1.0	1	Vacant		Above Moderate	Yes
077-223-070	185 Wood Place	0.16	MD	SF	4.5	1.0	1	Vacant		Above Moderate	Yes
077-353-014	902 The Pike	0.26	MD	SF	4.5	1.2	1	Vacant		Above Moderate	Yes
077-163-001	Cedar & Aspen Streets	0.60	MD	SF	4.5	2.7	2	Vacant		Above Moderate	Yes
007-571-007	795 E CHERRY AVE	0.36	SFR-MD w/ NP overlay	SF	4.5	1.6	1	Non-Vacant	These 10 parcels are adjacent and considered one potential site. This site is subject to Neighborhood Plan requirements to coordinate infrastructure improvements and circulation. Existing use is low density single-family development under multiple ownerships. Surrounding uses include single-family residences and active agricultural land. Site constraints include creek setback and agricultural buffer.	Above Moderate	Yes
007-571-010	NO ADDRESS ASSIGNED	0.02	SFR-MD w/ NP overlay	SF	4.5	1.0	1	Non-Vacant		Above Moderate	Yes
007-571-011	444 LIERLY LN	1.47	SFR-MD w/ NP overlay	SF	4.5	6.6	2	Non-Vacant		Above Moderate	Yes
007-571-012	404 LIERLY LN	0.29	SFR-MD w/ NP overlay	SF	4.5	1.3	1	Non-Vacant		Above Moderate	Yes
007-571-013	447 LIERLY LN	2.74	SFR-MD w/ NP overlay	SF	4.5	12.3	6	Non-Vacant		Above Moderate	Yes
007-571-015	841 E CHERRY AVE	1.98	SFR-MD w/ NP overlay	SF	4.5	8.9	4	Non-Vacant		Above Moderate	Yes
007-571-016	441 LIERLY LN	0.32	SFR-MD w/ NP overlay	SF	4.5	1.4	1	Non-Vacant		Above Moderate	Yes
007-571-017	811 E CHERRY AVE	0.93	SFR-MD w/ NP overlay	SF	4.5	4.2	1	Non-Vacant		Above Moderate	Yes
007-571-018	835 E CHERRY AVE	3.92	SFR-MD w/ NP overlay	SF	4.5	17.6	7	Non-Vacant		Above Moderate	Yes
007-571-019	831 E CHERRY AVE	0.64	SFR-MD w/ NP overlay	SF	4.5	2.9	1	Non-Vacant		Above Moderate	Yes

Table 4-6 Land Inventory											
APN	Address	Site Size (Acres)	Land Use	Zoning District	Maximum Density	Maximum Dwelling Units	Realistic Dwelling Units - 80% of Maximum Units Unless Noted	Vacant or Non-Vacant	Notes/Site Constraints	Income Categories Affordable To	Infrastructure
077-192-076	1051 Ash Street	0.22	CF/SF	SF	4.5	1.0	1	Non-Vacant		Above Moderate	Yes
077-192-077	1047 Ash Street	0.21	CF/SF	SF	4.5	1.0	1	Non-Vacant		Above Moderate	Yes
077-192-078	1045 Ash Street	0.22	CF/SF	SF	4.5	1.0	1	Non-Vacant		Above Moderate	Yes
077-192-083	1029 Ash Street	0.77	CF/SF	SF	4.5	3.5	1	Non-Vacant		Above Moderate	Yes
007-501-012	513 Ide Street	1.63	C/OS	SF/PF	4.5	7.3	5	Non-Vacant		Above Moderate	Yes
077-203-009	991 Dodson Way	0.25	VHD	SF	4.5	1.0	1	Non-Vacant		Above Moderate	Yes
077-203-019	279 Alder	0.19	VHD	SF	4.5	1.0	1	Non-Vacant		Above Moderate	Yes
SF Totals		19.66					49				
006-095-025	Valley Road	7.32	SFR LD	RH	0.67	4.9	4	Non-Vacant	Owned by Judith Haddox	Above Moderate	Yes
RH Totals		7.32					4				
007-531-002	1010 Huasna Rd.	0.25	AG	AG	Determined through discretionary review for farmworker housing	Determined through discretionary review for farmworker housing	4	Non-Vacant	These two parcels are adjacent and considered one potential site. Possible Farm Working Housing: Farm worker housing is allowed on this site. Density of farm worker housing is determined through discretionary review. Another option is to rezone to MF (9 du/ac). Surrounding uses include a mobile home park and agricultural uses. Owners are Dunn Douglass Family Trust and Charles Cabassi.	Above Moderate	Yes
007-531-005	980 Huasna Rd.	1.61	AG	AG			10	Non-Vacant		Above Moderate	Yes
AG Totals		1.86					14				
077-241-013	406 S. Elm St	0.82	MFR-HD	MFA	14	11.5	6	Non-Vacant	These three parcels are adjacent and considered one potential site. Special needs or high density. Current uses include single family residence, residential care facility (Arroyo Grande Care Center owned by Compass Health, Inc.) and Coastal Christian School (grades K-12). Property owners are Mathias Family Trust, McMullen Juanita Living Trust, and Landmark Missionary Baptist Church. Estimated 25% of property developed at maximum density.	Above Moderate	Yes
077-241-035	1212 Farroll Ave.	3.94	O	OMU	15	59.1	25	Non-Vacant		Above Moderate	Yes
077-241-062	1220 Farroll Ave.	5.08	CF/SF	PF	Determined through discretionary review	Determined through discretionary review	29	Non-Vacant		Above Moderate	Yes
MF/PF/OMU Totals											
077-111-009	1126 Grand Ave	0.49	MU	FOMU	15	7.4	1	Non-Vacant	Assume back lot and infill development. Multiple parcels along Grand Avenue. Existing use is strip mall development. Surrounding uses are primarily other similar commercial uses. The subject properties are under multiple ownerships. Parcels without units assigned to them would be combined with other larger parcels if development occurred.	Above Moderate	Yes
077-111-011	1106 Grand Ave	0.64	MU	FOMU	15	9.6	1	Non-Vacant		Above Moderate	Yes
077-111-012	1092 Grand Ave	0.48	MU	FOMU	15	7.2	1	Non-Vacant		Above Moderate	Yes
077-111-014	No Address Assigned	0.44	MU	FOMU	15	6.6	1	Non-Vacant		Above Moderate	Yes

Table 4-6 Land Inventory											
APN	Address	Site Size (Acres)	Land Use	Zoning District	Maximum Density	Maximum Dwelling Units	Realistic Dwelling Units - 80% of Maximum Units Unless Noted	Vacant or Non-Vacant	Notes/Site Constraints	Income Categories Affordable To	Infrastructure
077-111-057	Multiple Addresses	0.52	MU	FOMU	15	7.8	1	Non-Vacant		Above Moderate	Yes
077-112-001	1108 Grand Ave	0.02	MU	FOMU	15	1.0	0	Non-Vacant		Above Moderate	Yes
077-112-002	1112 Grand Ave	0.02	MU	FOMU	15	1.0	0	Non-Vacant		Above Moderate	Yes
077-112-003	1116 Grand Ave.	0.02	MU	FOMU	15	1.0	0	Non-Vacant		Above Moderate	Yes
077-112-004	1118 Grand Ave	0.06	MU	FOMU	15	1.0	1	Non-Vacant		Above Moderate	Yes
077-112-006	1118 Grand Ave	0.34	MU	FOMU	15	5.1	1	Non-Vacant		Above Moderate	Yes
077-112-005	1124 Grand Ave	0.06	MU	FOMU	15	1.0	1	Non-Vacant		Above Moderate	Yes
077-113-015	1140 Grand Ave	0.46	MU	FOMU	15	6.9	1	Non-Vacant		Above Moderate	Yes
077-211-010	1151 Grand Ave	0.19	MU	FOMU	15	2.9	1	Non-Vacant		Above Moderate	Yes
077-211-015	1147 E Grand Ave	0.63	MU	FOMU	15	9.5	1	Non-Vacant		Above Moderate	Yes
077-211-018	1139 Grand Ave	0.63	MU	FOMU	15	9.5	1	Non-Vacant		Above Moderate	Yes
077-211-023	1119 E Grand Ave	0.21	MU	FOMU	15	3.2	1	Non-Vacant		Above Moderate	Yes
077-211-024	1105 Grand Ave	0.25	MU	FOMU	15	3.8	1	Non-Vacant		Above Moderate	Yes
077-211-035	1105 E Grand Ave	0.14	MU	FOMU	15	2.1	1	Non-Vacant		Above Moderate	Yes
077-211-036	No Address Assigned	0.03	MU	FOMU	15	1.0	1	Non-Vacant		Above Moderate	Yes
077-211-037	1069 E Grand Ave	0.84	MU	FOMU	15	12.6	2	Non-Vacant		Above Moderate	Yes
077-221-002	1045 Grand Ave	0.22	MU	FOMU	15	3.3	1	Non-Vacant		Above Moderate	Yes
077-221-003	1031 E Grand Ave	0.64	MU	FOMU	15	9.6	1	Non-Vacant		Above Moderate	Yes
077-221-026	1023 Grand Ave	0.22	MU	FOMU	15	3.3	1	Non-Vacant		Above Moderate	Yes
077-221-027	1017 Grand Ave	0.27	MU	FOMU	15	4.1	1	Non-Vacant		Above Moderate	Yes
077-221-028	1013 E Grand Ave	0.55	MU	FOMU	15	8.3	1	Non-Vacant		Above Moderate	Yes
077-221-036	1025 Grand Ave	0.22	MU	FOMU	15	3.3	1	Non-Vacant		Above Moderate	Yes
077-221-037	1053 Grand Ave	0.82	MU	FOMU	15	12.3	2	Non-Vacant		Above Moderate	Yes
		9.41					25				
Low Density Totals		113.27					198				
Medium Density Sites											
007-501-036	510 E Branch Street	0.24	VC	VMU	15	3.6	2	Vacant		Moderate	Yes
007-501-037	516 E Branch Street	0.16	VC	VMU	15	2.5	1	Vacant		Moderate	Yes
007-541-004	122 Nelson Street	0.18	VC	VMU	15	2.7	2	Vacant		Moderate	Yes
007-541-025	126 Nelson Street	0.16	VC	VMU	15	2.4	1	Vacant		Moderate	Yes
007-541-040	117 Poole Street	0.23	VC	VMU	15	3.5	2	Vacant		Moderate	Yes

Table 4-6 Land Inventory											
APN	Address	Site Size (Acres)	Land Use	Zoning District	Maximum Density	Maximum Dwelling Units	Realistic Dwelling Units - 80% of Maximum Units Unless Noted	Vacant or Non-Vacant	Notes/Site Constraints	Income Categories Affordable To	Infrastructure
Medium Density Totals		0.98					8				
High Density Sites											
077-011-010 through -13	700 Oak Park Boulevard	2.26	MU	OMU	20	42.9	66	One vacant and three non-vacant parcels	This site is made up of 4 adjacent parcels, one vacant and 3 non-vacant with the same owner. Multi-family allowed with CUP in a mixed use project. HASLO is in the process of purchasing these parcels to build affordable housing. They are planning to build 66 units (through a density bonus).	Extremely Low, Very Low, Low	Yes
077-204-028	280 S Halcyon	0.83	Office Professional	OMU	20	15.8	12	Non-Vacant	Multi-family allowed with CUP in a mixed use project. The property is developed with a small single-family residence and therefore underutilized. The surrounding uses include commercial and high density residential development. The owner has expressed interest in developing housing on the parcel. Realistic capacity on this parcel is calculated as 80 % of 95 % of maximum density to account for an estimated 5% of the project on this site being commercial uses.	Extremely Low, Very Low, Low	Yes
077-211-022	1125 E Grand	0.85	Mixed Use	FOMU	25	20.2	16	Non-Vacant	Multi-family allowed with CUP in a mixed use project. This parcel is nearly vacant with a few very small, abandoned structures. The surrounding uses are primarily other similar commercial uses. Realistic capacity on this parcel is calculated as 80 % of 95 % of maximum density to account for an estimated 5% of the project on this site being commercial uses.	Extremely Low, Very Low, Low	Yes
077-221-031	1019 E Grand	0.75	Mixed Use	FOMU	25	17.8	14	Non-Vacant	Multi-family allowed with CUP in a mixed use project. This parcel has one single-family house on it with about half the parcel not built on. The surrounding uses are primarily commercial uses. Realistic capacity on this parcel is calculated as 80 % of 95 % of maximum density to account for an estimated 5% of the project on this site being commercial uses.	Extremely Low, Very Low, Low	Yes
006-311-063	601 E Grand	1.05	Mixed Use	HMU	20	21.0	16	Non-Vacant	Multi-family allowed with CUP in a 100% residential or mixed use project. This parcel is underutilized and is mostly paved and unpaved parking/vacant lot. There is one very small commercial structure about the size of a coffee stand which is in use as a locksmith business. The surrounding uses are commercial.	Extremely Low, Very Low, Low	Yes
High Density Totals		5.74					124				
Totals		119.99					330				

Source: City of Arroyo Grande 2020.

Figure 4-1 Housing Opportunity Sites Inventory Map

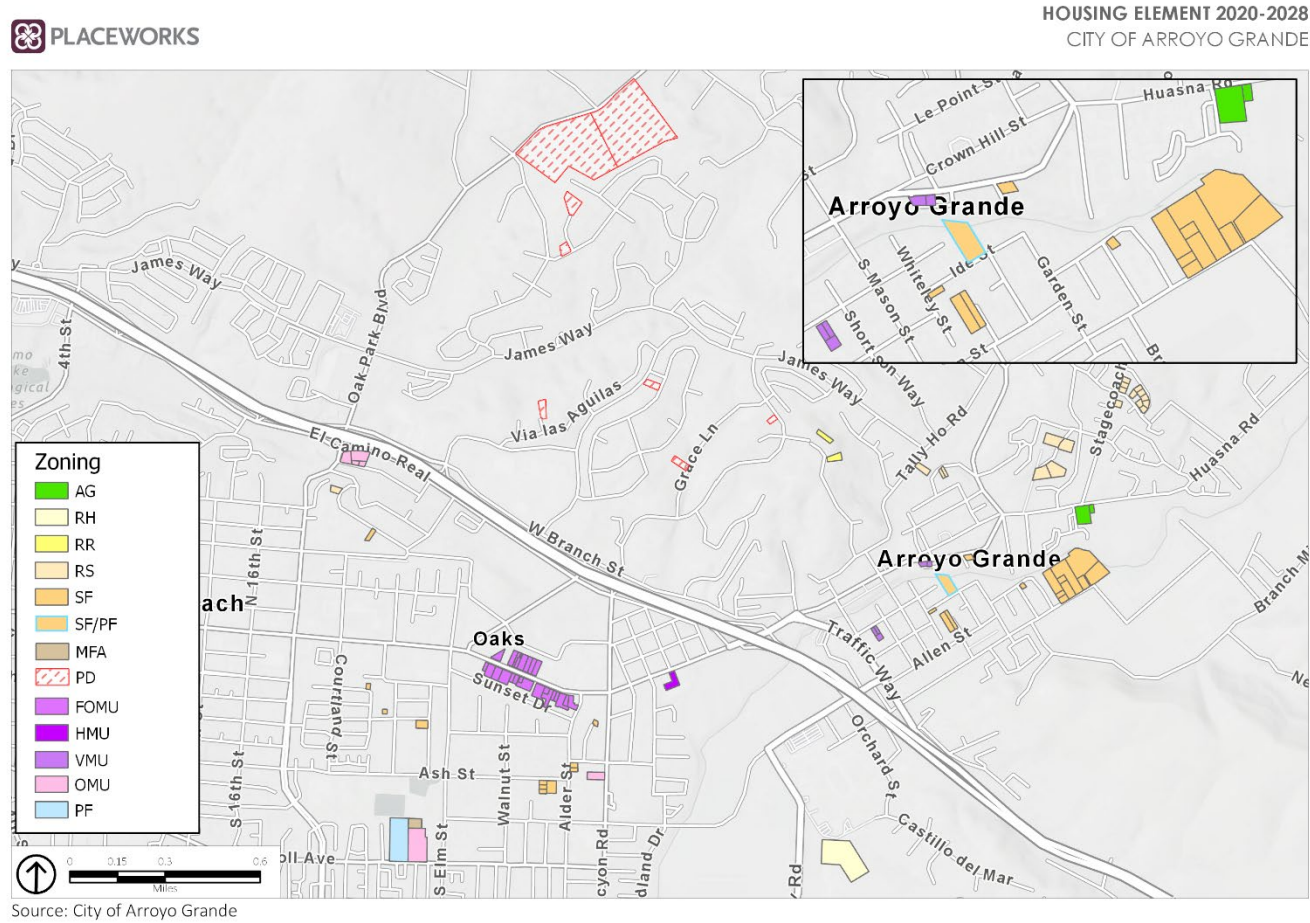


Figure 4-1
Housing Opportunity Sites Inventory Map

4.4 Infrastructure Resources

This section examines the availability and capacity of public facilities and services within the City that are essential to residential development. These include water, sewer, public safety, and schools. To comply with Senate Bill 1087, the City will immediately forward its adopted Housing Element to its Public Works Department so they can grant priority for water and sewer service allocations to proposed developments that include units affordable to lower-income households.

Water

The City pumps groundwater and purchases treated surface water. Groundwater is pumped from two separate basins: the Santa Maria Groundwater Basin and the Pismo Formation. The Santa Maria Basin is adjudicated, and the City currently has an allocation of 1,323 acre-feet per year (AFY) from that basin. The Pismo Formation is not adjudicated, and the City has established appropriative rights. The majority of the City's supply is from Lopez Lake. The City has a contract with the County of San Luis Obispo Water Conservation and Flood Control District providing an entitlement of 2,290 AFY of treated surface water in normal conditions. The City's current total water supply is 3,773 AFY.

In calendar year 2019, the City used 2,138 acre-feet of water, which calculates to a per-capita consumption of 108 gallons per person per day. If the per-capita consumption remains at this level, the City's buildout population of 20,000 would require an annual supply of 2,420 acre-feet, which can be met with the current water supply. In addition to the existing water supply, the Central Coast Blue project to supplement groundwater is anticipated to provide Arroyo Grande with 429 acre-feet of water annually. Table 4-7 shows the current and projected water supply through 2035.

Water Supply Sources	2015	2020	2025	2030	2035
Groundwater – Santa Maria Groundwater Basin	1,323	1,323	1,323 ¹	1,323 ¹	1,323 ¹
Groundwater – Pismo Formation	160	160	200 ²	200 ²	200 ²
County of San Luis Obispo Lopez Reservoir Project	2,290	2,290	2,290 ³	2,290 ³	2,290 ³
Total	3,773	3,773	4,242	4,242	4,242

Notes:

- ¹ This amount will be adjusted lower based on the deep well index and the basin groundwater model during dry years and drought.
- ² Well No. 11, planned to be installed in 2021, will provide an additional 40 AFY.
- ³ The water supply contract currently is undergoing changes that include storage rights to unused water. It is projected the 2,290 AFY entitlement will increase based on additional stored water during normal years.

Source: City of Arroyo Grande 2020.

The City continues to offer free plumbing retrofits, washing machine rebates, and commercial dishwashing machine rebates to customers. City customers have reduced their per-capita consumption rate by 34 percent since 2013, conserving 975 AFY. This effort, along with improved groundwater and surface water management, coupled with the Central Coast Blue recycled water project, will provide Arroyo Grande with a sustainable water supply for the foreseeable future.

The Municipal Code was revised during the 2013-2016 drought to City adopt emergency water shortage restrictions and regulations, along with permanent water conservation measures. The water system has increased capacity by building an additional 250,000-gallon storage tank for the Oro Pressure Zone. This zone now has two tanks storing up to 500,000 gallons. Several water main projects have been completed, replacing old 4-inch mains with new 8-inch mains. The current 2015 Urban Water Management Plan and Water System Master Plan provide guidance on the Capital Improvement Plan five-year document. The water distribution system has a hydraulic model that can be used to determine capacity issues for new development and required system upgrades. The water system is operated under a Water Supply Permit issued by the State Water Resources Control Board. The permit requires monthly and annual reporting of water quality and system operation.

Sewer

The City operates a sewer collection system of approximately 68 miles of sewer main, 1,300 maintenance holes, and 5 sewer lift stations. The sewer system is operated under a collection system discharge permit from the State Water Resources Control Board, which includes the requirement of a Sewer System Management Plan completed every five years.

The sewer system has a hydraulic model that can be used to determine capacity for new development projects. The Sewer System Master Plan provides recommended capital improvement projects for the five-year document. The need for the South San Luis Obispo County Sanitation District's services is dependent on the land use approvals by the City. The City of Arroyo Grande anticipates growing at a 1 percent growth rate over the next 20 years. The Sanitation District facilities are in good condition and a plan to make capital improvements is currently being implemented. The City has sufficient wastewater infrastructure and capacity to serve the RHNA described earlier in Chapter 4.

Public Safety

The City of Arroyo Grande Police Department is responsible for law enforcement, investigations, and crime prevention programs within the City limits. The Five Cities Fire Authority was established in July 2010 by a joint powers agreement between the Cities of Arroyo Grande, Grover Beach, and Oceano Community Services District and is responsible for providing fire protection and medical response. The City historically has low levels of major crime or fire loss despite below-average police and fire department staffing. There are no standards regarding appropriate or adequate numbers of officers per number of residents. Average response time within the City limits is between 4 to 6 minutes, which for some of the areas of the City is consistent with a recognized standard of 5 minutes.

It is generally expected that police and fire resources will improve with additional development that generates increased tax revenues. However, with the recent shifts of local tax revenues to the state, and decreasing state revenues being provided to local governments, additional development may cause a decrease in public safety for the community.

Schools

School facilities for Arroyo Grande are provided by the Lucia Mar Unified School District, which provides educational services in the South County Area, which includes Grover Beach, Pismo Beach, Oceano, Nipomo, and the remaining unincorporated county. The District operates and

maintains 11 elementary schools, three middle schools, three high schools, and New Tech High School. With the exception of Nipomo High, recent studies have indicated that most of the schools were built in the 1950s and 1960s and thus may be subject to needed renovation. Information provided in the Arroyo Grande General Plan Environmental Impact Report adopted in 1991 indicated that many of the schools were operating at an over capacity level. With the opening of Nipomo High in 2002, that high school level capacity was resolved. In 2016, voters in the Lucia Mar School District approved Measure I, authorizing up to \$170,000,000 in general obligation (GO) bond funds, which contributed renovation funds and modernization to Nipomo High Schools, Lopez High School, and Arroyo Grande High School.

4.5 Financial Resources

Many state programs exist to provide cities, communities, and counties financial assistance in the development, preservation, and rehabilitation of units for housing. HCD identifies and provides detailed information on the grants and loans available for affordable and workforce housing, some of which are listed in Table 4-8. HCD and other state agencies identify funding and programs for housing. Certification of a jurisdiction's housing element is required for eligibility for many state funding sources. Table 4-8 Local Financial Resources

Funding Source	Description
Affordable Housing and Sustainable Communities Program (AHSC)	The AHSC funds land use, housing, transportation, and land preservation projects that support infill and compact development and reduce greenhouse gas (GHG) emissions.
CalHome Program	CalHOME makes grants to local public agencies and nonprofit corporations to assist first-time homebuyers become or remain homeowners through deferred-payment loans. Funds can also be used to assist in the development of multiple-unit ownership projects.
California Emergency Solutions and Housing (CESH)	The CESH Program provides grant funds to eligible applicants for eligible activities to assist persons experiencing or at risk of homelessness. Eligible applicants are Administrative Entities (AEs; local governments, non-profit organizations, or unified funding agencies) designated by the Continuum of Care (CoC) to administer CESH funds in their service area.
Golden State Acquisition Fund (GSAF)	GSAF was seeded with \$23 million from the Department's Affordable Housing Innovation Fund. Combined with matching funds, GSAF makes up to five-year loans to developers.
Housing Investment Partnerships Program (HOME)	HOME assists cities, counties, and non-profit community housing development organizations (CHDOs) to create and retain affordable housing for lower-income renters or owners. At least 50 percent of the amount is awarded to rural applicants and 15 percent is set aside for CHDOs. Funds are available in California communities that do not receive HOME funding directly from the U.S. Department of Housing and Urban Development.
Housing for a Health California (HHC)	HHC provides funding on a competitive basis to deliver supportive housing opportunities to developers using the federal National Housing Trust Funds (NHTF) allocations for operating reserve grants and capital loans.
Housing-Related Parks Program	The Housing-Related Parks Program funds the creation of new park and recreation facilities or improvement of existing park and recreation

Funding Source	Description
	facilities that are associated with rental and ownership projects that are affordable to very low- and low-income households.
Infill Infrastructure Grant Program (IIG)	IIG provides grant funding for infrastructure improvements for new infill housing in residential and/or mixed-use projects. Funds are made available through a competitive application process.
Joe Serna, Jr., Farmworker Housing Grant (FWHG)	FWHG makes grants and loans for development or rehabilitation of rental and owner-occupied housing for agricultural workers with priority for lower-income households
Local Early Action Planning (LEAP) Grants	The LEAP program assists cities and counties with planning for housing through providing over the counter, non-competitive planning grants.
Local Housing Trust Fund Program (LHTF)	Helps finance local housing trust funds dedicated to the creation or preservation of affordable housing.
Mobile Home Park Resident Ownership Program (MPROP)	Funds awarded to mobile-home park tenant organizations to convert mobile-home parks to resident ownership.
Multifamily Housing Program (MHP)	MHP makes low-interest, long-term deferred-payment permanent loans to developers of affordable multifamily rental and transitional housing projects for lower-income households.
National Housing Trust Fund	National Housing Trust Fund is a permanent federal program with dedicated source(s) of funding not subject to the annual appropriations. The funds can be used to increase and preserve the supply of affordable housing, with an emphasis on rental housing for extremely low-income households (ELI households, with incomes of 30 percent of area median or less).
No Place Like Home	The No Place Like Home Program will have \$2 billion in bond proceeds to invest in the development of permanent supportive housing for persons who are in need of mental health services and are experiencing homelessness, chronic homelessness, or who are at risk of chronic homelessness.
Pet Assistance and Support (PAS) Program	Pet Assistance and Support provides funds to homeless shelters for shelter, food and basic veterinary services for pets owned by individuals experiencing homelessness.
Predevelopment Loan Program	Provide predevelopment capital loans to finance the start of low-income housing projects.
California Homebuyer's Down Payment Assistance Program (CHDAP)	Collaboration with lenders to offer below market rate down-payment loans.
Affordable Housing Partnership Program (AHPP)	This program allows borrowers to combine a CalHFA first mortgage loan with down payment and/or closing cost assistance from an Affordable Housing Program Partner.
Housing Enabled by Local Partnerships (HELP)	HELP Program and other below-market-rate financing and deferred loans for local government and non-profits producing affordable housing development.
California Housing Loan Insurance Fund (CaHLIF)	Provides primary mortgage insurance for hard-to-qualify borrowers, expanding home ownership opportunities.
California Housing Finance Agency (CalHFA) Conventional Loans	Various programs providing lower-cost loans, such as a 30-year fixed, interest-only PLUS, 40-year fixed

Funding Source	Description
CalHFA Down-Payment Assistance	Various programs providing loans for down payments, such as California Homebuyer's Down-payment Assistance Program (CHDAP)
Section 811 Project Rental Assistance	Section 811 Project Rental Assistance offers long-term project-based rental assistance funding from the U.S. Department of Housing and Urban Development (HUD) through a collaborative partnership among the California Housing Finance Agency (CalHFA), Department of Health Care Services (DHCS), Department of Housing and Community Development (HCD), Department of Developmental Services (DDS), and California Tax Credit Allocation Committee (TCAC).
Self-Help Builder Assistance Program	Provides a source of financing to nonprofit 501(c)(3) corporations who use self-help type construction for affordable housing.
Builder-Lock Program	Builders/Developers may purchase forward commitments for permanent first mortgage financing for CalHFA-eligible borrowers tied to their construction/marketing program at single-family new-home developments anywhere in the state.
Mortgage Credit Certificate	Federal tax credit for low- and moderate-income homebuyers who have not owned a home in the past three years.
California Tax Credit Allocation Committee (CTCAC): Low-Income Housing Tax Credits (LIHTCs)	The CTCAC administers the federal and state LIHTC Programs. Both programs were created to promote private investment in affordable rental housing for low-income Californians.
California Tax Credit Allocation Committee (CTCAC): Historic Rehabilitation Tax Credits (HRTCs)	CTCAC and the California Office of Historic Preservation also administer the HRTC program, which provide a 10%–20% one-time, Internal Revenue Service tax credit on eligible rehabilitation costs for pre-1936 and National Register historic properties.
California Debt Limit Allocation Committee (CDLAC): Various Programs	Federal law limits how much tax-exempt debt a state can issue in a calendar year for private projects that have a qualified public benefit. This cap is determined by a population-based formula. CDLAC was created to set and allocate California's annual debt ceiling and administer the state's tax-exempt bond program to issue the debt. CDLAC's programs are used to finance affordable housing developments for low-income Californians, build solid waste disposal and waste recycling facilities, and finance direct loans used by in-need college students and their parents.
Assisted-Living Conversion Program (ALCP)	To provide private nonprofit owners of eligible developments with a grant to convert some or all the dwelling units in the project into an Assisted Living Facility (ALF) for the frail elderly.
Community Development Block Grants (CDBG)	Grant awarded to the City annually on a formula basis to fund housing and economic development for low- and moderate-income persons.
Emergency Capital Repairs Program	Provides grants for substantial capital repairs to eligible multifamily projects that are owned by private nonprofit entities.
HOME Investment Partnership (HOME) Program	Grant program specifically for housing.
Emergency Shelter Grant Program (ESG)	Grant awarded on an annual formula basis for shelter and services to homeless persons.
Housing Opportunities for Persons with AIDS (HOPWA)	Funds available county-wide for supportive services and housing for persons with HIV/AIDS.

Funding Source	Description
Shelter Plus Care (S+C)	Grants for rental assistance, in combination with supportive services from other sources, to homeless people.

Local Housing Funds

The City has an inclusionary housing ordinance. Fees collected under the ordinance are kept in the In-Lieu Affordable Housing Trust Fund. Funding from this source can be directed to affordable housing projects in the City and/or used to leverage state and federal housing funds. As of 2020, the fund has a balance of \$928,000 available for projects that increase the supply of affordable housing units

4.6 Administrative Resources

Housing Authority of San Luis Obispo

The Housing Authority of San Luis Obispo (HASLO) was created to provide housing assistance for the county's lower-income residents. HASLO administers the Housing Choice Voucher/Section 8 rental assistance program and manages public housing developments. HASLO also administers the Mortgage Credit Certificate Program, the Security Deposit Program, and other programs. Currently, the agency provides 194 Section 8 vouchers to low-income households in Arroyo Grande and maintains a waiting list that is currently closed.

People's Self-Help Housing

People's Self-Help Housing (PSHH) is a diverse nonprofit organization committed to furthering opportunities for decent, safe, affordable housing and support services in San Luis Obispo, Santa Barbara, and Ventura Counties. PSHH has two primary programs - a Self-Help Homeownership program and a Rental Housing Development and Construction Services Program. Since its inception in the 1960s, PSHH has developed more than 1,200 sweat-equity homes and 1,700 rental units and has assisted in the rehabilitation and repair of more than 3,000 housing units. PSHH currently owns and operates four affordable housing projects in Arroyo Grande: Courtland Street Apartments (36 low- and very low-income units), Juniper Street Apartments (14 low- and very low-income units), Cawelli Court (28 units of housing for Seniors 62+ and Individuals living with disabilities) and Oak Forest Apartments (24 low and very low-income units).

PSHH also provides free seminars to residents on the Central Coast, including those aimed at first-time homebuyers and foreclosure prevention.

Community Action Partnership of San Luis Obispo County (CAPSLO)

CAPSLO provides a wide variety of social services in San Luis Obispo County, including Homeless Services, Head Start, Health Services, and Energy Conservation Services. CAPSLO operates the 40 Prado Road Campus in San Luis Obispo, which provides shelter and services to the county's homeless population. They also operate Head Start programs and two health centers in San Luis Obispo and Arroyo Grande. The Energy Conservation division provides weatherization and home repairs throughout the county. Another source of local housing funding is through the San Luis Obispo County Housing Trust Fund (SLOCHTF), which is a private nonprofit corporation created to increase the supply of affordable housing in San Luis Obispo County for very low, low-, and

moderate-income households. SLOCHTF provides financing and technical assistance to help private developers, nonprofit corporations, and government agencies produce and preserve homes that working families, seniors on fixed incomes, and persons with disabilities can afford to rent or buy. More information on SLOCHTF can be found at www.slochtf.org.

Chapter 5 – HOUSING CONSTRAINTS

The price of a home is based upon several basic costs: Land, materials, labor, financing rates and insurance, government requirements and fees, as well as environmental constraints. The first two sections of this chapter discuss governmental constraints and environmental and public service constraints.

The cost of land, materials, and labor are determined by the free market economy. Financing rates and insurance costs are set by the capital markets and state and federal regulations. These items are discussed in the last section under non-governmental constraints.

5.1 Governmental Constraints

The intent of this section is to analyze governmental constraints that affect housing development, as well as to identify constraints that may be modified to reduce barriers to the maintenance, improvement, or development of housing for all income levels.

The California Legislature has delegated to local governments specific responsibilities and a significant amount of discretionary control over the development and use of land. Through land use controls, development review procedures, and fees, cities influence the location, density, type, size, quality, and appearance of housing. These requirements significantly affect the cost and availability of housing. Many of these controls are required by local government in response to state and federal mandates to protect public health and safety, and others are adopted to achieve the desired quality of life and objectives of the local community.

Land Use and Development Controls

The primary policy tool for promoting a balanced use of land and resources is through the City's General Plan. The 2001 General Plan establishes an overall framework for development and conservation of land in the City, primarily through the Land Use Element. State law divides the required content of a general plan into eight distinct elements and requires that the General Plan be designed as a balanced, integrated document that is internally consistent. The Housing Element is one of eight distinct General Plan elements and is required to address a number of specific issues.

The primary means that the City uses to implement the General Plan is its Development Code, which establishes development standards, intensity of development, and minimum site standards. Various residential and mixed-use zoning districts are established that are intended to implement the densities set by the General Plan. Other requirements in the City's Development Code include setbacks, lot coverage, parking, open space, and other related property development standards. Table 5-1 provides a comparison of the land use designations from the General Plan Land Use Element to the zoning districts implemented by the Development Code. Table 5-1 also shows the maximum density per land use designation.

Table 5-1 Urban Land Use Element and Development Code			
General Plan Classification	General Plan Dwelling Unit Max. Density	Development Code Consistency	
		Consistent Zoning	Min Lot Size in Development Code
Agriculture (Ag)	1 du/10 ac.	General, Agricultural Preserve or Agricultural Preservation Overlay	10 ac.
Conservation/ Open Space(C/OS)	1 du/20 ac. 1 du/10 ac. 1 du/5 ac.	PF	25,000 sf
Single-Family Residential			
Very Low Density (VLD)	1 du/2.5 ac.	RE	92,500 sf
Low Density (LD)	1 du/1.5 ac. 1 du/1 ac.	RH RR	49,000 sf 40,000 sf
Low Medium Density (LM)	2.5 du/1 ac.	RS	12,000 sf ²
Medium Density (MD)	4.5 du/ac.	SF/VR	SF – 7,200 sf VR – 6,750 sf
Multifamily Residential			
Multifamily Residential (MFR) Medium High Density (MHD) Townhouse/Condo	9.0 du/ac.	MF	10,000 sf
Mobile Home Park (MHP)	12.0 du/ac.	MHP	5 ac.
High Density (HD) Apartments	14 du/ac.	MFA	10,000 sf
Very High Density (VHD)	25 du/ac.	MFVH	20,000 sf
Mixed-Use (MU) Village Core (VC) Office (O) PD, SP, and CF	25 du/ac.	See Table 5-4	

Source: City of Arroyo Grande General Plan and Development Code

Notes

- 1 Density Allowed in RR zoning district is 1.0 du/ac
- 2 Reduced minimum building site area allowed with provision to permanently preserve sensitive habitat and/or open space corridors and/or to avoid development of steep slopes and ridgelines

Mixed-use districts located along the East Grand Avenue corridor and South Halcyon Road allow building heights up to 35 feet and three stories with the ability to go up to 40 feet in some districts depending on the building size and proximity to residential development. There have been several recent 3-story projects. None of them requested any exceptions. These height allowances have not been found to constrain the development of 3 story projects. The Industrial Mixed-Use (IMU) district along El Camino Real allows heights to 30 feet and three stories. All Multiple-Family zoning districts allow 30 feet or two stories. Minor Exceptions can allow up to 33 feet in these districts. With a maximum density of 25 dwelling units per acre, a parcel with the minimum lot size of 20,000 square feet in the MFVH zone can accommodate a maximum of 11 units. The 60% lot coverage maximum allows a structure with a footprint of up to 12,000 square feet in this scenario. The 12,000 square foot structure could be divided into 11 units with a net floor area of approximately 800 square feet each and still comply with the maximum floor-area ratio of 0.45 for the zone. A second story may reduce the footprint of the building to accommodate parking and other amenities, but

buildings taller than two stories are not necessary to develop parcels in this zone to their maximum density. Housing types permitted by residential and mixed-use zoning districts are provided in Tables 5-2 and 5-3. Residential zoning development standards are shown in Table 5-4, multifamily and other zoning development standards are shown in Table 5-5, and Mixed-Use development standards are shown in Table 5-6.

Multifamily projects of 2 to 4 units and multifamily projects of more than four units in the Multifamily Very High Density (MFVH) zoning district are permitted subject to an MUP, which is an administrative process. With these projects, the Architectural Review Committee (ARC) makes a recommendation to the Community Development Director. Multifamily projects greater than four units in all other districts require a CUP, which is a discretionary review process. The ARC considers all CUPs associated with development projects and makes a recommendation to the City Council, Planning Commission, and/or Community Development Director. Design Review (DR) permits are limited to residential subdivisions approved with specific design guidelines. The ARC reviews DR applications for consistency with the approved design guidelines and makes a recommendation to the Community Development Director. Chapter 2.19 of the Municipal Code outlines the functions, duties, procedures, and guiding purposes in reviewing projects for the ARC. The function of the ARC is to make recommendations to decision makers regarding the administration of the provisions of Title 16 (Development Code), whenever applicable, in a manner that will:

1. Be consistent with the requirements of the General Plan and of Title 16 (Development Code);
2. Develop and maintain a pleasant and harmonious environment;
3. Promote and enhance real property values;
4. Conserve the city's natural beauty;
5. Preserve and enhance its distinctive visual character;
6. Ensure orderly and harmonious development of the city; and
7. Preserve historic structures and neighborhoods.

The ARC meets twice per month.

Development applications are subject, in many cases, to the California Environmental Quality Act (CEQA). CEQA requires that development applications be subject to an environmental review of the impacts that would result from implementation of a project.

The City, as part of its 2001 General Plan, prepared a program EIR to address the impacts of development proposed by the plan. The anticipated residential development evaluated in the General Plan is similar to that required by the Regional Housing Needs established for the City. The Program EIR concluded that there were several significant environmental impacts that could not be mitigated to less-than-significant levels. Required findings and statements of overriding considerations also required mitigation measures that will influence future residential development and may require project EIRs that will increase the cost of the development. These costs are unavoidable given the state-mandated requirements of CEQA.

Table 5-2 Housing Types Permitted by Zoning District – Residential Zoning District										
Residential Uses/Housing Type	RE	RH	RR	RS	SF	VR	MF	MFA	MFVH	MHP
Accessory dwelling unit	P	P	P	P	P	P	P	P	P	P
Assisted Living (Congregate Care)	NP	NP	NP	NP	NP	NP	C	C	C	NP
Boarding/rooming houses	NP	NP	NP	NP	NP	NP	C	C	C	NP
Condominium (air space)	NP	NP	NP	NP	NP	NP	C	C	C	NP
Convalescent care	NP	NP	NP	NP	NP	NP	C	C	C	NP
Emergency shelters	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP
Employee housing	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP
Home occupations	P	P	P	P	P	P	P	P	P	P
Homeless shelters within religious or social organization buildings	NP	NP	NP	NP	NP	NP	C	C	C	NP
Live-Work	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP
Mobile home parks	C	C	C	C	C	C	C	C	C	C
Mobile home subdivisions	C	C	C	C	C	C	C	C	C	C
Multiple-family housing (2–4 units) in a mixed-use project	NP	NP	NP	NP	NP	NP	(1)	(1)	(1)	NP
Multiple-family attached (5 or more units) in a mixed-use project	NP	NP	NP	NP	NP	NP	(1)	(1)	(1)	NP
Multiple-family attached (2–4 units) not in a mixed-use project	NP	NP	NP	NP	NP	NP	MUP	MUP	P	NP
Multiple-family attached (5 or more units) not in a mixed-use project	NP	NP	NP	NP	NP	NP	C	C	MUP	NP
Residential care facility, 6 or fewer persons	P	P	P	P	P	P	P	P	P	P
Residential care facility, 7 or more persons	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP
Senior independent living uses	NP	NP	NP	NP	NP	NP	C	C	C	NP
Single-family attached (twin home, triplex, fourplex)	NP	PUD	NP	NP	PUD	NP	PUD	PUD	NP	NP
Single-family detached	P	P	P	P	P	MUP	P	P	NP	NP
Small-lot single-family detached	NP	PUD	PUD	PUD	PUD	PUD	PUD	NP	NP	NP
Transitional and Supportive Housing	P	P	P	P	P	P	P	P	P	P

(1) Determined by the most restrictive requirement among uses.

Legend

P = Permitted

C = Permitted subject to issuance of a Conditional-Use Permit

PUD = Permitted subject to issuance of a Planned Unit Development Permit

MUP = Minor-Use Permit

NP = Not Permitted

Source: City of Arroyo Grande Development Code

Table 5-3 Housing Types Permitted by Zoning District – Mixed-Use Zoning District													
Residential Uses	IMU	TMU D-2.11	VCD HCO D-2.4	VMU D-2.11 HCO D-2.4	GMU	FOMU	HMU	OMU D-2.20	RC	PF	AG	AP	Specific Use Standards
Accessory dwelling unit	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP	C	C	
Assisted Living (Congregate Care)	NP	NP	CUP	CUP	CUP/ PED	CUP/ PED	NP	CUP	NP	CUP	NP	NP	
Boarding/rooming houses	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP	
Condominium (air space)	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP	
Convalescent care	NP	NP	NP	NP	NP	NP	NP	NP	NP	CUP	NP	NP	
Emergency shelter	P	NP	NP	NP	NP	NP	P	NP	NP	(5)	NP	NP	
Employee Housing	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP	C	C	
Home occupation	NP	MUP	P	P	P	P	MUP	P	NP	NP	P	P	16.16.090
Homeless shelters within religious or social organization buildings	NP	NP	NP	NP	NP	NP	NP	NP	NP	CUP	NP	NP	
Live-Work	NP	P	NP	NP	NP	NP	P	NP	NP	NP	NP	NP	
Mobile home parks	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP	
Mobile home subdivisions	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP	
Multiple-family attached (2 - 4 units) not in a mixed-use project	NP	NP	MUP/ PED	MUP	CUP/ PED	CUP/ PED	CUP	CUP	NP	NP	NP	NP	Minimum density (75% of total density allowed by district) required by Housing Element is not required on lots fronting E. Grand Ave., E. Branch Street or in HMU or IMU districts.
Multiple-family attached (5 or more units) not in a mixed-use project	NP	NP	NP	CUP	CUP/PED	CUP/ PED	CUP (on lots >20,000 square feet)	CUP (on lots >20,000 square feet)	NP	NP	NP	NP	Minimum density (75% of total density allowed by district) required by Housing Element is not required on lots fronting E. Grand Ave., E. Branch Street or in HMU or IMU districts.
Multiple-family attached (2 - 4 units) in a mixed use project	NP	NP	MUP/ PED	MUP	CUP/ PED	CUP/ PED	CUP	CUP	NP	NP	NP	NP	Minimum density (75% of total density allowed by district) required by Housing Element is not required on lots fronting E. Grand Ave., E. Branch Street or in HMU or IMU districts.
Multiple-family attached (5 or more units) in a mixed use project	NP	NP	NP	CUP	CUP/PED	CUP/ PED	CUP (on lots >20,000 square feet)	CUP (on lots >20,000 square feet)	NP	NP	NP	NP	Minimum density (75% of total density allowed by district) required by Housing Element is not required on lots fronting E. Grand Ave., E. Branch Street or in HMU or IMU districts.
Residential care facility, 6 or fewer persons	NP	NP	MUP/ PED	MUP	MUP/PED	MUP	NP	MUP	NP	CUP	NP	NP	
Residential care facility, 7 or more persons	NP	NP	CUP/PED	CUP	CUP/PED	CUP/ PED	NP	CUP	NP	CUP	NP	NP	
Senior independent living uses	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP	
Single-family residential within a mixed-use project	NP	NP	NP	MUP	NP	NP	NP	NP	NP	NP	NP	NP	
Single-family attached (twin home, triplex, fourplex)	NP	NP	NP	MUP (3)	NP	NP	NP	NP	NP	NP	NP	NP	
Single-family detached	NP	NP	NP	MUP (3)	NP	NP	NP	NP	NP	NP	P/C (2)	P/C (2)	
Small lot single-family detached	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP	

Table 5-3 Housing Types Permitted by Zoning District – Mixed-Use Zoning District													
Residential Uses	IMU	TMU D-2.11	VCD HCO D-2.4	VMU D-2.11 HCO D-2.4	GMU	FOMU	HMU	OMU D-2.20	RC	PF	AG	AP	Specific Use Standards
Transitional and Supportive Housing	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	NP	NP	NP	
(1) Size break between large and small day care differs between residential and commercial zoning.													
(2) Permitted on conforming lots; conditional on non-conforming lots													
(3) Within a mixed-use project only													
(4) Subject to the same restrictions as the same residential type within this zone.													
(5) See Homeless Shelters within religious or social organization buildings													

Legend

IMU = Industrial Mixed Use District (El Camino)	P = Permitted Use	OMU = Office Mixed Use District
TMU = Traffic Way Mixed Use District	CUP = Conditional-Use Permit	RC = Regional Commercial District
VCD = Village Core Downtown District	NP = Not Permitted	HCO = Historic Character Overlay District (Design Overlay District 2.4)
VMU = Village Mixed Use District	FOMU = Fair Oaks Mixed Use District	MUP = Minor-Use Permit
GMU = Gateway Mixed-Use District	HMU = Highway Mixed Use District	PED = Residential not permitted in pedestrian oriented storefront locations on ground floor facing E. Grand Avenue, East/West Branch Street or prime real estate space within shopping centers

Source: City of Arroyo Grande Development Code

Table 5-4 Residential Site Development Standards Single-Family Zoning Districts							
	RE	RH	RR	RS	SF	VR	PD
Maximum density (DUs per gross acre)	0.4	0.67	1.0	2.5	4.5	4.5	_.34
Minimum building site ¹ (Net area in sq. ft.)	92,500 ²	49,000	40,000	12,000 (reduced minimum building site area allowed with provision to permanently preserve sensitive habitat and/or open space corridors and/or to avoid development of steep slopes and ridgelines)	7,200	6,750	_.34
Minimum lot width ³	200 ft.	130 ft.	120 ft.	80 ft.	70 ft.	50 ft.	_.33, .34
Minimum lot depth	250 ft.	200 ft.	200 ft.	100 ft.	100 ft.	100 ft.	_.33, .34
Minimum front yard	50 ft.	35 ft.	35 ft.	25 ft.	20 ft.	15 ft.	_.34
Minimum interior side yard setback	30 ft.	10% of lot width	10% of lot width	5 ft. one side, 10 ft. other side (For lots <12,000 sq. ft use SF)	5 ft. one side, 10 ft. other side	5 ft.	_.34
Minimum street side yard setback	30 ft.	15% of lot width	15% of lot width	15 ft.	15 ft.	10 ft.	_.34
Minimum rear yard setback	50 ft.	40 ft.	25 ft.	20 ft. (For lots <12,000 sq. ft use SF)	10 ft. (1- story) 15 ft. (2-story)	10 ft. (1-story) 15 ft. (2-story)	_.34
Maximum lot coverage ⁴	35%	35%	35%	30% (For lots < 10,000 sq. ft. use SF)	40%	40%	30%, or as shown on the Development Plan
Maximum height for buildings and structures	30 ft. or 2 stories, whichever is less, 14 ft. for accessory buildings						_.34 14 ft. for accessory buildings.
Minimum distance between buildings (including main dwellings and accessory structures) ⁵	20 ft.	20 ft.	6 ft.	10 ft.	10 ft.	10 ft.	_.34

Source: City of Arroyo Grande Development Code

Table 5-5 Residential Site Development Standards Multiple-Family and Other Zoning Districts				
	MF	MFA	MFVH	MHP
Maximum density (DUs per gross acre)	9.0	14.0 ¹	25.0	12.0
Minimum building site (Net area in sq. ft.)	10,000	10,000	20,000	5 acres
Minimum lot width	80 ft.	80 ft.	80 ft.	60 ft. ⁶
Minimum lot depth	100 ft.	100 ft.	100 ft.	100 ft. ⁶
Minimum front yard setback	20 ft.	20 ft.	20 ft.	20 ft.
Minimum interior side yard setback	10 ft.	10 ft.	10 ft.	5 ft.
Minimum street side yard setback	10 ft.	10 ft.	10 ft.	15 ft.
Minimum rear yard setback	Average 15 ft. ⁷	Average 15 ft. ⁷	Average 15 ft. ⁷	5 ft.
Maximum lot coverage	40%	45%	60% ⁶	50%
Maximum height for buildings and structures	30 ft. or 2 stories, whichever is less, 14 ft. for accessory buildings	30 ft. or 2 stories, whichever is less, 14 ft. for accessory buildings	30 ft. or 2 stories, whichever is less, 14 ft. for accessory buildings	30 ft. or 2 stories, whichever is less, 14 ft. for accessory buildings
Minimum distance between buildings (including main dwellings and accessory structures)	10 ft.	10 ft.	10 ft.	5 ft.

Source: City of Arroyo Grande Development Code

Table 5-6 Residential Site Development Standards Mixed-Use Zoning Districts								
	IMU	TMU	VCD	VMU	GMU	FOMU	HMU	OMU
Maximum density – Mixed-Use (DUs per gross acre)	-- ⁸	-- ⁸	15	15	25 ¹⁶	25 ¹⁶	20 ¹⁶	20 ¹⁶
Maximum density – Multifamily housing (DUs per gross acre)	n/a	n/a	n/a	n/a	15	15	20	15
Minimum density ¹⁷	n/a	n/a	n/a	n/a	75% of max. density ¹⁶	75% of max. density ¹⁶	n/a	75% of max. density ¹⁶
Minimum Lot Size	18,000 sf (gross)	10,000 sf (gross)	2,500 sf	5,000 sf	20,000 sf (gross)	15,000 sf (gross)	20,000 sf (gross)	20,000 sf
Minimum lot width	100 ft.	80 ft.	25 ft.	40 ft.	100 ft.	80 ft.	80 ft.	100 ft.

Table 5-6 Residential Site Development Standards Mixed-Use Zoning Districts								
Front Yard Setback	10 ft.	0-15 ft. ²⁵	0-15 ft. ²⁶	0-15 ft.	0-10 ft. ¹⁸	0-10 ft. ¹⁸	0-15 ft. ²⁵	0-10 ft. ¹⁸
Rear Yard setback	0-15 ft. ⁹	0-15 ft. ¹⁰	0-15 ft.	0-15 ft. ¹⁴	0-15 ft. ¹⁹	0-15 ft.	0-15 ft. ¹⁰	0-15 ft.
Side yard setback	0-15 ft. ²³	0 ft. ¹⁰	0 ft.	0 ft. ¹⁵	0-5 ft. ¹⁹	0-5 ft. ¹⁹	0 ft. ¹⁰	0-5 ft.
Street side yard setback	20 ft. ²⁴	0-15 ft. ²⁵	0-15 ft.	0-15 ft.	0-15 ft.	0-15 ft.	0-15 ft. ²⁵	0-15 ft.
Maximum height	30 ft. or 2 stories	30 ft. or 3 stories ¹¹	30 ft. or 3 stories ¹³	30 ft. or 3 stories ¹³	35 ft. or 3 stories ²⁰	35 ft. or 3 stories ²⁰	30 ft. or 3 stories ¹¹	35 ft. or 3 stories ²¹
Maximum building size	102,500 sf	50,000 sf ¹²	20,000 sf	10,000 sf	102,500 sf	50,000 sf	50,000 sf ¹²	50,000 sf ²²
Site Coverage	50%	75%	100%	100%	75%	70%	75%	70%
Floor Area Ratio	0.45	0.75	2.0	1.0	1.5	1.0	0.75	100
Off-street parking and loading	Reference Section 16.56.020	Reference Standards D-2.11 and Section 16.56.020 Exceptions allowed by Section 16.16.120	Reference Parking and Business Improvement District Plan in Section 16.56.020	Reference Parking VMU and HCO in Section 16.56.020 (C)	--28	--30	--31	Reference Section 16.56.020
Site design and signs	Reference Chapter 16.60	Reference Standards D-2.11 and Chapter 16.60	Reference Standards for Historic Districts and Chapter 16.60	Reference Standards for Historic Districts and Chapter 16.60	--27	--29	Reference Standards D-2.11 and Chapter 16.60	--32

Source: City of Arroyo Grande Development Code

Notes (Tables 5-4, 5-5, and 5-6):

- ¹ See Table 16.32.050-A for minimum lot sizes for parcels with slope greater than seven percent.
- ² Area shall be increased to five acres for slope conditions exceeding 20 percent.
- ³ Width measurements for cul-de-sac or otherwise odd-shaped lots shall be determined on the basis of the average horizontal distance between the side lot lines, measured at right angles to the lot depth at a point midway between the front and rear lot lines.
- ⁴ The following floor area ratios shall be adhered to in all zoning districts in addition to lot coverage requirements:

Lot Size		Floor Area Ratio (FAR)
0	—	4,000 square feet net
4,001	—	7,199 square feet net
7,200	—	11,999 square feet net
12,000	—	39,999 square feet net
		40,000 + square feet net

The above FARs shall not apply to condominium or planned unit development (PUD) projects where the proposed lot consists of a building footprint.

- ⁵ *Within a planned unit development, building separations may be reduced to zero feet, provided that fire walls are provided per Uniform Building Code standards.*
- ⁶ *The minimum parcel size within the mobile home district may be reduced to 3,600 square feet with a minimum average width of 40 feet and a minimum frontage of not less than 30 feet if common open space areas and recreational facilities are provided as part of the subdivision and if the open space areas and recreational facilities are reserved for the exclusive use of residents of the subdivision. Standards for the provision of common open space required to permit a reduction in lot size are as follows:*
 - (1) A minimum of 500 square feet of common open space and recreational area shall be provided for each residential lot in the subdivision.*
 - (2) The combined square footage of common open space, recreational area, and residential lot area, not including public and private streets and cannon parking areas shall average not less than 6,000 square feet per lot within the subdivision.*
 - (3) Open space and recreational areas shall be designated on the subdivision map, and shall be located entirely within the subdivision.*
- ⁷ *For two-story buildings, average rear yard setback shall be 20 feet. Average includes all buildings along rear property line and is subject to City approval.*
- ⁸ *New residential limited to live-work units in conjunction with allowed uses. Density determined by discretionary action.*
- ⁹ *50 feet if adjacent to a residential district.*
- ¹⁰ *Wherever a lot in any commercial or mixed-use district abuts a residential use or a lot in any residential use district, a minimum building setback of 20 feet measured from the property line shall be required for proposed commercial use.*
- ¹¹ *30 feet or three stories, whichever is less; a maximum of 36 feet is allowable through the CUP process for visitor-serving uses.*
- ¹² *A greater size may be allowed through the CUP process.*
- ¹³ *Maximum height is 30 feet or three stories, whichever is less; a maximum of 36 feet is allowable through the MUP process.*
- ¹⁴ *If project is mixed-use and/or abuts a residential district, then 10 feet required.*
- ¹⁵ *If a project is mixed-use and/or abuts a residential district, then 5 feet is required for single-story structures and 110 feet is required, on one side, for multiple stories.*
- ¹⁶ *Based on gross project area.*
- ¹⁷ *Projects that do not front E. Grand Avenue; densities do not include density bonus. See Chapter 16.80.*
- ¹⁸ *Exceptions for larger setbacks may include entrance courtyards, areas for outdoor dining, or for projects facing a residential district as determined through discretionary review.*
- ¹⁹ *For projects abutting a residential district, corresponding residential setback shall apply.*
- ²⁰ *Maximum height is 35 feet or three stories, whichever is less; a maximum of up to 40 feet for mixed-use projects by discretionary action on lots larger than 20,000 square feet and where the building is not adjacent to a residential district.*
- ²¹ *Maximum height for mixed residential/commercial use is 35 feet or three stories, whichever is less.*
- ²² *A greater size may be allowed through the CUP process.*
- ²³ *Except as otherwise permitted, required rear and interior side building setback areas shall be used only for landscaping, pedestrian walkways, driveways, off-street parking or loading, recreational activities or facilities, and similar accessory activities.*
- ²⁴ *Except as otherwise permitted, a street-side building setback area shall be used only for landscaping, pedestrian walkways, driveways, or off-street parking.*
- ²⁵ *Exceptions may include areas for outdoor sales determined through discretionary action.*

- ²⁶ Structures typically built at back of sidewalk. Exceptions include entrance courtyards and areas for outdoor dining determined through discretionary review.
- ²⁷ Commercial and mixed-use projects larger than 20,000 square feet: 200 square feet of publicly accessible open space is required for every 5,000 square feet of office or commercial spaces exclusive of areas for parking and driveways. See General Commercial and Mixed-Use Design Guidelines and Standards. General Plan Policies LU5-11. For mixed-use projects, refer to Section 16.48.065. Additional sign standards are found in Chapter 16.60.
- ²⁸ See Design Guidelines and Standards. Parking is to be located behind buildings or to the side. Driveways along E. Grand Avenue shall be minimized by combining driveways, using alleys, or designing development so that access is provided from local streets. See Section 16.56.020.
- ²⁹ See Design Guidelines and Standards. Please note General Plan Policies LU5-11. For mixed-use projects, refer to Section 16.48.065. Additional sign standards are found in Chapter 16.60.
- ³⁰ See Design Guidelines and Standards. Parking is to be located behind buildings or to the side. Driveways along E. Grand Avenue shall be minimized when possible by combining driveways, using alleys, or designing development so that access is provided from local streets. See Section 16.56.020.
- ³¹ See Design Guidelines and Standards D-2.11 Exhibit 'A' for shared parking locations. See also Section 16.56.020. Exceptions allowed by Section 16.16.120.
- ³² See OMU-D-2.20. Please note General Plan Policy LU5-11. For mixed-use projects, refer to Section 16.48.065. Additional sign standards are also found in Chapter 16.60.
- ³³ Minimum lot sizes may be reduced by two-thirds if the area reduction is devoted to common area, open space, green belt, or other recreational uses.
- ³⁴ Per development plan.

Building Code Requirements

The Arroyo Grande building requirements are based upon the latest version of the California Building Code, which is a version of the International Building Code adopted by the state. The City adopted Ordinance No. 679 in 2016, which amended the Arroyo Grande Municipal Code Chapter 8.04 and 8.08 related to the adoption of the California Fire Code and International Fire Code; and amended Chapter 15.04 related to the adoption of the California Building Code, California Residential Code, California Electrical Code, California Mechanical Code, California Plumbing Code, California Green Building Code, California existing Building Code, California Energy Code, California Historical Building Code, and the International Property Maintenance Code. The 2016 Ordinance also made a local amendment to Section 15.04.024 of the Municipal Code regarding fire sprinklers. Code enforcement is complaint-based. If an infraction is found, the enforcement officer provides a list of potential resources to the homeowner. The code ensures safe housing and is not considered a significant constraint to housing production.

Inclusionary Housing

In 2000 (last amended in 2007), the City adopted an Inclusionary Housing Ordinance (Development Code Chapter 16.80, Inclusionary Affordable Housing Requirements). To date, two very-low income units have been entitled during previous planning periods, but otherwise, applicants have chosen to pay the in-lieu fee described in the ordinance. To incentivize the entitlement of affordable units, the City increased the housing in-lieu fee from 1 percent to 5 percent.

According to the ordinance, any residential development of two units or more is required to build a certain percentage of the units as affordable, pay an in-lieu fee, or donate a suitable amount of land. The required percentages are as follows:

- At least five percent very low-income units;
- At least 10 percent lower-income units;
- At least 15 percent moderate-income units where the proposed project is planned for rental units or units that are not developed as a common interest development pursuant to Civil Code Section 1351; or
- An equivalent combination as determined by the Community Development Director.

The inclusionary units can be owner-occupied or rental units and restrictions must be put in place to maintain their affordability for at least 45 years for owner-occupied units and 55 years for rental units. The determination whether an applicant constructs units, pays an in-lieu fee, or donates land is made by the City Council on a project-by-project basis.

Allowances and incentives are available for projects with inclusionary units, including density bonuses, fee waivers or reductions, modification of development standards, and technical assistance from the City on applying for financial subsidy programs. Establishment of these regulations has increased the supply of affordable housing in Arroyo Grande. Increased flexibility during the review process and with project review costs are intended to offset increased costs and time required to meet the requirements of this inclusionary section of the Development Code. Program E.1-1 is proposed to evaluate the effectiveness of these regulations to date and amend Chapter 16.80, Inclusionary Affordable Housing Requirements, as deemed helpful to increase production of affordable units.

Vacation Rentals

The City last updated their vacation rental regulations in 2014. These regulations can be found in Section 16.52.230 and 240 of the Development Code. Vacation rentals and homestays are permitted with an MUP in the RE, RH, RR, RS, SF, VR D-2.4, MF, and MFA zoning districts and are prohibited in all other residential zoning districts. They are also permitted in the TMU D-2.11, VCD HCO D-2.4, VMU D-2.11, HCO D-2.4, GMU, FOMU, HMU, and OMU 1 D-2.20 zoning districts and are prohibited in all other commercial and mixed-use zoning districts. The property owner is required to obtain an MUP-Plot Plan Review and a business license from the City. Vacation rental and homestays must be at least 300 feet from any other vacation rental or homestay on the same street. Additional performance standards and conditions are found in the Development Code sections referenced above. The vacation rental and homestay regulations balance housing needs of long-term residents with the mission of providing accommodations to visitors to the city.

Density Bonus Standards

The City's density bonus program (Development Code Chapter 16.82) implements the state's Density Bonus Law. The purpose of the density bonus requirements is to increase the production of affordable housing for very low, low, and moderate-income households as well as senior housing and mobile home developments.

Developer concessions or incentives are granted for a residential project that meets the criteria for a density bonus project. Incentives granted by the City include, but are not limited to:

- Flexibility in development standards;
- Approval of mixed-use zoning in conjunction with the housing project;
- Leniency on parking ratios set forth in Government Code Section 65915; or
- Other regulatory incentives or concessions proposed by the City or developer.

The City updated their density bonus program in 2007 to be consistent with updates to state law before that year; however, amendments are required to bring regulations into compliance with the changes made to state law since 2007. Therefore, Program A.10-1 is proposed to bring the City into complete compliance with current state density bonus law.

Emergency Shelters and Transitional Housing

State legislation SB 2 requires jurisdictions to permit emergency shelters without a CUP or other discretionary permits, and transitional housing and supportive housing must be considered residential uses and must only be subject to the same restrictions that apply to the same housing types in the same zone. Ordinance No. 677 was adopted in April 2016 to amend the Development Code to comply with state law regarding Emergency Shelters and Supportive and Transitional Housing. Emergency shelters are allowed without discretionary review in the IMU and HMU zoning districts. Operational standards for emergency shelters are located in Development Code Section 16.52.091. There are three vacant parcels in the HMU zoning district and the area of these parcels is approximately 1.65 acres. The acreage of each of the three vacant parcels is .58, .07, and 1.00 acres. There are currently no vacant parcels in the IMU zoning district. In addition, there are 22.8 acres on 13 parcels on non-vacant sites in the IMU zoning district. Aside from the one non-vacant site zoned HMU and the three vacant parcels, there are 68 parcels on 20.5 acres in the HMU zoning district. Many of these parcels could potentially accommodate an emergency shelter in new or repurposed buildings. The available sites in the overlay provide a sufficient number of options with

a sufficient amount of acreage for shelter beds that could address the needs of the number of homeless persons in the City. The Emergency Shelter Overlay zoning district is located in areas of the City close to transit and services.

Accessory Dwelling Units

In the City's Development Code, accessory dwelling units are described as either a detached or attached dwelling unit that provides complete, independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the primary residence. Accessory dwelling units can be an important source of affordable housing because they are smaller than primary units and they do not have direct land costs. Accessory dwelling units can also provide supplemental income to the homeowner, for example allowing the elderly to remain in their homes. Accessory dwelling units are permitted in the RE, RH, RR, RS, SF, VR, MF, MFA, MFVH, and MHP zoning districts. Regulations specific to accessory dwelling units are found in Development Code Section 16.52.150. The City amended its zoning in 2017 to comply with updates to state legislation. However, additional legislation was passed in late 2019 that the City will need to address in an amended accessory dwelling unit ordinance. Program A.2-1 will bring the City into complete compliance with current state law regarding accessory dwelling units.

Development Processing and Development Impact Fees

Like most cities in California, Arroyo Grande charges planning, building, and impact fees for residential developments. Table 5-8 summarizes the planning fees charged by the Community Development Department for processing residential applications. These fees are established by the City Council to cover the staff and other costs associated with processing a housing development application. These fees are comparable to other area jurisdictions and not considered excessive.

The fees charged at the time of the issuance of a building permit for residential development include standard building permit plan check and inspection fees as well as impact fees set by the City. Building fees are set according to the types of permits processed under the Building Code and represent the costs for plan review and inspection of the project construction. Given the nature of these fees, they are not considered excessive in that they are essential to ensure the health and safety of the project construction.

Impact fees cover the costs of infrastructure and public services. Given the current tax structure the City must operate under, there are not adequate general funds to provide the services and infrastructure necessary for new residential development as they place new demands and impacts on the City's infrastructure and services. Thus, development impact fees must be charged to cover the development's costs of the services or infrastructure requirements.

School impact fees that have been imposed by the local school district help cover their costs of construction needed to support additional school population associated with new residential development. Development impact fees increase the cost of housing, and proportionally, affordable housing.

As an incentive to produce more affordable housing, the City eliminated or reduced development impact fees for very low and low-income housing developments, including accessory dwelling units. Water and sewer fees still apply.

Table 5-8 Schedule of Typical Fees for Residential Development	
Application Type	Base Fees
Appeals	
From Community Development Director to Planning Commission	\$ 491
From Planning Commission decision to City Council	\$ 1,163
Certificate of Compliance	\$ 3,512
Conditional Use Permit (CUP)	
Major (Multi Building)	\$ 14,347
Minor – (Change of use or as otherwise determined by Director))	\$ 6,212
Amendment	\$ 3,137
Development Agreement	\$ 24,024
Development Code Amendment	
Major (Determined by Director)	\$ 16,187
Minor (Determined by Director)	\$ 8,901
EIR/Environmental Studies	
Initial Study Fee	\$ 3,412
Negative Declaration (in addition to Initial Study Fee)	\$ 554
Mitigated Negative Declaration (in addition to Initial Study Fee)	\$ 2,318
General Plan Amendment	
Major (Determined by Director)	\$ 16,187
Minor (Determined by Director)	\$ 8,901
Minor Use Permit	
Architectural Review: Major (Determined by Director)	\$ 5,145
Architectural Review: Minor (Determined by Director)	\$ 923
Minor Exception	\$ 999
Plot Plan Review	\$ 735
Viewshed Review	\$1,130
Specific Plan	
Deposit	\$ 23,978
Planned Unit Development	
Major (Determined by Director)	\$ 15,261
Minor (Determined by Director)	\$ 7,301
Pre-Application Review	\$ 1,228
Planning Commission (per meeting)	\$ 1,810
Second Dwelling Unit (see CUP)	
Tentative Parcel Map (>5 lots)	
Base Fee (5–20 lots)	\$ 15,670
Base Fee (Over 20 lots)	\$ 18,190
Vesting	\$ 1,535
Amendment	\$ 6,879

Table 5-8 Schedule of Typical Fees for Residential Development	
Application Type	Base Fees
Tentative Tract Map (<4 lots)	
Base Fee	\$ 9,537
Vesting	\$ 591
Amendment	\$ 4,620

Source: City of Arroyo Grande. Community Development Department Application Fees, 2019.

Additionally, the City requires each newly constructed residential project to pay impact fees related to the cost of providing public services.

Table 5-9 Schedule of Typical Development Impact Fees for Residential Development		
Fee	Single-Family Home	Multifamily Home, Per Unit
Fire Protection	\$ 2,015	\$ 181
Police Facilities	\$ 126	\$ 222
Traffic Signalization	\$ 741	\$ 519
Transportation Facilities	\$ 2,022	\$ 1,415
Community Centers	\$ 149	\$ 110
Park Improvements	\$ 2,573	\$ 1,906
Water Facilities (1")	\$ 1,746	\$ 1,746
School, per square foot	\$ 3.48	\$ 3.48

Source: City of Arroyo Grande. Community Development Department, February 2020.

The total fees charged at Building Permit issuance for the average single family is approximately \$28,594 per unit, which includes building fees and impact fees. For multifamily projects, the estimated building and impact fees are estimated at approximately \$12,475 per unit. These fees are one of the substantial costs of housing, but as noted above, these fees are either required consistent with the building code, are needed to finance infrastructure or services, or serve as mitigation for the project impacts.

Total fees comprise approximately 5.4 percent of the home purchase price (see Table 5-10). Given the prices of housing in the City and fees in other jurisdictions, fees charged for residential development are not a significant factor contributing to the high housing costs in the City.

Table 5-10 Proportion of Fee in Overall Development Cost for a Typical Residential Development		
Development Cost for a Typical Unit	Single Family	Multiple Family
Total estimated fees per unit ¹	\$28,594	\$12,475
Estimated development cost per unit ²	\$501,133	\$249,697
Estimated proportion of fee cost to overall development cost per unit	5.7%	5.0%

Notes

¹ Source: City of Arroyo Grande Application Fees, 2019 and Development Impact Fees, 2020.

Source: City of Arroyo Grande, 2020; Zillow, 2020, based on a one-half acre land cost and the median per-acre cost of land.

Permit Processing Timelines

Permit processing times in Arroyo Grande are comparable to other cities in the county. Most of the processing times are a result of state-mandated reviews and hearings, including the time required for preparation of the required environmental documents. Projects requiring an EIR can be processed in a year. Those not requiring an EIR may be processed in six months or less. While application and permit processing times may seem excessive by some, they are generally prescribed by law.

It should be noted that timelines can also change depending on if a proposed project is in a Planned Development Area. Any project within a Planned Development requires City Council approval. The 2001 General Plan Land Use Map eliminated reference to already developed Planned Development (PD) areas but retained vacant areas. The Development Code and Zoning Map were updated to rezone commercial properties located in Planned Development areas from PD 1.1 and PD 1.2 to Regional Commercial (RC). This change results in shorter permit processing timelines for commercial projects in developed PD areas.

The goal of the City of Arroyo Grande Community Development Department is to issue a decision within the time periods listed in Table 5-11. These time periods begin when a complete application is submitted and are extended when additional information is requested by the City. Applications for building permits are usually submitted within one year once a project is fully entitled. To assist applicants, the City provides the timeframes below for "target issuance date"—when an applicant can expect a decision on their application, and an "initial comments due" date—when they can expect to receive initial review comments from staff.

Typical built densities range in different zoning districts. Within the single-family zoning districts the built density ranges from 0.4 dwelling units per acre in the Residential Estate zone, to 4.5 dwelling units per acre in the Single Family zone. The typical density for the Condominium/Townhouse zone is one dwelling per every 4,840 square feet, or the equivalent of 9 du/ac. The typical density for the Multifamily Apartment zone is 3,111 sf per dwelling or the equivalent of 14 units per acre. The typical density for the Multifamily Very High Density zone is 1,742 sf per dwelling or the equivalent of 25 du/ac. The mixed-use zones allow various levels of density ranging from 15 dwelling units per acre for 100% residential projects in the Office Mixed-Use zone to 25 dwelling units per acre for mixed-use projects in the Fair Oaks Mixed-Use and Gateway Mixed-Use zoning districts. During the fifth cycle planning period, the average residential density for all projects approved in mixed-use zoning districts was 81 percent of the maximum density available.

The City did not receive any requests to develop at lower densities during the 5th cycle.

Table 5-11 Permit Processing Timeline		
Permit Type	Initial Comments Due:	Target Issuance Date:
Minor-Use Permit (administrative) (Formerly Viewshed, Plot Plan, Architectural Review, and Minor Exception permits)	14 days	21 days
Temporary Use Permit (administrative)	7 days	14 days
Administrative Sign Permit (administrative)	7 days	14 days
Conditional Use Permit (discretionary)	30 days	180 days
Lot Line Adjustment (discretionary)	30 days	90 days

Table 5-11 Permit Processing Timeline		
Permit Type	Initial Comments Due:	Target Issuance Date:
Tentative Parcel Map (discretionary)	30 days	120 days
Tentative Tract Map (discretionary)	30 days	180 days
Development Code Amendment (discretionary)	30 days	180 days
General Plan Amendment (discretionary)	30 days	180 days
Specific Plan (discretionary)	30 days	1 year
Variance (discretionary)	30 days	90 days

Source: City of Arroyo Grande 2020.

On- and Off-Site Improvement Requirements

Typical on- and off-site improvement requirements for residential subdivisions and/or mixed-use projects are imposed as part of the approval process for a subdivision and/or CUP application. Current improvement standards include submittal of the following improvement plans: Grading and drainage; erosion control; street improvements; curb, gutter, and sidewalk; public utilities; water and sewer; landscaping and irrigation. These improvement plan requirements are generally based on health, safety, and to a lesser extent, aesthetic issues. As with land costs, several variables affect the amount of site improvement costs, including site topography and proximity to established roads and utilities. Minimum street widths vary for different street types. For a local road the minimum width is 52 feet, for a residential collector it is 60 feet, for a collector 78 feet, for an arterial 86 feet, and for a primary arterial 110 feet.

The City requires that curbs, gutters, and sidewalks be placed along the frontage of every lot on which new construction is done. Many of these improvements, especially sidewalks, generally are required to provide pedestrian access and access for the handicapped. These costs have been estimated at \$82 per linear foot for curb, gutter, and sidewalk for a standard single-family housing subdivision. The City's Municipal Code also requires any project that includes the addition of more than 500 square feet of habitable space to place their utility service connections underground. Applications for all tract and parcel maps, conditional use permits, and variances shall include undergrounding all utilities as a condition of approval. While these costs contribute to the cost of a housing unit, the improvements required by the City are typical of all cities in the state and do not impose a significant constraint on the development of housing in the City. City regulations are intended to generally encourage high-quality private development and new construction.

Improvement requirements also include off-street parking standards. Table 5-12 lists applicable parking space requirements for residential developments. In certain situations, parking requirements may be reduced or waived. This includes some alternative parking arrangement options, such as common parking facilities and density-bonus parking reduction concessions. The Development Code does not require bicycle parking for residential uses; however, the City does encourage bicycle parking to reduce traffic congestion and air pollution problems.

Off-street disabled/handicapped parking is required in compliance with the California Building Code and California Code of Regulations Title 24.

Table 5-12 Residential Parking Standards	
Residential Use	Parking Standard
Single-family homes	
Conventional size lot	2 spaces per unit within an enclosed garage
Small lot (PUD)	2 spaces per unit within an enclosed garage and 0.5 space/unit for visitor parking
Duplexes	2 space per unit within an enclosed garage and 1 uncovered space per unit
Second residential units	1 uncovered space per unit
Townhouse and condominiums (Attached ownership units)	
RESIDENT AND VISITOR PARKING:	
Studio	1 space per unit within an enclosed garage
1 bedroom	1 space per unit within an enclosed garage and .5 uncovered spaces per unit for developments over four units.
2+ bedrooms	2 spaces per unit within an enclosed garage and 0.5 uncovered space per unit for developments over four units.
Apartments and multifamily dwellings (rental units)	
RESIDENT PARKING:	
Studio	1 covered space per unit
1 bedroom	1 covered space per unit and 0.5 uncovered space per unit for developments over four units
2+ bedrooms	2 covered spaces per unit and 0.5 uncovered space per unit for developments over four units.
Senior housing - independent living	
RESIDENT PARKING:	
Studio	1 covered space per unit
1 bedroom	1 covered space per unit
2+ bedrooms	1 covered space per unit and 0.5 uncovered space per unit
Senior housing - assisted living	1 uncovered space per 3 beds and 1 space per employee on the largest work shift
Mobile home parks	2.5 uncovered spaces per unit
Large family day care facilities	1 uncovered space per staff person other than the homeowner in addition to the required parking for the residential building

Source: City of Arroyo Grande Development Code.

Constraints on Housing for Disabled Persons

As part of the governmental constraints analysis, state law calls for the analysis of potential and actual constraints to the development, maintenance, and improvement of housing for persons with disabilities. Table 5-13 reviews the Development Code, land use policies, permitting practices, and building codes to ensure compliance with state and federal fair housing laws. Where necessary, the City proposes new policies or programs to remove constraints.

Arroyo Grande has not specifically adopted a reasonable accommodation policy or ordinance to accommodate housing or access considerations for persons with disabilities. However, the City

does follow California's accessibility laws through the implementation of the California Building Code.

Table 5-13 Constraints on Housing for Persons with Disabilities	
Overarching and General	
Does the City have a process for persons with disabilities to make requests for reasonable accommodation?	Arroyo Grande has not adopted a reasonable accommodation policy or ordinance for persons with disabilities in the enforcement of development and building codes and the issuance of building permits. However, the City allows retrofitting to increase suitability of homes for people with disabilities. Program K.2-1 is proposed to create a reasonable accommodation procedure for the City.
Has the City made efforts to remove constraints on housing for persons with disabilities?	Group homes (residential care facility) of six persons or less are permitted by right in all residential zoning districts in the City. Group homes of seven or more are permitted with a CUP in the VCD, VMU, GMU, FOMU, and OMU mixed-use zoning districts.
Does the City assist in meeting identified needs?	The City works with service providers in the region to address and, if possible, help fund work that addresses those with identified needs. Program K.1-1 commits the City to continue working on addressing the needs of those with disabilities, including developmental disabilities.
Zoning and Land Use	
Has the City reviewed all its zoning laws, policies, and practices for compliance with fair housing law?	Yes, the City has reviewed the land use regulations and practices and is in compliance with fair housing laws.
Are residential parking standards for persons with disabilities different from other parking standards? Does the City have a policy or program for the reduction of parking requirements for special needs housing if a proponent can demonstrate a reduced parking need?	Section 16.56.070 of the Development Code (Design and paving standards for off-street parking facilities) mandates the provision of disabled parking spaces in accordance with California Building Code (part 2 of Title 24) Chapter 11. In certain situations, parking requirements may be reduced or waived. This includes some alternative parking arrangement options, such as common parking facilities and density bonus parking reduction concessions.
Does the locality restrict the siting of group homes?	No. Group homes for less than six people are permitted by right in all residential zoning districts.
What zones allow group homes other than those allowed by state law? Are group home over six persons allowed?	Group homes (referred to as Residential Care Facilities in the Development Code) of six or less individuals are allowed by right in all residential districts. They are allowed in the VCD, VMU, HCO, GMU, FOMU, and OMU districts with an MUP. Facilities with more than seven residents are allowed in the VCD, VMU, HCO, GMU, FOMU, and OMU districts with a CUP.
Does the City have occupancy standards in the zoning code that apply specifically to unrelated adults and not to families?	No
Does the land use element regulate the siting of special needs housing in relationship to one another?	No. There is no minimum distance required between two or more special needs housing units.

Table 5-13 Constraints on Housing for Persons with Disabilities	
Permits and Processing	
How does the City process a request to retrofit homes for accessibility?	Arroyo Grande allows residential retrofitting to increase the suitability of homes for people with disabilities in compliance with ADA requirements, as permitted in the California Code.
Does the City allow groups homes with six or fewer persons by right in single-family zoning districts?	Yes.
Does the City have a set of particular conditions or use restrictions for group homes with greater than six persons?	Group homes with greater than six persons are allowed by CUP in the VCD, VMU, HCO, GMU, FOMU, and OMU districts. They are subject to review by the architectural review committee and are required to be in compliance with the same parking and site coverage requirements as multifamily uses. The City does not have a set of conditions of approval for these facilities.
What kind of community input does the City allow for the approval of group homes?	Group homes (or Residential Care Facilities) of six or less individuals are allowed by right in all residential districts. They require no other planning approval other than to ensure that the development conforms to the standards of the Development Code. The facilities with more than seven residents are allowed in VCD, VMU, HCO, GMU, FOMU, and OMU districts with a CUP. The CUP provides the public with an opportunity to review the project and express their concerns in a public hearing.
Does the City have particular conditions for group homes that will be providing services on site?	No, the City does not have special standards or conditions of approval for group homes regarding services or operation.
Building Codes	
Has the locality adopted the Uniform Building Code?	Arroyo Grande has adopted the California Building Code. No amendments have been made that affect the ability to accommodate persons with disabilities.
Has the City adopted any universal design element into the code?	No.
Does the City provide reasonable accommodation for persons with disabilities in the enforcement of building codes and the issuance of building permits?	Arroyo Grande allows for reasonable accommodation for persons with disabilities in the enforcement of building codes and issuance of building permits. Program K.2-1 is proposed to create a reasonable accommodation procedure for the City.

Source: City of Arroyo Grande 2020

5.2 Environmental Constraints and Energy Conservation

The City adopted a General Plan Update in 2001. As part of the process of adopting the update, a program EIR was prepared to address the environmental issues attributed to the growth proposed. It is important to note that the General Plan Update evaluated residential growth that is very similar to that included in the RHNA adopted for the City, except that the General Plan assumes a longer planning period than the needs assessment. The General Plan Update EIR concluded that there were three major environmental impacts that were significant and could not be feasibly mitigated to less than significant: water availability, traffic/circulation, and air quality. Thus, findings and statements of over-riding consideration were adopted. These critical issues are considered constraints on residential development and are discussed herein, along with other constraints anticipated.

Water Availability

According to the 2015 Urban Water Management Plan, the City used 113 gallons per capita per day in 2015. In calendar year 2019, the City used 2,138 acre-feet of water, which calculates to a per-capita consumption of 108 gallons per person per day. If the per-capita consumption remains at this level, the City's buildout population of 20,000 would require an annual supply of 2,420 acre-feet, which can be met with the current water supply. The City continues to offer free plumbing retrofits, washing machine rebates, and commercial dishwashing machine rebates to customers. City customers have reduced their per-capita consumption rate by 34 percent since 2013, conserving 975 AFY. This effort, along with improved groundwater and surface water management, coupled with the Central Coast Blue recycled water project, will provide Arroyo Grande with a sustainable water supply for the foreseeable future. It is, therefore, anticipated that current water resources will be sufficient to serve the increased population proposed by the General Plan, and thus, adequate to serve the projected population proposed by the RHNA.

Traffic/Circulation

The General Plan Program EIR evaluated traffic impacts, both from proposed City development as well as regional impacts of growth. The EIR concluded that many local streets and Highway 101 will be significantly impacted. It is difficult to estimate how significant Highway 101 impacts would be during the timeframe of the General Plan in that the improvements required to serve much of the undeveloped land in the southeast and south portions of the City are not yet planned and likely will not be implemented until after the Housing Element planning period. However, there has been planning progress for Highway 101 interchange improvements in the vicinity of Brisco Road. Despite these planned improvements, additional development will cumulatively impact area roadways and thus is another constraint to continued regional residential development, including within the City.

Air Quality

Like traffic/circulation, air quality was determined in the General Plan Program EIR to be a significant impact that cannot be mitigated to less than significant levels. This is a cumulative impact attributed to additional growth, thus may be considered a significant constraint to continued residential regional development, including within the City.

Flooding

Arroyo Grande is in a Mediterranean climate with a rainy season lasting from approximately November to March. While rain is possible during other times of the year, these are months where the most substantial rainfall occurs in the City. The waterways with potential for 0.1 percent (100 year) flood events include Canyon/Meadow Creek, Corbett Canyon, Tally Ho, Arroyo Grande, and Los Berros Creeks. One of the greatest challenges for the City is managing flood risks that begin upstream and outside City limits. One solution that has been implemented with the cooperation of the San Luis Obispo County Resource Conservation District (RCD) is the creation of a special zoning district. This RCD zoning district 1/1A provides funding for flood control projects. Severe flooding events in 2003 indicated that additional flood control measures are required to reduce the long-term risk.

Earthquakes and Ground-Shaking

There are two faults within the City limits – the Pismo Fault and the Wilmar Avenue Fault. The Pismo Fault is an inactive fault and presents a low risk to Arroyo Grande. The Wilmar Avenue Fault is a potentially active fault that runs through the City and follows Highway 101. California defines potentially active as a fault that has experienced surface rupture within the last 1.6 million years. According to the City's Local Hazard Mitigation Plan, the Wilmar Avenue Fault presents a moderate risk to the City.

The greatest risk to Arroyo Grande for ground-shaking is from the San Andreas Fault and the Hosgri Fault. The San Andreas Fault historically has caused earthquakes greater than 8.0 in magnitude and will likely cause future earthquakes of this magnitude. In December 2003, a 6.5-magnitude earthquake from the Hosgri Fault struck northern San Luis Obispo County. This earthquake resulted in two deaths and damage to 40 buildings.

There are 26 buildings identified under the Unreinforced Masonry Building Law in Arroyo Grande. The existence of these buildings led to the City establishing a mandatory strengthening program to reduce risk from these buildings. All 26 buildings are in compliance with the local strengthening program.

Landslides

A majority of Arroyo Grande is at low risk for landslides. The areas at greatest risk are hillsides where steeper slopes are located. The potential for slope stability hazards in valley areas is low to very low. The areas at greatest risk for landslide are just north of Highway 101 in the hillsides and in the eastern sections of Arroyo Grande.

Energy Conservation

Planning and design to maximize energy efficiency and the incorporation of energy conservation and green building features contributes to reduced housing costs as well as reduced greenhouse gas (GHG) emissions. Energy-efficient community design can reduce dependence on automobiles.

Residential water heating and heating/cooling are major sources of energy consumption. With the application of energy-efficient design and the use of solar power systems, home heating and cooling can be operated on a more efficient and sustainable level.

By encouraging solar energy technology for residential heating/cooling in both retrofits and new construction, the City can play a major role in energy conservation. There are two distinct approaches to solar heating: active and passive. The best method to encourage use of solar systems for heating and cooling is to not restrict their use in the zoning and building ordinances and to require subdivision layouts that facilitate solar use.

Residential water heating can be made more energy efficient through the application of solar water heating technologies. Solar water heating uses the sun to heat water, which is then stored for later use; a conventional water heater is needed only as a backup. Solar water heating systems can lower energy bills and reduce GHG emissions.

In response to legislation on global climate change, local governments are required to implement measures that cut GHG emissions attributable to land use decisions. Executive Order S-E-05 initiated the first steps in establishing GHG emission reduction targets in California. This was followed by the California Global Warming Solutions Act (AB 32), which required the California Air Resources Board (CARB) to establish reduction measures.

In November 2011, the City adopted a Climate Action Plan (CAP). In conjunction with other San Luis Obispo County jurisdictions, the City secured a \$102,940 grant through the California Strategic Growth Council for the "Central Coast Collaborative CAP Implementation and Monitoring Program."

The collaborative implementation and monitoring program is an innovative strategy that will help the region achieve significant GHG reductions and allow them to track these reductions and determine overall progress toward achieving state goals. The program will provide a user-friendly tool to record data associated with CAPs and other GHG-reducing activities, which will result in tangible data regarding the effectiveness of GHG reduction strategies. Therefore, if strategies are not performing as well as initially expected, corrective action can be taken immediately to focus efforts on achieving the largest GHG reductions at the lowest cost. This work program will also include best practices for implementation of one of the GHG reduction strategies - an energy audit and retrofit program. The tools and best practices developed as part of this work program will provide valuable resources that can be implemented in other local and regional jurisdictions across the state.

In addition to implanting GHG reduction programs as part of the CAP, there are several areas where the City supports programs for energy conservation in new and existing housing units:

- Through application of state residential building standards that establish energy performance criteria for new residential buildings (Title 24 of the California Administrative Code and California Energy Commission requirements). These regulations establish insulation, window glazing, air conditioning, and water heating system requirements.

Active Systems use mechanical equipment to collect and transport heat, such as a roof plate collector system used in solar water and space heaters.

Passive Systems use certain types of building materials to absorb solar energy and can transmit that energy later, without mechanization.

- Through appropriate land use policies and development standards that reduce energy consumption, such as promoting more compact, walkable neighborhoods, with housing close to jobs, community facilities and shopping; planning and zoning for mixed-use and higher-density development; and permitting accessory dwelling units.

The following opportunities for energy conservation are also available to the City, homeowners, and developers:

- PG&E provides a variety of energy conservation services for residents and provides several other energy assistance programs for lower-income households. These programs include their Energy Watch Partnerships and the Charitable Contributions Program.
 - The Energy Watch Partnerships help residents lower their energy bills and promote cleaner energy production. Through this program, PG&E has extended the reach of effectiveness of energy efficiency programs, and provided information about demand response programs, renewable energy, and self-generation opportunities.
 - The Charitable Contributions Program gives millions of dollars each year to non-profit organizations to support environmental and energy sustainability. Projects include residential and community solar energy distribution projects, public education projects, and energy efficiency programs. The goal is to ensure that 75 percent of the funding assists underserved communities, which includes low-income households, people with disabilities, and seniors.
- PG&E also offers rebates for energy-efficient home appliances and remodeling. Rebates are available for cooling and heating equipment, lighting, seasonal appliances, and remodeling (cool roofs, insulation, water heaters). These opportunities are available to all income levels and housing types.
- The Solar Water Heating and Efficiency Act of 2007 (AB 1470) created a \$250 million, 10-year program to provide consumer rebates for solar water heating systems.
- Green Building Executive Order, S-20-04 (CA 2004), the Green Building Initiative, set a goal of reducing energy use in public and private buildings by 20 percent by the year 2015, as compared with 2003 levels. The initiative encourages residential development projects to increase energy efficiency percentage beyond Title 24 requirements. In addition, projects could implement other green building design (i.e., natural day lighting and on-site renewable, electricity generation). The City could also consider adopting standards that encourage or require specific LEED standards for green building.
- The California Solar Initiative required installation of 1 million solar roofs or an equivalent 3,000 megawatts (MW) by 2017 on homes and businesses, increased use of solar thermal systems to offset the increasing demand for natural gas, use of advanced metering in solar applications, and creation of a funding source that can provide rebates over 10 years through a declining incentive schedule. The City should access the incentives that will be made available and provide information to developers, to encourage the installation of solar roofs on new residential development.
- Arroyo Grande will join Central Coast Community Energy to implement community choice electricity sourcing beginning January 1, 2021. Arroyo Grande will join most of the other cities in the county and much of the rest of the central coast of California to source their electricity from this company rather than PG&E in order to receive electricity from more renewable sources. Transmission of electricity will still be via PG&E transmission lines.

Program L.1-1 has been included to incorporate newly adopted state energy-efficiency standards and to encourage alternative energy-efficient technologies.

5.3 Non-Governmental Constraints

This section provides information related to constraints to producing housing, specifically affordable housing, that result not from governmental regulation, but from other forces affecting the housing market. Primarily, this examines the economic factors that contribute to the price of housing in Arroyo Grande. Other factors that affect housing costs that are not addressed are sales and marketing costs, property taxes, and developer profits.

Land Costs

Land costs vary substantially based upon a number of factors. The main influences on land value are location and zoning, and to a degree, available supply of land. Land that is conveniently located in a desirable area that is zoned for residential uses will likely be more valuable, and thus more expensive.

Based on a May 2020 survey of vacant parcels listed on Zillow.com, it is estimated that the median cost per acre of unimproved residential zoned land in the City is \$370,000, ranging between \$4,248 per acre and \$997,417 per acre. Currently, some of these vacant lots are in more rural areas and are encouraged to be subdivided, potentially reducing the cost per acre. Improved lots can be even more costly. The price varies due to the site zoning, with higher-density zoned land being more expensive per acre (but less per unit). Land costs present a significant constraint to the production of affordable housing in the City.

Construction Costs

Construction costs are those incurred in actually constructing a dwelling unit. These costs can vary depending on the location or style of development. Important determinants of construction costs include the amenities built into the unit, materials used, the prevailing labor rate (a significant issue with subsidized affordable housing given recent legislation including SB 35), and the difficulty of building on the site. In Arroyo Grande, expansive soils may necessitate more extensive foundations for housing units. According to City records, the cost per square foot for construction in Arroyo Grande is \$140 per square foot.

Availability of Financing

The availability of financing affects the ability to purchase or improve homes. In the Arroyo Grande area, 430 loan applications for home purchase or improvements were received in 2018, of which, 391 were conventional loans. Of the 391 conventional loan applications, 356 were for home purchase and 35 were for home improvements. Only 7.7 percent of the 391 conventional loans were denied, 6.6 percent were withdrawn or not accepted by the applicant, and 58.8 percent were approved and accepted.

There were 39 applications for government-assisted home purchase or improvement loans (VA, FHA, FSA/RHS) in 2018. Of these, 18, or 46.2 percent of government-assisted loans were approved and accepted by the applicant. Table 5-14 shows the breakdown of loan applications by type, purpose, and outcome.

Table 5-14 Applications for Loans		
Type of Loan	Number	Percent
Total	430	100.0%
Conventional	391	90.9%
Government-assisted	39	9.1%
FHA-insured	14	35.9%
VA-guaranteed	25	64.1%
Loan purpose		
Conventional	391	100.0%
Home Purchase	356	91.0%
Home Improvement	35	9.0%
Government-assisted	39	100.0%
Home Purchase	38	97.4%
Home Improvement	1	2.6%
Loan Outcome		
Conventional	391	100.0%
Approved and accepted	230	58.8%
Denied	30	7.7%
Withdrawn or not accepted	26	6.6%
Closed/Incomplete	10	2.6%
Purchased by Institution	60	15.3%
Government-assisted	39	100.0%
Approved and accepted	18	46.2%
Denied	5	12.8%
Withdrawn or not accepted	3	7.7%
Closed/Incomplete	1	2.6%
Purchased by Institution	10	25.6%

Source: Consumer Financial Protection Bureau 2018

Most (79.5 percent) applicants for government-assisted loans had an annual income equivalent to or greater than the County median income of \$71,148 in 2018. Similarly, over 92.6 percent of conventional loan applicants earned greater than the County median income. Of all originated loans, 4.4 percent were awarded and accepted by applicants with less than median household income.

CHAPTER 6 - REGIONAL VISION FOR HOUSING

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

Overview

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

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

Alignment with Regional Compact

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

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

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

Goal 3. Create Balanced Communities – *We believe that our Region should encourage new development that helps to improve the balance of jobs and housing throughout the Region, providing more opportunities to residents to live and work in the same community.*

Goal 4. Value Agriculture & Natural Resources – *We believe that our Region's unique agricultural resources, open space, and natural environments play a vital role in sustaining healthy local communities and a healthy economy, and therefore should be purposefully protected.*

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

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

Policies

It will take regional collaboration and local actions to realize the vision and goals outlined in the Regional Compact. Below is an initial list of aspirational regional policies that further the Regional Compact vision, in addition to local policies. By listing these below, it does not mandate any individual agency to implement actions, but rather offers ways that the County, cities, SLOCOG, and other partners can consider moving forward together. In addition, and consistent with each Housing Element cycle, each of the seven cities and the County has the opportunity to choose to implement local policies and programs that help to support their achievement of its Regional Housing Needs Assessment (RHNA), and if an agency chooses to, can also support the Regional Compact vision and goals in a way that works for its jurisdiction and community. Please see Chapter 2 above for a discussion of the local goals, policies, and programs that Arroyo Grande anticipates undertaking during this Housing Element cycle.

R-1: Promote awareness and support of regional efforts that further housing and infrastructure resiliency by using community engagement and consistent and transparent communication.

R-2: Encourage an adequate housing supply and resilient infrastructure, services, and resources to improve the balance of jobs and housing throughout the region.

R-3: Develop inter-agency partnerships as appropriate to implement goals and policies related to housing and infrastructure.

R-4: Coordinate state, federal, and other funding opportunities for housing and infrastructure development throughout the region.

R-5: Encourage developers to sell newly constructed housing units to individuals residing or employed within the area of the development (a city or the County) first before selling to individuals from outside the County, to promote local preference.

R-6: Encourage rental units be prioritized for long-term residents rather than short-term users or vacation rentals.

R-7: Support housing development that is located within existing communities and strategically planned areas.

R-8: Encourage regional collaboration on a menu of housing types, models, and efforts to support streamlined approvals for such developments (e.g., Accessory Dwelling Units, etc.).

Moving Forward

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

Chapter 7 – REVIEW OF THE PREVIOUS HOUSING ELEMENT

This chapter evaluates and reports on the status and implementation of the programs of the 2014–2019 Housing Element. The main purpose is to evaluate which programs were successful and should be continued, and which programs were ineffective and should be eliminated or modified.

Table 6-1 includes the programs identified in the 2014–2019 Housing Element followed by a brief evaluation or status comment.

Table 6-1 Review of 2014-2019 Housing Element Programs			
Program Number	2014–2019 Housing Element Programs	Status of Program	Continue? Amend? Delete in 2020–2028 Housing Element?
A.1-1.	<p>The City shall establish a five-year schedule of actions to implement the goals and policies of the Housing Element.</p> <p>Responsible agency/department: Community Development Department</p> <p>Timeframe: Ongoing – implemented over the life of the Housing Element</p> <p>Funding: General Fund</p> <p>Expected Outcome: Timeline for implementing Housing Element programs</p> <p>Quantified Objective: n/a</p>	<p>An implementation schedule of goals and policies are outlined in the Housing Element but many of the programs associated with these goals and policies have not yet been implemented due to staff constraints. The City will continue to implement programs based on the timeframe under each program. This program is not needed on top of the information in each program.</p>	Delete.
A.1-2.	<p>The City shall report annually on its progress in meeting its fair share housing targets, and provide the collected information to the Department of Housing and Community Development (HCD), development community, and non-profit housing developers. HCD provides specific instructions and a template for the annual report.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Annually – due to HCD in April</p> <p>Funding: General Fund</p> <p>Expected Outcome: Annual assessment and reporting on progress meeting Housing Element housing targets and implementation of programs</p> <p>Quantified Objective: n/a</p>	<p>The City reports annually on progress towards Housing Element implementation and reaching the Regional Housing Needs Assessment (RHNA) target.</p>	Delete.

Table 6-1 Review of 2014-2019 Housing Element Programs			
Program Number	2014–2019 Housing Element Programs	Status of Program	Continue? Amend? Delete in 2020–2028 Housing Element?
A.1-3	<p>The City shall amend the Development Code to revise the requirements for the Traffic Way Mixed Use District to remove the limitation to only live-work residential uses. A mix of residential use types shall be allowed as allowed in all of the mixed use zoning districts (except the Industrial Mixed Use District). The Development Code shall also be amended to allow residential projects at densities up to 20 units per acre in the Traffic Way Mixed Use District.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Within 1 year of Housing Element adoption</p> <p>Funding: General Fund</p> <p>Expected Outcome: Development Code amendment</p> <p>Quantified Objective: 10 moderate-income units, 10 above moderate-income units</p>	<p>The City has not amended the Development Code regarding the limitations on uses. The densities for the Traffic Way Mixed-Use District have also not been amended. This is due to staff constraints. This program will be continued.</p>	<p>Continue.</p>
A.2-1.	<p>The City shall continue to encourage and publicize on the City's website the secondary dwelling program to increase public awareness.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Ongoing</p> <p>Funding: General Fund</p> <p>Expected Outcome: Expected outcome is continued consistent production of secondary units as an affordable housing alternative</p> <p>Quantified Objective: 5 units/year during the planning period. Total of 30 low-income units for the planning period.</p>	<p>The Development Code was updated in October 2017 regarding accessory dwelling units for compliance with state law (Ordinance No. 688). The City has continued to monitor impacts to accessory dwelling units from short-term rentals. Currently, the City provides information about accessory dwelling units on the City's website, including development standards, procedures, and fees. This program will be continued and will include further amendments to the ordinance to address recent updates to state law.</p>	<p>Amend to address updates in state law and add additional City efforts to promote ADUs and continue.</p>

Table 6-1 Review of 2014-2019 Housing Element Programs			
Program Number	2014–2019 Housing Element Programs	Status of Program	Continue? Amend? Delete in 2020–2028 Housing Element?
A.3-1.	<p>The City shall amend the Municipal Code to provide incentives for the development of affordable housing projects, including expedited permitting, providing financial assistance through the City's Inclusionary Housing Trust Fund, requiring lot consolidation, and providing greater flexibility in development standards.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Within 2 years of Housing Element Adoption</p> <p>Funding: General Fund</p> <p>Expected Outcome: Additional affordable units</p> <p>Quantified Objective: 5 very low-income and 5 low-income units</p>	<p>The Municipal Code has not yet been amended to include these incentives for affordable housing projects. However, impact fees have been reduced for affordable housing projects. In addition, the City has received funding through Senate Bill 2 to revise zoning to streamline review of affordable housing projects. This program has not successfully been implemented due to staff constraints and will be continued.</p>	Continue.
A.3-2.	<p>The City shall amend the Development Code to include the definition of "Extremely Low-Income" as defined by Section 50093 of the California Health and Safety Code.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Within 1 year of Housing Element adoption</p> <p>Funding: General Fund</p> <p>Expected Outcome: Development Code amendment</p> <p>Quantified Objective: n/a</p>	<p>The definition of "extremely low-income" has not yet been included in the Development Code. Extremely low-income households earn 30 percent or less of the median household income. The City relies on the County's affordable housing standards, which define extremely low-income households. This does not need inclusion in the City's Development Code. This program will not be continued.</p>	Delete.

Table 6-1 Review of 2014-2019 Housing Element Programs			
Program Number	2014–2019 Housing Element Programs	Status of Program	Continue? Amend? Delete in 2020–2028 Housing Element?
A.3-3.	<p>The City shall amend the Development Code to provide additional incentives specific for extremely low-income housing projects. Incentives may include flexible standards for on- and off-site improvements such as reduced parking requirements, reduced curb, gutter, and sidewalk requirements; reduced or deferred water and/or sewer connection fees; permit streamlining procedures and development review; or financial incentives and assistance.</p> <p>Responsible agency/department: City Manager/Administration and Community Development</p> <p>Timeframe: Ongoing</p> <p>Funding: General Fund</p> <p>Expected Outcome: Draft program or ordinance to incentivize and/or streamline permitting and procedures for extremely low-income housing developments</p> <p>Quantified Objective: 2 extremely low-income units</p>	<p>The City has not yet amended the Development Code regarding additional incentives for extremely low-income housing projects. The City continues to monitor evolving state legislation associated with housing to ensure this has not been addressed or preempted. This program will be continued.</p>	<p>Continue.</p>
A.10-1	<p>To facilitate affordable housing, the City shall comply with State Density Bonus Law. The City shall update Development Code Chapter 16.82 to comply with AB 2280. The City will continue to update Chapter 16.82 on an ongoing basis to comply with any future updates to State Density Bonus law (Government Code Section 65915) as well as evaluate proposed Development Code amendments to assess whether they pose any constraints to developer utilization of density bonuses.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Amend Development Code Chapter 16.82 to comply with AB 2280 – Within 1 year of Housing Element adoption; Assess Development Code Amendments - Ongoing</p> <p>Funding: General Fund</p>	<p>The City has not completed the Development Code amendment to comply with recent changes to State Density Bonus Law due to staff constraints. The City continues to comply with state law and offers density bonuses to eligible projects under state law. This program will be continued.</p>	<p>Amend to reflect recent updates to state law and continue.</p>

Table 6-1 Review of 2014-2019 Housing Element Programs			
Program Number	2014–2019 Housing Element Programs	Status of Program	Continue? Amend? Delete in 2020–2028 Housing Element?
	<p>Expected Outcome: City-initiated Development Code Amendments</p> <p>Quantified Objective: n/a</p>		
A.10-2.	<p>The City shall evaluate and amend the Planned Unit Development (PUD) Permit procedures in the Development Code (Section 16.16.060) to provide more predictable options for small lot infill projects in the City’s Residential land use designations.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Within 2 year of Housing Element adoption</p> <p>Funding: General Fund</p> <p>Expected Outcome: Improve the requirements and standards for the PUD process</p> <p>Quantified Objective: 10 moderate and 10 above moderate-income units</p>	<p>The Development Code has not been amended regarding the PUD permit procedures due to staff constraints. This program will be addressed as needed through other programs and will not be continued.</p>	Delete.
A.10-3.	<p>To encourage higher densities and reduce constraints to multi-family housing production, the City shall amend the Development Code to allow densities up to 20 du/ac in the Office Mixed Use (OMU) District for 100% multi-family housing projects with a Minor Use Permit (MUP) subject to design review through the Architectural Review Committee. Mixed-use projects will continue to have a maximum allowed density of 20 du/ac.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Within 2 years of Housing Element adoption</p> <p>Funding: General Fund</p> <p>Expected Outcome: Remove barrier to construct affordable housing</p> <p>Quantified Objective: n/a</p>	<p>The City has not completed the Development Code amendment to allow for increased density in the OMU District due to staff constraints. This program will be continued.</p>	Continue.

Table 6-1 Review of 2014-2019 Housing Element Programs			
Program Number	2014–2019 Housing Element Programs	Status of Program	Continue? Amend? Delete in 2020–2028 Housing Element?
A.12-1.	<p>The City shall continue to maintain its Geographical Information System (GIS) mapping and planning database inventory of vacant and underutilized "opportunity sites".</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: On going</p> <p>Funding: General Fund</p> <p>Expected Outcome: Maintain land availability inventory</p> <p>Quantified Objective: n/a</p>	<p>The City maintains a geographic information system (GIS) database inventory of vacant and underutilized "opportunity sites." This program has been successfully implemented and will be continued.</p>	Continue.
A.14-1.	<p>The City shall amend the Development Code to include a definition of the term "Attainable housing."</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Within 2 years of Housing Element adoption</p> <p>Funding: General Fund</p> <p>Expected Outcome: Development Code amendment</p> <p>Quantified Objective: n/a</p>	<p>The Development Code has not yet been amended to include the definition of "Attainable Housing." This effort will be achieved through an "Affordable Housing" program. The City envisions assessing whether proposed projects include "Attainable Housing" as applications are submitted. This amendment to the Development Code is not needed to further affordable housing objectives. This program will not be continued.</p>	Delete.

Table 6-1 Review of 2014-2019 Housing Element Programs			
Program Number	2014–2019 Housing Element Programs	Status of Program	Continue? Amend? Delete in 2020–2028 Housing Element?
A.15-1.	<p>The City shall establish a program to provide assistance to first-time home buyers.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Within 2 years of Housing Element adoption</p> <p>Funding: General Fund; HCD Home Investments Partnerships Program (HOME)</p> <p>Expected Outcome: Development of a first-time home buyers program</p> <p>Quantified Objective: n/a</p>	<p>In the years following the 2008 recession, a number of the units originally restricted to families earning a moderate income were sold at market rate because the formula used to determine sales price was such that market rate prices were lower than income-restricted prices. By default, the program acted like a first-time home buyer's program. However, a formal first-time home buyer program has not been established. This program will be continued.</p>	<p>Continue.</p>
B.1-1.	<p>The City shall continue tracking all residential projects that include affordable housing to ensure that the affordability is maintained for at least 45 years for owner-occupied units and 55 years for rental units, and that any sale or change of ownership of these affordable units prior to satisfying the 45 or 55-year restriction shall be "rolled over" for another 45 or 55 years to protect "at-risk" units.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Ongoing – at time of change of ownership</p> <p>Funding: General Fund</p> <p>Expected Outcome: Program to monitor affordable units</p> <p>Quantified Objective: n/a</p>	<p>The City tracks all affordable projects through a database, inputting any updates regarding ownership or affordability when they occur. This program will be continued.</p>	<p>Combine with Programs E.4-1, I.1-1, and I-2.1, update for consistency with state law, and continue.</p>

Table 6-1 Review of 2014-2019 Housing Element Programs			
Program Number	2014–2019 Housing Element Programs	Status of Program	Continue? Amend? Delete in 2020–2028 Housing Element?
B.2-1.	<p>The City may contract with the Housing Authority of San Luis Obispo (HASLO), local non-profit organizations, or a regional monitoring agency for the monitoring of affordable units to ensure compliance with terms of the development agreement.</p> <p>Responsible agency/department: City Manager/Administration and Community Development</p> <p>Timeframe: Ongoing</p> <p>Funding: Fees for service</p> <p>Expected Outcome: Expected outcome is consistent monitoring of affordable units.</p> <p>Quantified Objective: n/a</p>	<p>The City has an agreement with the Housing Authority of San Luis Obispo (HASLO) for affordable housing eligibility verification and compliance. The City is also a member of the San Luis Obispo County Housing Trust Fund (SLOCHTF), which provides ongoing technical assistance. This program will be continued.</p>	Continue.
B.6-1.	<p>The City shall monitor the loss of permanent workforce housing from vacation rentals and consider modifying the Development Code to adjust for this loss.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Ongoing</p> <p>Funding: General Fund</p> <p>Expected Outcome: Program to monitor vacation rentals</p> <p>Quantified Objective: n/a</p>	<p>The Development Code prohibits homestays and vacation rentals from being located within 300 feet of an existing homestay or vacation rental on the same street. To date, the City has approved 33 homestays and 47 vacation rental applications. The City has an increased interest in monitoring rental loss due to state housing legislation. The City will continue to monitor the number of permits issued for homestays and vacation rentals to determine impacts to housing.</p>	Amend to remove term workforce and continue.

Table 6-1 Review of 2014-2019 Housing Element Programs			
Program Number	2014–2019 Housing Element Programs	Status of Program	Continue? Amend? Delete in 2020–2028 Housing Element?
C.1-1.	<p>The City shall continue to allocate financial resources to augment extremely low, very low, and low-income housing development based on the financial projection of the In-Lieu Affordable Housing Fund.</p> <p>Responsible agency/department: City Manager/Community Development</p> <p>Timeframe: Ongoing</p> <p>Funding: Inclusionary Affordable Housing Trust Fund/Other sources, as identified</p> <p>Expected Outcome: Funding to finance affordable housing</p> <p>Quantified Objective: 3 extremely low, 3 very low, and 20 low-income units</p>	<p>The Inclusionary Affordable Housing Trust Fund will continue to devote funds to affordable housing projects for people of extremely low, very low, and low income. For instance, the Affordable Housing Trust Fund was used to offset impact fees for a Habitat for Humanity project approved in 2018. That project will construct eight single-family residences that will be deed restricted for very low-income households and is expected to begin construction in 2020. This program will be continued.</p>	Continue.
C.4-1.	<p>The City shall continue to meet with local non-profit and private developers semi-annually, or more frequently if opportunities arise, to promote the extremely low, very low, and low-income housing programs outlined in the Housing Element. The City shall direct private housing developers to funding sources (such as federal and State housing grant fund programs and local housing trust funds) to promote affordable housing as outlined in the policies of Goal C.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Semi-annually</p> <p>Funding: General Fund</p> <p>Expected Outcome: Increased awareness of the City's desire to provide affordable housing and to accommodate affordable housing</p> <p>Quantified Objective: n/a</p>	<p>The City continues to promote the development of affordable housing opportunities for people of extremely low, very low, and low income, including through its relationships with HASLO and SLOCHTF. This program will be continued.</p>	Continue.

Table 6-1 Review of 2014-2019 Housing Element Programs			
Program Number	2014–2019 Housing Element Programs	Status of Program	Continue? Amend? Delete in 2020–2028 Housing Element?
C.4-2.	<p>The City shall continue to participate in financial incentive programs established by the San Luis Obispo County Housing Trust Fund (SLOCHTF), such as a revolving loan program.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Semi-annually</p> <p>Funding: General Fund</p> <p>Expected Outcome: Increased awareness of the City's desire to provide affordable housing and to accommodate affordable housing</p> <p>Quantified Objective: n/a</p>	<p>The City continues to receive local housing funding through the SLOCHTF. This program will be continued.</p>	Continue.
D.1-1.	<p>The City shall encourage specific plans for land within its Sphere of Influence that include increased residential capacity for multiple-family development.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: On-going, as specific plans are approved</p> <p>Funding: General Fund</p> <p>Expected Outcome: Possible increased land inventory to support affordable housing</p>	<p>No specific plans with multiple-family development have been developed since adoption of the previous housing element. Multiple-family developments will continue to be encouraged through specific plans. This program will continue to be implemented.</p>	Continue.

Table 6-1 Review of 2014-2019 Housing Element Programs			
Program Number	2014–2019 Housing Element Programs	Status of Program	Continue? Amend? Delete in 2020–2028 Housing Element?
E.4-1.	<p>When necessary, the City shall continue to work with property owners of deed restricted affordable units who need to sell within 45 years of initial sale. When the seller is unable to sell to an eligible buyer within a specified time period, equity sharing provisions are established (as per the affordable housing agreement for the property) whereby the difference between the affordable and market value is paid to the City to eliminate any incentive to sell the converted unit at market rate. Funds generated would then be used to develop additional affordable housing within the City.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Ongoing</p> <p>Funding: General Fund</p> <p>Expected Outcome: Maintaining affordability of deed restricted affordable units</p> <p>Quantified Objective: n/a</p>	<p>The City will continue to support the affordable housing agreement of properties, working with property owners, as needed, who need to sell deed-restricted affordable units.</p> <p>This program will be continued.</p>	Combine with Programs B.1-1, I.1-1, and I-2.1, update for consistency with state law and continue.
F.1-1.	<p>The City shall evaluate and amend the inclusionary affordable housing requirements in the Development Code (Chapter 16.80) based on experience using the requirements in producing affordable units.</p> <p>Potential changes to the requirements include: (1) consider contracting with a housing management organization to manage deed-restricted affordable units in the City; (2) consider adding incentives to encourage construction of rental units; and (3) investigate extending the income categories served by the inclusionary requirements to extremely low income households. The City will engage the development community during the evaluation process.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Within 4 years of Housing Element adoption</p>	<p>The City has not amended the Development Code regarding the inclusionary affordable housing requirements. This program will be continued.</p>	Combine with Program F-1.3 and continue.

Table 6-1 Review of 2014-2019 Housing Element Programs			
Program Number	2014–2019 Housing Element Programs	Status of Program	Continue? Amend? Delete in 2020–2028 Housing Element?
	<p>Funding: General Fund</p> <p>Expected Outcome: Amendments to the inclusionary affordable housing requirements</p> <p>Quantified Objective: 2 extremely low, 5 very low, 10 low, and 15 moderate-income units</p>		
F.1-2.	<p>The City shall amend the inclusionary affordable housing requirements in the Development Code (Chapter 16.80) to eliminate inclusion of moderate-income units in the requirements.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Within 2 years of Housing Element adoption</p> <p>Funding: General Fund</p> <p>Expected Outcome: Amendments to the inclusionary affordable housing requirements</p> <p>Quantified Objective: n/a</p>	<p>The City has not amended the Development Code eliminating the inclusion of moderate-income units in the inclusionary affordable housing requirements. The City does this in practice through the subdivision process. Fees are collected in-lieu of providing deed-restricted moderate-income units. This program is no longer needed and will not be continued.</p>	Delete.
F.1-3.	<p>The City shall amend the in-lieu fee as called for in the inclusionary affordable housing requirements in the Development Code (Chapter 16.80).</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Within 2 years of Housing Element adoption</p> <p>Funding: General Fund</p> <p>Expected Outcome: Inclusionary In-lieu Fee</p> <p>Quantified Objective: n/a</p>	<p>The City has not amended the Development Code due to staff constraints but has developed a preliminary methodology to amending this in-lieu fee. This program will be continued.</p>	Combine with Program F.1-1 and continue.

Table 6-1 Review of 2014-2019 Housing Element Programs			
Program Number	2014–2019 Housing Element Programs	Status of Program	Continue? Amend? Delete in 2020–2028 Housing Element?
G.1-1.	<p>The City shall work with non-profit organizations to maintain a mailing list of persons interested in development projects containing affordable housing. Agendas for all City meetings related to these projects shall be mailed to persons on the mailing list. The City shall also continue to post the agendas on the City's website.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Ongoing</p> <p>Funding: General Fund</p> <p>Expected Outcome: Increased public awareness of affordable housing projects.</p> <p>Quantified Objective: n/a</p>	<p>The City publishes all meeting materials on its website and encourages everyone to sign up for notification when new agendas are published. The City utilizes its contacts at HASLO and SLOCHTF to help inform interested individuals. This program will be continued.</p>	Continue.
G.1-2.	<p>The City shall encourage construction and/or rehabilitation of housing units for low, very-low, and extremely low income households by developing and implementing incentive-based programs such as fee reductions, fee waivers, flexible development standards, updating the City's second unit ordinance to reduce barriers to second units development in residential zones, and similar programs.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Ongoing</p> <p>Funding: General Fund</p> <p>Expected Outcome: Increased provision of affordable housing</p> <p>Quantified Objective: 2 extremely low, 2 very low, and 2 low-income units</p>	<p>The City has updated its accessory dwelling unit ordinance and will adopt new amendments consistent with changes in state law. The City has not developed incentive-based programs due to staff constraints. This program will be continued. This program overlaps with several other programs and is not needed in the updated housing element. This program will not be continued.</p>	Delete.

Table 6-1 Review of 2014-2019 Housing Element Programs			
Program Number	2014–2019 Housing Element Programs	Status of Program	Continue? Amend? Delete in 2020–2028 Housing Element?
G.1-3.	<p>The City shall amend the Development Code to allow development of up to 15 multiple-family attached units in the MF and MFA zoning districts with a Minor Use Permit (MUP) subject to design review through the Architectural Review Committee. Development of over 15 multiple-family attached units in the MF and MFA zoning districts shall require a Conditional Use Permit (CUP).</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Within 2 years of Housing Element adoption</p> <p>Funding: General Fund</p> <p>Expected Outcome: Remove barrier to construct affordable housing</p> <p>Quantified Objective: n/a</p>	<p>The City has not amended the Development Code. This program will be continued.</p>	<p>Amend and continue.</p>
H.1-1.	<p>The City shall continue to coordinate with the San Luis Obispo Housing Authority to maintain and expand Section 8 rental housing assistance to qualified households.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Ongoing, when eligible</p> <p>Funding: General Fund</p> <p>Expected Outcome: Continued affordable housing.</p> <p>Quantified Objective: n/a</p>	<p>The City coordinates with HASLO regarding Section 8 housing assistance when needed.</p> <p>This program will continue to be implemented.</p>	<p>Continue.</p>

Table 6-1 Review of 2014-2019 Housing Element Programs			
Program Number	2014–2019 Housing Element Programs	Status of Program	Continue? Amend? Delete in 2020–2028 Housing Element?
H.1-2.	<p>The City shall develop a program to offer housing developers an alternative to meet affordable housing requirements by contributing some “sweat equity” on projects where existing housing units will be rehabilitated or conserved as affordable as per the City's Affordable Housing Program.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Within 2 years of Housing Element adoption</p> <p>Funding: General Fund</p> <p>Expected Outcome: Conservation and rehabilitation of existing housing stock</p> <p>Quantified Objective: 5 low-income housing units</p>	<p>Opportunities are evaluated on a case-by-case basis. This program will be continued.</p>	<p>Continue.</p>
H.2-1.	<p>The City shall continue to consider abatement of unsafe or unsanitary structures, including buildings or rooms inappropriately used for housing, contrary to adopted health and safety codes. Where feasible, the City will encourage rehabilitation and allow reasonable notice and time to correct deficiencies. Where necessary and feasible, extremely low, very low and low-income residents displaced by abatement action shall be eligible for relocation assistance, subject to Council approval.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Ongoing</p> <p>Funding: General Fund</p> <p>Expected Outcome: Conservation of existing housing stock</p> <p>Quantified Objective: n/a</p>	<p>This is evaluated on a case-by-case basis. This program will be continued.</p>	<p>Continue.</p>

Table 6-1 Review of 2014-2019 Housing Element Programs			
Program Number	2014–2019 Housing Element Programs	Status of Program	Continue? Amend? Delete in 2020–2028 Housing Element?
I.1-1.	<p>Written notice shall be required prior to the conversion of any units for low-income households to market rate units in any of the following circumstances:</p> <ul style="list-style-type: none"> • The units were constructed with the aid of government funding • The units were required by an inclusionary zoning ordinance • The project was granted a density bonus • The project received other incentives <p>The property owner should work with the City and affordable housing developers, such as HASLO, to identify qualified buyers and/or funding prior to conversion. In cases where conversions occur, notice shall at a minimum be given to the following:</p> <ul style="list-style-type: none"> • The City of Arroyo Grande • State Department of Housing and Community Development • San Luis Obispo Housing Authority • Residents of at-risk units <p>Responsible agency/department: Community Development</p> <p>Timeframe: Ongoing</p> <p>Funding: General Fund</p> <p>Expected Outcome: Preservation of existing affordable units</p> <p>Quantified Objective: n/a</p>	<p>The City maintains a database of restricted units that is leveraged to determine when these situations arise. This program will be continued.</p>	<p>Combine this program with Programs B.1-1, E-4.1, and I-2.1, amend to comply with state law and continue.</p>

Table 6-1 Review of 2014-2019 Housing Element Programs			
Program Number	2014–2019 Housing Element Programs	Status of Program	Continue? Amend? Delete in 2020–2028 Housing Element?
I.2-1.	<p>The City shall annually monitor the status of affordable housing developments. If any property owners indicate plans to convert affordable units to market rate pricing, or if the City identifies market conditions indicating potential for “at risk” unit conversion, the City will contact qualified non-profit organizations or other agencies and explore opportunities to assist and facilitate the transfer ownership of “at risk” units.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Ongoing</p> <p>Funding: General Fund</p> <p>Expected Outcome: Preservation of existing affordable units</p> <p>Quantified Objective: n/a</p>	<p>The City monitors the development of affordable housing, classifying the development of new units based on income brackets of very low, low, moderate, and above moderate.</p> <p>The City will continue to ensure the availability of affordable housing units for people of very low and low income. This program will be continued.</p>	<p>Combine this program with Programs B.1-1, I.1-1, and E-4.1, amend to comply with state law and continue.</p>
J.1-1.	<p>The City shall continue to promote housing opportunities for seniors and other special needs groups by identifying sites suitable for senior and transitional housing and considering other incentives to promote senior and transitional housing. Single-room occupancy units (SROs) shall be added to the use tables in the Development Code allowed in all Mixed-Use zones with a conditional use permit. SROs shall be allowed in the MFVH zone district with a minor use permit.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Identifying sites - Ongoing; Development Code Amendments – Within 1 year of Housing Element adoption</p> <p>Funding: General Fund</p> <p>Expected Outcome: Increased housing opportunities for seniors and other special needs groups</p> <p>Quantified Objective: 5 extremely low and 10 very low-income units</p>	<p>Within the planning period, a senior living project consisting of 69 beds was approved and staff processed a pre-application for another senior living complex consisting of 120 beds. Staff provided feedback on constraints of the site. No further implementation has occurred. The program will be continued.</p>	<p>Continue.</p>

Table 6-1 Review of 2014-2019 Housing Element Programs			
Program Number	2014–2019 Housing Element Programs	Status of Program	Continue? Amend? Delete in 2020–2028 Housing Element?
J.5-1.	<p>To encourage farmworker housing, the City will amend the zoning ordinance to identify farmworker housing as a residential use in the use tables. The City Zoning Ordinance will be amended to ensure that permit processing procedures for farmworker housing do not conflict with Health and Safety Code Sections 17021.5, which states that farmworker housing for six or fewer employees should be "deemed a single-family structure with a residential land use designation", and 17021.6 which states that for "employee housing consisting of no more than 36 beds in a group quarters or 12 units or spaces designed for use by a single family or household...no conditional use permit, zoning variance, or other zoning clearance shall be required of employee housing of this employee housing that is not required of any other agricultural activity in the same zone".</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Within 1 year of Housing Element adoption</p> <p>Funding: General Fund</p> <p>Expected Outcome: Increased housing opportunities for farmworkers</p> <p>Quantified Objective: 5 very low-income units</p>	<p>The City has not amended the Development Code due to staff constraints. This program will be continued.</p>	<p>Continue.</p>

Table 6-1 Review of 2014-2019 Housing Element Programs			
Program Number	2014–2019 Housing Element Programs	Status of Program	Continue? Amend? Delete in 2020–2028 Housing Element?
K.1-1.	<p>The City shall continue to participate in the South San Luis Obispo County working group cooperating with other cities, the county and other agencies in the development of programs aimed at providing homeless shelters and related services.</p> <p>Responsible agency/department: Community Development/City Manager</p> <p>Timeframe: Ongoing</p> <p>Funding: General Fund</p> <p>Expected Outcome: Continued cooperation in providing homeless shelter and services</p> <p>Quantified Objective: n/a</p>	<p>The City continues to work with the County and other relevant agencies in providing homeless shelters and related services. The City provides grant funding to the 5 Cities Homeless Coalition through its allocation of Community Development Block Grant federal funds and through the City's Jim Guthrie Community Service Grant Program for homeless services. This program will be continued.</p>	Continue.
K.2-1.	<p>The City shall amend the Development Code to allow emergency shelters without a conditional use permit or other discretionary permits in appropriate locations in compliance with SB 2, the "Fair Share Zoning" law. The Development Code amendment shall include a definition for "emergency shelter." Emergency shelters are currently not allowed in commercial mixed-use districts, and are allowed through the Conditional Use Permit process in the Condominium/ Townhouse (MF), Apartments (MFA) and Multifamily Very High Density (MFVH) residential districts. The Development Code shall be updated to require administrative approval only for emergency shelters in the Industrial Mixed-Use (IMU) and Highway Mixed-Use (HMU) districts. These commercial districts have sufficient capacity to house emergency shelters with approximately 18 acres of vacant or underutilized land available. The IMU district has several large parcels totaling almost 13.5 acres with ten (10) acres that are currently used as storage and/or construction yards with small or no permanent structures. The HMU district has less potential, although there are about four acres with a couple of large vacant parcels totaling 1.64 acres. About 6.36 of the 18 acres have some type of permanent structure on the individual parcels, but could be redeveloped to accommodate transitional housing. Transitional</p>	<p>Ordinance No. 677 was adopted in April 2016 to amend the Development Code regarding Emergency Shelters and Supportive and Transitional Housing. This program has been implemented.</p>	Delete.

Table 6-1 Review of 2014-2019 Housing Element Programs			
Program Number	2014–2019 Housing Element Programs	Status of Program	Continue? Amend? Delete in 2020–2028 Housing Element?
	<p>and supportive housing shall be defined as residential uses subject to the same standards that apply to other housing.</p> <p>The Development Code can include locational and operational criteria for emergency shelters such as:</p> <ul style="list-style-type: none"> • Proximity of public transit, supportive services, and commercial services; • Hours of operation; • External lighting and noise; • Provision of security measures for the proper operation and management of a proposed facility; • Measures to avoid queues of individuals outside proposed facility; and • Compliance with county and State health and safety requirements for food, medical, and other supportive services provided onsite. <p>Such criteria can act to encourage and facilitate emergency shelters and transitional housing through clear and unambiguous guidelines for the application review process, the basis for approval, and the terms and conditions of approval.</p> <p>The City will solicit input from local service providers and the South San Luis Obispo County working group in the preparation and adoption of the amendment to the Development Code to ensure that development standards and permit processing will not impede the approval and/or development of emergency and transitional housing.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Concurrently with Housing Element adoption (per Government Code Section 65583(a)(4))</p> <p>Funding: General Fund</p>		

Table 6-1 Review of 2014-2019 Housing Element Programs			
Program Number	2014–2019 Housing Element Programs	Status of Program	Continue? Amend? Delete in 2020–2028 Housing Element?
	<p>Expected Outcome: Expected outcome is compliance with SB 2 regarding emergency shelters.</p> <p>Quantified Objective: n/a</p>		
K.2-2.	<p>The City shall amend the Development Code to define transitional and supportive housing as residential uses per Section 65582 of the Government Code subject to the same standards that apply to other housing in the same zone.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Within 1 year of Housing Element adoption</p> <p>Funding: General Fund</p> <p>Expected Outcome: Expected outcome is compliance with Housing Element law regarding transitional and supportive housing.</p> <p>Quantified Objective: n/a</p>	<p>Ordinance No. 677 was adopted in April 2016 to amend the Development Code regarding Emergency Shelters and Supportive and Transitional Housing. This program has been implemented.</p>	Delete.
K.2-3.	<p>The City may consider implementing an overnight parking program, or a similar program, for the homeless in appropriate zoning districts.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Within 1 year of Housing Element adoption</p> <p>Funding: General Fund</p> <p>Expected Outcome: Provide approved parking locations for the homeless to sleep</p> <p>Quantified Objective: n/a</p>	<p>An overnight parking program has not yet been established. This program will be continued.</p>	Amend and continue.

Table 6-1 Review of 2014-2019 Housing Element Programs			
Program Number	2014–2019 Housing Element Programs	Status of Program	Continue? Amend? Delete in 2020–2028 Housing Element?
L.1-1.	<p>The City shall explore models to encourage the creation of housing for persons with disabilities, including developmental disabilities. Such models could include coordinating with the Tri-County Regional Center and other local agencies in encouraging affordable housing projects to dedicate a percent of housing for disabled individuals; assisting in housing development; providing housing services that educate, advocate, inform, and assist people to locate and maintain housing; and models to assist in the maintenance and repair of housing for persons with developmental disabilities.</p> <p>Responsible agency/department: Building Department/Community Development</p> <p>Timeframe: Establish a model program within 5 years of Housing Element adoption</p> <p>Funding: General Fund</p> <p>Expected Outcome: Increased access to housing and housing resources for disabled persons; including information and services available for developmentally disabled persons</p> <p>Quantified Objective: 5 low income units</p>	<p>The City has not coordinated with the Tri-Counties Regional Center. However, the City will continue to explore models to encourage development of housing for persons with disabilities. This program will continue to be implemented.</p>	<p>Continue.</p>

Table 6-1 Review of 2014-2019 Housing Element Programs			
Program Number	2014–2019 Housing Element Programs	Status of Program	Continue? Amend? Delete in 2020–2028 Housing Element?
L.2-1.	<p>The City shall create a policy or amend the Development Code to provide persons with disabilities seeking equal access to housing an opportunity to request reasonable accommodation in the application of City building and zoning laws.</p> <p>Responsible agency/department: Building Department/Community Development</p> <p>Timeframe: Within 1 year of Housing Element adoption</p> <p>Funding: General Fund</p> <p>Expected Outcome: Greater accessibility for disabled persons accommodated through the design review process for discretionary residential projects</p> <p>Quantified Objective: n/a</p>	<p>The City has not amended the Development Code to provide an opportunity to request reasonable accommodation for persons with disabilities due to staff constraints. This program will be continued.</p>	Continue.
L.2-2.	<p>The City will have brochures on universal design available at the Community Development Department front counter. The City will also consider updating the building code to encourage use of universal design in home design. Universal design is based on the precept that throughout life, all people experience changes in their abilities. The goal of universal design is to provide environments that are usable by all people, to the greatest extent possible, without the need for specialization in design and construction and/or facilitate change in occupancy over time.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Develop brochure(s) - within 1 year of Housing Element adoption</p> <p>Funding: General Fund</p> <p>Expected Outcome: Greater accessibility for disabled persons accommodated through project design</p> <p>Quantified Objective: n/a</p>	<p>The City has not yet made progress promoting the universal design concept but discusses the topic with residential developers when the opportunity presents itself. Due to limitations on staff resources, this program will not be continued.</p>	Delete.

Table 6-1 Review of 2014-2019 Housing Element Programs			
Program Number	2014–2019 Housing Element Programs	Status of Program	Continue? Amend? Delete in 2020–2028 Housing Element?
M.1-1.	<p>The City shall continue working to implement a water and electrical retrofit program for existing housing units. A plumbing retrofit program was established in 2004, and water conservation rebate programs were established in 2009. The City will continue to work with PG&E and other agencies to establish an electrical retrofit program.</p> <p>Responsible agency/department: Building Department</p> <p>Timeframe: Ongoing</p> <p>Funding: General Fund/PG&E</p> <p>Expected Outcome: Reduce usage of water and electrical resources</p> <p>Quantified Objective: n/a</p>	<p>The City has continued to promote Water Conservation Incentive programs, including the Plumbing Retrofit Program, as well as rebate and education programs. The City has also been involved in the San Luis Obispo County Energy Watch, a joint project between San Luis Obispo County, Pacific Gas and Electric Company, and Southern California Gas Company. In 2013, the City adopted a Climate Action Plan and partnered with San Luis Obispo County jurisdictions to receive a California Strategic Growth Council grant to develop an implementation and monitoring program. The program provides tools and best practices for implementing all Climate Action Plan (CAP) programs, such as the energy audit and retrofit program. This program will be updated to reflect current program information and continued.</p>	Amend and continue.
M.1-2.	<p>Consistent with Measure E-4 of the City's Climate Action Plan, the City shall establish a program to allow residential projects to receive minor exceptions if they meet 25% of items on the Tier 1 list of the California Green Building Code (Title 24) or 15% of items on the Tier 2 list of that code.</p> <p>Responsible agency/department: Building Department</p> <p>Timeframe: Establish program within 1 year of Housing Element adoption</p> <p>Funding: General Fund</p> <p>Expected Outcome: Encourage energy efficiency in new residential buildings</p> <p>Quantified Objective: n/a</p>	<p>The City has yet to establish a program regarding minor exceptions for residential projects that meet a minimum number of items from the California Green Building Code. This program will be continued.</p>	Continue.

Table 6-1 Review of 2014-2019 Housing Element Programs			
Program Number	2014–2019 Housing Element Programs	Status of Program	Continue? Amend? Delete in 2020–2028 Housing Element?
N.1-1.	<p>The City will continue to promote the enforcement of policies of the State Fair Employment and Housing Commission, and shall resolve housing discrimination complaints through assistance from HUD, and/or local, regional private fair housing organizations. The City will prepare a brochure that promotes equal housing opportunities and addresses discrimination. The brochure will be available at the Community Development department and a link to download the brochure will be placed on the City's website. In addition the City shall disseminate information in one or more of the following ways to ensure the public is aware of Fair Housing Law:</p> <ul style="list-style-type: none"> • Distribute materials to property owners and apartment managers twice a year. • Make public service announcements through multiple media outlets including newspaper, radio, television, and social media to run on a regular basis. • Conduct public presentations with different community groups once or twice a year. <p>Responsible agency/department: All City Departments</p> <p>Timeframe: Ongoing. Brochure available within one year of housing element adoption, strategy to implement Urban County Team fair housing program within one year of County Fair Housing Plan adoption.</p> <p>Funding: General Fund</p> <p>Expected Outcome: Dissemination of information at the front counter of all City Departments.</p> <p>Quantified Objective: n/a</p>	<p>The City has not yet prepared a brochure to promote equal housing opportunities and address discrimination or disseminated information about the Fair Housing Law to the public. This program will be continued.</p>	<p>Continue.</p>

Table 6-1 Review of 2014-2019 Housing Element Programs			
Program Number	2014–2019 Housing Element Programs	Status of Program	Continue? Amend? Delete in 2020–2028 Housing Element?
O.1.1.	<p>Prior to any public hearing where the City is considering amending or updating its Housing Element or housing policies, the City will notify all local housing organizations, as well as social service agencies, and post notices at significant locations.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Ongoing</p> <p>Funding: General Fund</p> <p>Expected Outcome: Provide information about housing programs</p> <p>Quantified Objectives: n/a</p>	<p>The City will continue to notify the necessary organizations, agencies, and other parties when amending or updating the Housing Element or housing policies. This program will be continued.</p>	Continue.
P.1-1.	<p>Following amendment of the General Plan Conservation/Open Space and Safety Elements to comply with AB 162 related to floodplain mapping, the City will amend the Housing Element if needed for consistency.</p> <p>Responsible agency/department: Community Development</p> <p>Timeframe: Within 1 year of updates of the General Plan Conservation and Safety Elements</p> <p>Funding: General Fund</p> <p>Expected Outcome: Consistency between General Plan elements related to floodplain mapping and associated constraints.</p> <p>Quantified Objectives: n/a</p>	<p>The City has not yet amended the General Plan Conservation and Safety Elements to comply with Assembly Bill 162 due to staff constraints. Following any amendments, the Housing Element will be modified, as necessary. This program will be implemented when those elements are updated but will not be continued as a Housing Element program.</p>	Delete.

Appendix

Appendix A: Public Outreach List

Organization/Name
Homebuilder's Association Central Coast Government Affairs Committee
Housing Authority of the City of San Luis Obispo
SLO County YIMBYs
First 5 SLO
People's Self Help Housing
5 Cities Homeless Coalition
South County Chamber of Commerce
Economic Vitality Corporation
Community Action Partnership of San Luis Obispo County (CAPSLO)
California Rural Legal Assistance – SLO Office





P.O. Box 1316
San Luis Obispo, California 93406
t 805.457.5557

www.placeworks.com

RESOLUTION NO. 5059

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE APPROVING GENERAL PLAN AMENDMENT NO. 19-002, ADOPTING THE HOUSING ELEMENT UPDATE, AND APPROVING AN ADDENDUM TO THE GENERAL PLAN ENVIRONMENTAL IMPACT REPORT

WHEREAS, Section 65302 of the California Government Code requires every city and county in California to adopt a Housing Element as part of its General Plan; and

WHEREAS, State law further requires that the City of Arroyo Grande's ("City") Housing Element be updated at regular intervals to demonstrate that the jurisdiction is capable of accommodating its "fair share" of the region's housing needs, known as the jurisdiction's Regional Housing Needs Allocation (RHNA), and complies with the current requirements of State law; and

WHEREAS, cities and the unincorporated area of San Luis Obispo County were assigned new RHNAs in 2019 for use in updating their housing elements; and

WHEREAS, the City was given a RHNA of 692 housing units for the planning period of 2020-2028, including 170 units of very low income housing, 107 units of low income housing, 124 units of moderate income housing, and 291 units of above moderate housing; and

WHEREAS, a study session was held by the Planning Commission on October 6, 2020, to discuss and receive feedback on the City's draft Housing Element Update; and

WHEREAS, the City submitted the draft Housing Element Update to the State Department of Housing and Community Development (HCD) on October 12, 2020, for review and conditional certification; and

WHEREAS, the City received written comments from HCD on November 23, 2020, suggesting further refinements and changes were required to the draft Housing Element; and

WHEREAS, the City thereafter resubmitted a revised draft Housing Element Update to HCD; and

WHEREAS, the revised draft Housing Element Update was granted conditional certification by HCD on December 10, 2020; and

WHEREAS, a duly noticed public hearing on the Housing Element Update was held by the Planning Commission on January 5, 2021, at which time all interested persons were given the opportunity to be heard; and

WHEREAS, the Planning Commission recommended the City Council adopt the Housing Element Update at the public hearing on January 5, 2021; and

RESOLUTION NO. 5059

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WHEREAS, the City Council has reviewed and considered the information and public testimony presented at the duly noticed public hearing held before it on January 26, 2021, and the information contained in the Housing Element Update, staff report, and the administrative record; and

WHEREAS, the City Council has reviewed this project in compliance with the California Environmental Quality Act (CEQA) and determined that an addendum to the General Plan Environmental Impact Report (EIR) is appropriate for the reasons set forth in the addendum presented to the City Council at its meeting held on January 26, 2021.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Arroyo Grande (i) adopts the Housing Element Update attached hereto as "Exhibit A" and directs staff to submit the Housing Element Update to the State Department of Housing and Community Development for final review and certification; (ii) adopts General Plan Amendment No. 19-002; and (iii) and considers, relies upon and adopts the findings set forth in the addendum to the General Plan EIR attached hereto as "Exhibit B" in compliance with CEQA.

On motion of Council Member Paulding, seconded by Council Member Barneich, and on the following roll call vote, to wit:

AYES: Council Members Paulding, Barneich, George, Storton, and Mayor Ray Russom

NOES: None

ABSENT: None

the foregoing Resolution was adopted this 26th day of January 2021.



CAREN RAY RUSSOM, MAYOR

ATTEST:



ANNAMARIE PORTER, INTERIM CITY CLERK

APPROVED AS TO CONTENT:



WHITNEY McDONALD, CITY MANAGER

APPROVED AS TO FROM:



TIMOTHY J. CARMEL, CITY ATTORNEY



February 10, 2021

David Navarrette
Housing Policy Development Manager
Department of Housing and Community Development
Division of Housing Policy Development
2020 W. El Camino, Suite 500
Sacramento, CA 95833

Subject: City of Arroyo Grande Adopted 2020-2028 Housing Element

Dear Mr. Navarrette:

We are pleased to submit the adopted 2020-2028 City of Arroyo Grande Housing Element for its final 90-day review. This Housing Element describes the City's updated plan for addressing the housing needs of its residents through December 31, 2028. As stated in your letter dated December 10, 2020, the draft housing element submitted on October 12, 2020 with revisions submitted on December 2nd and 8th, would comply with state law once the element was adopted and submitted. Please find the adopted element and City Council Resolution No. 5059 attached. We are also including the HCD sites workbook.

The City is committed to working with the California Department of Housing and Community Development (HCD) to continue to implement the housing element, to ensure the legal adequacy of the general plan, and to preserve local control of land use decisions.

We have greatly appreciated the Department's assistance throughout the process. Please do not hesitate to contact me at (805) 295-1530 or asinsheimer@placeworks.com with any questions.

Sincerely,

PLACEWORKS

A handwritten signature in black ink that reads "Amy Sinsheimer".

Amy Sinsheimer, AICP
Senior Associate

Attached:

City of Arroyo Grande Adopted 2020-2028 Housing Element
City Council Resolution No. 5059
HCD Sites Workbook