

RESOLUTION NO. 79-20

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
ADOPTING THE NEGATIVE DECLARATION AND
APPROVING AN UPDATE TO THE HOUSING ELEMENT OF THE
GENERAL PLAN FOR THE 2020-2028 PLANNING PERIOD**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, pursuant to the applicable provisions of the planning and land use law (California Government Code sections 65300 *et. seq.*), studies were commenced for the purpose of considering the City's need for amending the Housing Element of the General Plan; and

WHEREAS, an updated draft Housing Element, attached as Exhibit A and which is incorporated by this reference, has been prepared for the planning period 2020-2028 and submitted to the City Council for review and approval; and

WHEREAS, the updated draft Housing Element includes changes requested by Planning Commission, including the addition of a vision statement and updated Introduction section in addition to the requisite analysis comprehensively addressing the statutory requirements of Government Code section 65583 relating to housing element requirements; and

WHEREAS, City staff has been in consultation with the State of California Department of Housing and Community Development (HCD) regarding compliance with Government Code section 65583, including City consideration of HCD guidelines; and

WHEREAS, the San Luis Obispo Council of Governments (SLOCOG) adopted and released a Final Report on its Regional Housing Needs Assessment establishing regional fair share housing allocations for each City in San Luis Obispo County; and

WHEREAS, the City submitted drafts of the City's proposed Housing Element to HCD for comment and revision; and

WHEREAS, HCD suggested revisions to the draft Housing Element that have been incorporated into the draft Housing Element as submitted to the City Council; and

WHEREAS, HCD has made findings pursuant to Government Code subsection 65585(b) stating the draft Housing Element as attached hereto is in substantial compliance with housing element statutory requirements; and

WHEREAS, the draft Housing Element has been subject to environmental review under the California Environmental Quality Act (CEQA); and

WHEREAS, the Planning Commission held a noticed public hearing via Zoom on July 7, 2020, which was continued to July 21, 2020, during which the Planning Commission approved a resolution providing a recommendation to City Council for the adoption of the Negative Declaration and approval of the 2020-2028 Housing Element; and

WHEREAS, the City Council has conducted a noticed public hearing on August 25, 2020

to receive comments, review and consider the housing plan represented by the updated Housing Element.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Morro Bay, California, as follows:

SECTION 1. The City Council relied upon the evidence presented at the public hearings in making the determinations set forth in this Resolution and in reaching the conclusions set forth in Sections 2 and 3.

SECTION 2. The City Council at the time of its public hearing on the above matter reviewed and considered the proposed Initial Study and Negative Declaration, relating to the Housing Element Update (SCH #2020050448) and based on that review finds and determines the following:

a) The public review period for the Negative Declaration began on May 21, 2020 and ended on June 21, 2020; and

b) No comments were received from the State Clearinghouse on the proposed Negative Declaration; and

c) There is no substantial evidence the proposed project (Housing Element Update) will have a significant effect on the environment; and

d) Based upon its public review, the City Council has determined there is no substantial evidence the amendment will have a significant impact on the environment; and

e) Based on the foregoing, the City Council adopts the Negative Declaration.

SECTION 3. The City Council does hereby find, determine and declare as follows:

a) The City Council has conducted a noticed public hearing on the proposed Housing Element Update and an environmental analysis, as hereinabove described; and

b) The proposed Housing Element Update is consistent with the goals, policies, and objectives of the City's General Plan/Local Coastal Program in that it encourages a balanced approach to achieving a range of housing opportunities and designates sites noted for residential purposes at densities consistent with the goals of providing housing to households within the full range of incomes. Further, the proposed Housing Element Update is internally consistent with other land use goals and policies of the General Plan and Local Coastal Program; and

c) The proposed Housing Element Update will not conflict with the provision of the City's Local Coastal Program, Zoning Ordinance, subdivision regulations or any applicable specific plan. The proposed Housing Element Update contains goals, policies, and implementation programs related to the development and rehabilitation of housing throughout the City and serves the

goals and purposes of the Local Coastal Program, Zoning Ordinance, subdivision regulations and existing specific plans. The proposed Housing Element Update does not conflict with the City's Local Coastal Program, Zoning Ordinance or State Housing Law.

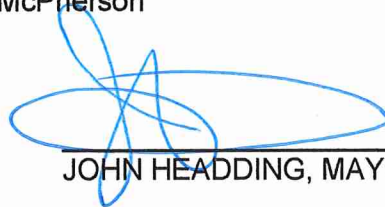
SECTION 4. Based on all the foregoing, the City Council hereby approves and adopts the proposed Housing Element Update and deletes the existing Housing Element of the General Plan to be replaced in its entirety with the proposed Housing Element Update for the 2020-2028 Planning Period, attached hereto as Exhibit A.

SECTION 5. Except as expressly amended herein, including Exhibit A, or as the context otherwise requires, all the terms and provisions of the existing General Plan/Local Coastal Program shall remain in full force and effect.

SECTION 6. The City Clerk shall certify to the adoption of this Resolution and shall forward a copy hereof to the Secretary of the Planning Commission. The Planning Division shall file the Notice of Determination and the Fish and Game Paperwork with the San Luis Obispo County Clerk.

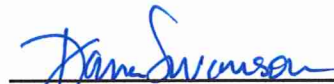
PASSED AND ADOPTED by the City of Morro Bay City Council at a regular meeting thereof held on this 25th day of August 2020 by the following vote:

AYES:	Headding, Addis, Davis, Heller, McPherson
NOES:	None
ABSENT:	None
ABSTAIN:	None



JOHN HEADDING, MAYOR

ATTEST:



DANA SWANSON, CITY CLERK

3G – Housing

HOUSING

HOUSING ELEMENT VISION

Morro Bay: "...a diverse multigenerational community where jobs, sustainable living wages, and affordable housing options serve as a foundation for people of all ages, abilities and income levels to thrive."

The Morro Bay Housing Element 2020-2028 provides a review of demographic and economic data that outlines a foundation for regional community housing goals and needs. The data illustrates that the City needs to continue towards providing greater access to housing at lower income levels, and demonstrates that the city has the resources, land, and ability to provide such housing. Morro Bay recognizes that affordable housing is an urgent need in the community and should continue to be a primary focus, and that lack of such housing has a significant negative impact on our local businesses, future economic development, the environment, and social cohesion in general.

The City of Morro Bay participates in the San Luis Obispo Countywide Regional Compact which identifies six shared regional housing goals:

- To strengthen community quality of life
- To share regional prosperity
- To create balanced communities
- To value agriculture and natural resources
- To support equitable opportunities
- To foster accelerated housing production

Housing creates communities within the larger footprint of the city, providing safety and security through walkable neighborhoods that are diverse in age, cultural background, and socioeconomic status. A balance in housing supply supports the local economy by providing an opportunity for residents to live and work locally and support local businesses which results in a reduction in excessive commutes.

This Housing Element serves as a metric by which to analyze the efficacy of future projects and developments and to guide planning and land use decisions in the City of Morro Bay.

INTRODUCTION

The Housing Element is one of the eight State-mandated elements of the City's General Plan. The General Plan presents a community vision for Morro Bay through 2040, and this Housing Element addresses the first phase in that period, 2020-2028. In the General Plan vision, the community seeks to retain its character as a unique, eclectic community on the beautiful Central Coast of California while simultaneously fortifying the resiliency of the region. The community desires to maintain its identity as a seaside community with a prominent, artistic small-town character, while advancing goals towards a healthy environment and lifestyle for its citizens and visitors.

The balance between the city's residents, workforce, and economic growth is an outcome of the Housing Element through a long range plan that provides direction towards creating greater access to housing for people with low and moderate incomes to fulfill that General Plan vision.

The Housing Element identifies recent demographic and employment trends and the related effect on existing and future housing supply and demand in compliance with current state law regarding housing. The Housing Element recognizes affordable housing as an urgent need and concern in the City of Morro Bay. Affordable housing means housing as defined under Health and Safety Code Sections 50079.5, 50093, 50105, and 50106. The lack of housing for people with a variety of income levels and housing needs results in a significant negative impact on social cohesion and economic development of the community and the environment.

The last two decades have demonstrated that development of higher cost single family homes has been more prevalent than development of moderate and low-cost housing. Importantly, increased housing does not equal increased population. Morro Bay has had a decline in population over the last ten years, with a significant number of homes occupied by only one person. Almost 20% of the housing stock in the City is vacant. A majority of the noted vacancy is attributable to the continuation of Morro Bay's popularity as a premier location for second homes. Some of that vacancy is also attributable to short term vacation housing as a phenomenon that has developed over the past decade.

The Housing Element has specific criteria for the inclusion of sites currently available to meet the RHNA requirements. There is additional capacity through other existing underutilized parcels that also provide a future opportunity to be developed with additional housing. This partial list includes:

- The former power plant site, currently unoccupied.
- The closed Morro Elementary School site, that is partially utilized as commercial lease space
- Existing motels that could become supportive housing for special needs groups.

The Housing Element serves as a tool to identify and provide for the housing needs of the community. The Housing Element addresses the City's ability to meet the regional housing needs as determined by the State of California. The City has developed a set of goals, objectives, policies, and implementation actions for the production of housing to meet the needs of all Morro Bay citizens.

A Housing Element is required by California law to establish policies and programs that will support the provision of an adequate housing supply for citizens of all income levels. The intent of state law is to ensure that all jurisdictions in the state provide adequate housing to all members of the community. While the State reviews the Housing Element to ensure compliance with housing law, each jurisdiction must identify its particular issues to successfully address its housing needs.

An understanding of existing housing conditions in the city is necessary as a basis for new Housing Element policies to guide the use and development of housing that will be adequate and affordable. In addition to this focused information, comparisons to San Luis Obispo County demographics and statistics will be used throughout the document to identify possible issues or pertinent relationships. This assessment is representative of the larger area and informative of the trends the entire county is experiencing, helps provide a better understanding of the city in a regional context.

State law is more specific about the content of the Housing Element than about any other portion of the General Plan. That specificity is reflected in the detailed demographics and other data contained herein. The Housing Element is also the only part of the General Plan that is subject to mandatory deadlines for periodic updates. Except for the Local Coastal Plan, it is the only Housing Element that is subject to review and "certification" by the State.

Content of the Housing Element

State Law requires that the Housing Element contains the following information :

- Analysis of population and employment trends, documentation of projections, and a quantification of the locality's existing and projected housing needs for all income levels.
- Analysis of any special housing needs populations, such as those with disabilities, the elderly, large families, farmworkers, homeless persons, and single-parent households.
- Analysis and documentation of household characteristics, including level of payment compared to ability to pay, and housing characteristics, including the extent of overcrowding and an estimate of housing stock conditions.
- Analysis of potential and actual governmental constraints on the maintenance, improvement, or development of housing for all income levels. These constraints include land use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, and local processing and permit procedures.
- Analysis of potential and actual nongovernmental constraints on the maintenance, improvement, or development of housing for all income levels, including the availability of financing, the price of land, and the cost of construction.
- Site-specific inventory of land suitable for residential development, including vacant and underutilized sites, and an analysis considering ease of development related to zoning, public facilities, and City services to these sites.
- Analysis of opportunities for energy conservation with respect to residential development.
- Analysis of the existing and projected needs, including the locality's share of the regional housing need in accordance with Government Code Section 65584.

Data Sources

The California Department of Housing and Community Development (HCD) developed a data packet for jurisdictions in San Luis Obispo County that contains much of the information required for the Housing Needs Assessment of this Housing Element and is the primary source of data for this document. Where additional information is required, the US Census, which is completed every 10 years, is the preferred data source, as it provides the most reliable and in-depth data for demographic characteristics of a locality. This report uses the US Census American Community Survey (ACS) data to assess changes since the year 2010 because there is no decennial census since the 2010 US Census. The ACS provides estimates of numerous housing-related indicators based on samples averaged over a five-year period. Whereas the US Census provides complete counts of various demographic indicators, the ACS provides estimates based on statistically significant samples. Due to the small size of the sample

taken in Morro Bay, the estimates reported by the ACS can have large margins of error. Where ACS data is used, the numbers should not be interpreted as absolute fact, but rather as a tool to illustrate general proportion or scale. The California Department of Finance (DOF) is another source of data that is more current than the census. However, the DOF does not provide the depth of information that can be found in the US Census. Whenever possible, the San Luis Obispo County HCD data packet, DOF data, and other local sources were used in the Housing Needs Assessment in order to provide the most current profile of the community. Information on available sites and services for housing comes from numerous public agencies. Information on constraints on housing production and past and current housing efforts in Morro Bay comes from City staff, other public agencies, and some private sources.

General Plan/Local Coastal Plan Consistency

The City's Land Use Element and Local Coastal Plan currently designate the sites noted in this Housing Element for residential purposes at densities consistent with the goals of providing housing to households within the full range of incomes. The policies in this Housing Element will guide that process, ensuring internal consistency among the elements. The City is currently partway through a comprehensive update to its General Plan and Local Coastal Program known as Plan Morro Bay. All of the other elements of the General Plan are currently being updated for consistency with recent updates to state law, including those related to environmental justice, wildfires, and hazards. Morro Bay does not need to conduct analysis in response to Senate Bill 244 because no residential communities exist within the City's sphere of influence.

Public Participation

State law requires 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 . . ." (Government Code Section 65583).

In order to satisfy this requirement, so far the City has conducted a community workshop and circulated a survey to receive community input regarding the housing element.

The public workshop on December 12, 2019, was noticed through direct mail to all customers who received water service, it was posted in the kiosks, and was posted on the City's website. A flyer and questionnaire were created specifically for this meeting. The flyer was included in the water bills and posted on the City website. The questionnaire was available as an online survey or in hardcopy form at the City that could be filled out and returned. The City has also posted the draft housing element on its website and notified interested persons via eblast and social media. Specific

stakeholders the City has reached out to during the housing element update include Housing Authority of San Luis Obispo, California Housing Partnership Corporation, the Morro Bay Planning Commission and Morro Bay City Council.

Public Workshop, December 12, 2019

The City held a public workshop with the general public to solicit input from city residents on December 12, 2019. The format for this meeting was a presentation with an overview of the 6th-cycle Housing Element update process and solicited input from meeting attendees on housing needs in Morro Bay. Twelve members of the public attended the meeting. The City's consultant gave an introductory presentation and then a discussion was held with those attending. An interactive environment was fostered by the staff, consultant, and attendees. There were no requests for translation services at the workshop.

The following is a listing of the comments and input received at the workshop:

- It seems unfair that the California Coastal Commission (CCC) and their laws have different requirements than State housing laws since the combination of laws can affect approval for proposed housing projects.
- Morro Bay shouldn't be forced to relax their development standards to provide housing to meet the RHNA . It doesn't seem fair that the State supersedes city preferences.
- Morro Bay should become more tiny home-friendly.
- Morro Bay's biggest economic sector is tourism. We should not discourage or limit vacation rentals when they support our economy.
- There are no policies in the Housing Element that preserve existing naturally affordable units, as opposed to deed-restricted units. These types of existing housing are integral to preserving the laid-back, working class character of Morro Bay. The City should create a policy or mechanism to identify and preserve this type of housing.
- The City should perform a housing inventory of all multi-family units in the city to ascertain rental rates and then preserve the low-cost units. Alternatively, the City could install a blanket protection over all housing in Morro Bay to protect them from cost increases or encourage rehabilitation. We like the idea of investing in existing facilities to be rehabilitated. There are many good buildings in Morro Bay that just need preservation for safe and effective reuse.
- The Housing Element should require that new ADUs be available as long-term rentals rather than vacation rentals. Alternatively, the City could require that an ADU intended to be a vacation rental first be required to be a long-term rental for a certain portion of time prior to conversion to a short-term rental.

- Morro Bay used to be a sleepy town, but it is now busy and highly trafficked in the summer. It is no longer a small-town fishing village, and we are scared of intense multi-family development that may potentially be imposed by the government to meet the housing needs. Development should be thoughtful and considerate of local character and desires while meeting the local need.
- The state legalizing ADUs in garages will increase housing safety because those spaces would become compliant with the building code if officially legalized through the city.
- The Housing Element should restrict maximum home sizes to encourage the more housing options (i.e. smaller primary dwelling units and ADUs or tiny homes) on the same property.
- Despite new statewide rent cap, new construction costs are still so high.
- Increases to housing density, via infill or otherwise, should not be at the detriment of the existing infrastructure. Developers must be responsible for infrastructure improvements to accommodate additional growth.
- The community cannot be afraid to grow. The city is down to one elementary school right now, and the community needs more children. North Morro Bay is already densely developed, so new housing should be added in less-dense areas, such as in Morro Heights. This area has wider streets (i.e. more parking) and could lend itself to a reduced dependency on automobiles since it is walkable to shops and services.
- Commuter patterns in Morro Bay contribute to a greater statewide issue related to Vehicle Miles Traveled (VMT) reduction. If Morro Bay needs workforce housing, the argument could also be made that the workforce housing would help decrease VMT in alignment with statewide goals. The workforce housing created in Morro Bay should also be located close to employment areas, potentially with higher density development near these areas, to encourage walking or biking to work. Encouraging active non-vehicular means of transportation supports a better quality of life.

Online and In-Person Survey

The City designed a survey and encouraged stakeholders and members of the general public to complete the survey either online, mail in or in person. The City distributed a survey to the general public at the December 12, 2019, community workshop, made it available in City offices, and published it on the City website. It was available between December 12, 2019, and January 14, 2020. The survey was advertised to the general public via the public workshop and through the City's website. Residents were encouraged to complete the survey, which posed housing-related questions to residents about the future of Morro Bay.

Approximately 20 Morro Bay residents completed the survey, providing feedback on the availability of housing, factors that influence housing decisions, and the perceived level of importance of special needs groups in the City. Feedback gathered from the seven questions is below.

- Question 1: What type of housing will help Morro Bay address the housing shortage?

About 85 percent of responders support apartments, and 60 percent support mixed density housing types on large lots. A majority of responders (55 percent) support accessory dwelling units. Responders are less supportive of new single-family homes, mobile home parks, or tiny/micro homes. The City's current housing may encourage accessory dwelling unit through Housing Element policies such as Policy H-1.1 promoting housing opportunities for living and working in Morro Bay and Policy H-1.6 regarding ADU development.

- Question 2: What will help incentivize higher density housing?

Three-quarters of responders support expedited permitting, and about 68 percent support permit fee reductions. An equal number of responders support reduced requirements for setbacks, parking, height, or density (42 percent each). A few responses felt that promoting awareness would help incentivize higher density housing. The City's current housing may promote higher density housing through Housing Element policies such as Policy H-1.2 regarding development incentives and Policy H-2.7 encouraging opportunities for higher density development.

- Question 3: What areas of the City are best suited for high density housing?

A majority of responders are supportive of high density housing in Downtown Morro Bay and near Highway 1's commercial strip. Responders are generally opposed to locating high density housing in the Cloisters, Morro Heights, North Embarcadero, or Embarcadero. Residents are divided on development in North Morro Bay and the agricultural areas, both east of Highway 1. The City may promote more housing in these areas through implementation actions encouraging high density housing in Downtown Morro Bay and commercial areas.

- Question 4: Should higher density housing be available in all areas of the City?

Approximately 63 percent of responders feel higher density housing should not be available in all areas of the city, with written-in comments stating that high-density housing should be near commercial corridors or away from parking-constrained areas. The other 42 percent support the idea, commenting that mixed-income neighborhoods encourage a more homogenous community. The City may concentrate high density housing development through Housing Element policies such as Policy H-1.4 regarding variable housing densities.

- Question 5: What types of housing groups do you think Morro Bay needs to focus on providing housing for?

As illustrated in **Figure H-1**, responders felt that people who work in Morro Bay, senior citizens, and lower-income families were the highest priority special needs groups in the City. There were some respondents who support more housing for disabled individuals (21 percent) or homeless individuals (16 percent), little support for drug rehabilitation (supportive) housing (5 percent in support). The City's current housing may become more available to these special needs groups through Housing Element policies such as Policy H-2.1 regarding housing for seniors, Policy H-1.3 regarding inclusionary housing requirements, and Goal H-5 regarding housing costs.

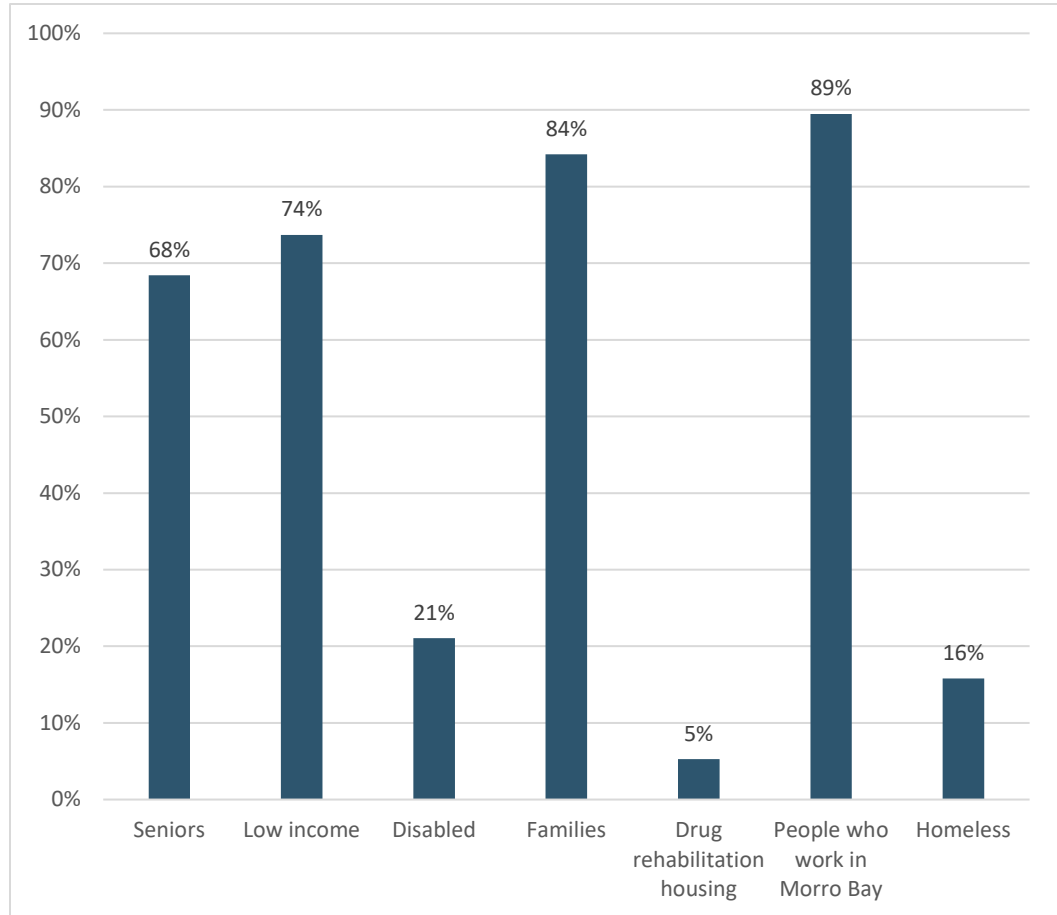
- Question 6: Morro Bay has a large percentage of homes that are vacant most of the year. Does this have a detrimental effect on the community?

Survey responders are largely in agreement (with 79 percent in support) that Morro Bay suffers from the high number of seasonally vacant homes, such as concerns of safety, loss of neighborly atmosphere, and detrimental impacts on the workforce housing opportunities. The few responders in opposition note that tourism is a large economic industry in Morro Bay supported by the large seasonal housing stock. The City's current housing may address these lost housing opportunities through Housing Element policies such as Policy H-1.1 encouraging living and working in Morro Bay.

- Question 7: Can the housing shortage be solved without the help of the Morro Bay community?

Responses indicate that 79 percent of responders surveyed would like to do their part of help solve the housing shortage in the greater county and state. The other 21 percent of responders did not wish to involve Morro Bay citizens in addressing this problem. The City's current housing policies may address the housing shortage through Housing Element goals such as Goal H-1 regarding encouraged housing supply, Goal H-2 protecting existing housing, and Goal H-7 educating the public on the housing shortage.

Figure H-1.
Survey Participant Prioritization of Housing Needs by Special Needs Group



Other Input Received

The City received emails from two Morro Bay residents. The input included their concerns about zoning changes that would facilitate housing development and recommendations for the Morro Bay Housing Element update. The residents expressed the following comments:

- Oppose taller housing units above existing 27-foot height limit.
- Oppose up-zoning (increased density) for existing low-density residential neighborhoods.
- Do not add to existing parking demands in North Morro Bay.
- Traffic problems need to be addressed in the following areas:
 - Intersection of San Jacinto and Highway 1
 - Off-ramp at Highway 41 and Main Street
 - North Morro Bay streets
 - Improve pedestrian safety throughout Morro Bay

Public Draft Housing Element

Due to the COVID-19 public health crisis in-person gatherings including public meetings are restricted. In order to let the public know of the availability of the public draft Housing Element the City is spreading the word through their online Notify Me application to provide updates on City documents and projects via email to those who have signed up. The link to the housing element posted on the City's website is also being sent to everyone who signed up to receive notice for the General Plan/Local Coastal Plan update, those who have signed up to receive notice of Planning Commission meetings, and those who signed up at the housing element workshop in December. The link and information will also be posted to the City's Facebook page and to the Hot Topics section of the city website.

Input Received on Public Draft

The City received a total of five letters from Morro Bay residents, the Morro Bay Chamber of Commerce, and the San Luis Obispo Council of Governments (SLOCOG). Their input is summarized below.

- Discussed requesting an extension of the HCD submittal deadline for the Housing Element, to be able to include data from the 2020 Census and account for the staff time lost and the difficulty of gathering public input during the COVID-19 public health crisis. Recommended the City develop a second draft of the Housing Element after HCD's review to be circulated for additional public input.

- How can the draft Housing Element be compared to previous versions? Does the draft include an index to aid in review?
- Expressed concern that the public draft replaced public hearings and that the City has not offered adequate opportunities for public participation and that the draft Housing Element was not made available to all residents.
- Disliked color bar on each page throughout the Housing Element.
- Noted a grammatical error on page 3-9 of the draft Housing Element.
- The Housing Element should include data on conversion of long-term rentals to short-term rentals.
- Why is there a difference between population data in two tables? Noted that outdated population data does not show the decline in local population.
- Expressed concern that data is missing on “new construction, demolition, conversion, and replacement housing units.” The age of the housing stock needs to be considered.
- Many Morro Bay workers live outside of the community and commute in due to lack of affordable housing opportunities. This increases emissions and creates higher turnover in workers who find work closer to where they live. The current and projected Morro Bay housing units do not meet the needs of all of these workers.
- Requested data on how many vacant units are rented illegally as vacation rentals.
- The City should take vacant second homes into account when determining the local housing that needs to be planned for. Twenty percent of vacant homes are seasonal second homes.
- Why is there a difference between mobile housing units and number of mobile home park residents?
- The data on housing condition is too old to be valuable and should be updated.
- Casa de Flores and the Alzheimer house should be included under needs for seniors.
- Services in San Luis Obispo are too far away to be considered useful to Morro Bay’s homeless population.

- What has happened that has improved access to housing for large families?
- Are Section 8 voucher units considered part of assisted units, or in addition to them?
- Why do At-Risk Units include only projects that are subsidized by the government, rather than all units that receive government assistance?
- Expressed support for how the City has met its RHNA objective, developed policies to address the jobs/housing imbalance, and addressed water supply concerns.
- Expressed concern for satisfying RHNA's lower income requirements on a single site.
- The Housing Element does not identify all possible sites that present opportunities for development; discussed that including more sites than necessary to meet RHNA would allow for redundancy if issues arise. Stated that specific plans should be developed for Morro Elementary, Atascadero Road, and Harbor Tract sites.
- Inconsistencies between regulatory documents are not adequately assessed and may result in constraints on development processes, there needs to be a clear city-wide development process.
- Noted that the Housing Element should use action verbs to commit to policies rather than passive terms such as "encourage" or "support."
- "If feasible" and "when feasible" should not be included in policies or programs, they should identify specific timeframes.
- Recommended that the City should apply the Inclusionary Housing Fee consistently across all projects, certain uses should not be exempt without a study supporting why.
- The permit process should be transitioned to an online application format.
- In order to meet the City's current actual housing need plus RHNA, the City needs 7,100-7,600 housing units. This means developing a total of 750 housing units in the next 8 years rather than RHNA's 350 housing units.
- Expressed concern that the projection of 200 new ADUs in the next RHNA cycle is unlikely.
- There needs to be a policy for the mixed-use development of downtown.

- Certain projects that meet objective design standards should be approved by-right.

How Input Received on Public Draft Has Been Addressed in the Housing Element

How each comment or question was specifically addressed (if applicable) in the housing element is listed in detail below.

- Discussed requesting an extension of the HCD submittal deadline for the Housing Element, to be able to include data from the 2020 Census and account for the staff time lost and the difficulty of gathering public input during the COVID-19 public health crisis. Recommended the City develop a second draft of the Housing Element after HCD's review to be circulated for additional public input.
 - How Addressed: The City and consultant have reached out to HCD about a potential deadline extension. To date, no extensions have been made. No revisions were made in response to this comment.
 - Staff Response: The draft of the Housing Element has been available for public review and input since April 14, 2020. Public comment can continue to be provided at the public hearings (Planning Commission and City Council)
- How can the draft Housing Element be compared to previous versions? Does the draft include an index to aid in review?
 - How Addressed: No revisions were made in response to this comment.
 - Staff Response: The final version is part of the General Plan, which includes the full index. Page numbers will be modified so they are easier to read.
- Expressed concern that the public draft replaced public hearings and that the City has not offered adequate opportunities for public participation and that the draft Housing Element was not made available to all residents.
 - How Addressed: Additional information was added to the public participation section. Hearings will be held this summer on the housing element.
 - Staff Response: The draft of the Housing Element has been available for public review and input since April 14, 2020 and continues to be available through the public hearing review. Once Adopted, it will be a final document.

- Disliked color bar on each page throughout the Housing Element.
 - How Addressed: No revisions were made in response to this comment.
 - Staff Response: The final version will include an index as part of the full General Plan document. The page numbers will be modified so they are easier to read.
- Noted a grammatical error on page 3-9 of the draft Housing Element.
 - How Addressed: This error has been corrected.
 - Staff Response: All grammatical errors pointed out in public comment have been corrected as needed. All comments pointing out spelling, punctuation corrections have not been included in this summary.
- The Housing Element should include data on conversion of long-term rentals to short-term rentals.
 - How Addressed: No revisions have been made. This data is not currently available beyond the data already included in the housing element and other elements of draft Plan Morro Bay.
 - Staff Response: The city continues to work on a vacation home ordinance to regulate the number of short-term privately-owned homes in the city. The regulation of these, and enforcement through a web-based monitoring program will assist in regulating the number of long-term rental homes that might have been lost to short-term rental use.
- Why is there a difference between population data in two tables? Noted that outdated population data does not show the decline in local population.
 - How Addressed: No revisions were made in response to this comment.
 - Staff Response: The population data used was part of the HCD pre-approved data-package.
- Expressed concern that data is missing on “new construction, demolition, conversion, and replacement housing units.” The age of the housing stock needs to be considered.
 - How Addressed: No revisions were made in response to this comment.
 - Staff Response: There is no funding program available through the City for rehab of existing homes and the City does not have the funding or resources to do a housing condition survey.

- Many Morro Bay workers live outside of the community and commute in due to lack of affordable housing opportunities. This increases emissions and creates higher turnover in workers who find work closer to where they live. The current and projected Morro Bay housing units do not meet the needs of all of these workers.
 - How Addressed: No revisions were made in response to this comment.
 - Staff Response: All of the goals of the housing element will have a positive effect on providing more affordable and appropriate housing in Morro Bay that provides greater opportunities for the public to live and work in Morro Bay. The Jobs/Housing imbalance discussion is addressed in the Land Use Element of the draft General Plan/Local Coastal Program within the Housing and Jobs growth section.
- Requested data on how many vacant units are rented illegally as vacation rentals.
 - How Addressed: No revisions were made in response to this comment.
 - Staff Response: The City has contracted with Host Compliance to assist with monitoring and identification of illegal vacation rental units. The City is actively going through the enforcement process on those units operating illegally.
- The City should allocate part of its housing inventory to vacant second homes, rather than consider those sites viable for development. Twenty percent of vacant homes are seasonal second homes.
 - How Addressed: No revisions were made in response to this comment.
 - Staff Responses: See comments above regarding management of short-term vacation rental properties.
- Why is there a difference between mobile housing units and number of mobile home park residents? Are permanent RVs included in the number of mobile housing units.
 - How Addressed: No revisions were made in response to this comment. Units and residents are different. RVs are not included in the number of mobile home.
 - Staff Response: The number of units and the number of residents are different statistics. RVs do not meet the 'permanent' home criteria of HCD and as such, are not included in the number of mobile homes.

- The data on housing condition is too old to be valuable and should be updated.
 - How Addressed: No revisions were made in response to this comment.
 - Staff Response: City does not have the resources to conduct such analysis. The City does see a large number of remodel/addition applications which indicates upgrades to current building code standards. Typically, a symptom of a high cost housing market, encouraging remodels over finding new homes.
- Casa de Flores and the Alzheimer house should be included under needs for seniors.
 - How Addressed: No revisions were made in response to this comment.
 - Staff Response: Both of these facilities are senior care facilities and are not affordable. The table title indicates 'assisted' financially, not senior care.
- Services in San Luis Obispo are too far away to be considered useful to Morro Bay's homeless population.
 - Staff Response: The draft Housing Element will add an implementation action to address emergency homeless housing and services.
- What has happened that has improved access to housing for large families?
 - How Addressed: No revisions were made in response to this comment.
 - The number of larger family households has increased since 2011. As such, the goals/policies will encourage affordable housing with a variety of unit sizes at affordable rates (plus the new requirement that all landlords accept Section 8 vouchers as payment towards the rental costs, also opens up new opportunities).
- Are Section 8 voucher units considered part of assisted units, or in addition to them?
 - How Addressed: No revisions were made in response to this comment. Units that are currently rented by someone with a Section 8 voucher are not included in the assisted units section. They are in addition to the units in that section.
 - Staff Response: Section 8 vouchers are tenant based so they can be used at any rental property. Assisted units are deed restricted, financially assisted projects. The Section 8 vouchers are not considered part of the assisted units category.

- Why do At-Risk Units include only projects that are subsidized by the government, rather than all units that receive government assistance?
 - How Addressed: No revisions were made in response to this comment. The units included in this section are those that are required under state law to be analyzed and monitored for potential to convert to market-rate units.
 - The units included in this section are those that are required under state law to be analyzed and monitored for potential to convert to market-rate units.
- Expressed support for how the City has met its RHNA objective, developed policies to address the jobs/housing imbalance, and addressed water supply concerns.
 - How Addressed: No revisions were made in response to this comment.
 - Staff Response: Thank you.
- Expressed concern for satisfying RHNA's lower income requirements on a single site.
 - How Addressed: No revisions were made in response to this comment.
 - Staff Response: Following the HCD requirements, the City needs to identify sites with a potential capacity to meet the RHNA allocation. The City has very few larger vacant sites, so under the HCD requirements and the inclusionary housing requirements, large sites are the most likely to provide a variety of housing with mixed income levels.
- The Housing Element does not identify all possible sites that present opportunities for development; discussed that including more sites than necessary to meet RHNA would allow for redundancy if issues arise. Stated that specific plans should be developed for Morro Elementary, Atascadero Road, and Harbor Tract sites.
 - How Addressed: No revisions were made in response to this comment.
 - Staff Response: It can be detrimental to identify all developable sites in the land inventory because if they go undeveloped for more than 2 housing element cycles, they can no longer be included in the Housing Element without changing the zoning on the site. Sites that are not vacant do not meet the criteria for inclusion without additional data supporting development likelihood. The City has a full list of developable properties, some of which were used to meet the criteria of the Housing Element.

- Inconsistencies between regulatory documents are not adequately assessed and may result in constraints on development processes, there needs to be a clear city-wide development process.
 - How Addressed: No revisions were made in response to this comment. The City is close to finished with a comprehensive update to the Local Coastal Program, General Plan and Zoning which will address existing inconsistencies.
 - Staff Response: City is addressing this issue through the comprehensive update of the City's General Plan/Local Coastal Program and Zoning Code. An effort to make the documents consistent was a critical part of the development of those documents.
- Noted that the Housing Element should use action verbs to commit to policies rather than passive terms such as “encourage” or “support.”
 - How Addressed: No revisions were made in response to this comment.
 - Staff Response: The City cannot mandate development of property owned by individuals, and can only incentivize developers to create housing in accordance with the RHNA goals, as such using terms like support or encourage is more prudent than over committing with stronger terms.
- “If feasible” and “when feasible” should not be included in policies or programs, they should identify specific timeframes.
 - How Addressed: Implementation Action H-1.2.2 was revised to remove “when financially feasible.”
 - Staff Response: General timeframes could be added, but ultimately policy implementation is dependent of a number of factors including staffing and ability to fund policy implementation. Ultimately, the City Council decides through their goal setting and budgetary process how and when items get addressed.
- Recommended that the City should apply the Inclusionary Housing Fee consistently across all projects, certain uses should not be exempt without a study supporting why.
 - How Addressed: No revisions were made in response to this comment.
 - Staff Response: During implementation of the housing element goals and policies, expansion of the inclusionary housing fee and determining the criteria for projects that can be processed under an expedited residential-by-right process is included in the Housing Element Update - See Housing Element Policy H-1.3.

- The permit process should be transitioned to an online application format.
 - How Addressed: No revisions were made in response to this comment.
 - Staff Response: The City is in the process of turning the Cityworks (City Permit System) public facing. Currently the migrating the contractor database from the old permit system to the new system. Once the task is complete the City will move forward with the public facing portion of Cityworks.
- In order to meet the City's current actual housing need plus RHNA, the City needs 7,100-7,600 housing units. This means developing a total of 750 housing units in the next 8 years rather than RHNA's 350 housing units.
 - How Addressed: No revisions were made in response to this comment.
 - Staff Response: The Housing Element provides a framework for providing more housing. The City is only required to show how they will address the RHNA assigned to them. That does not mean that the City will not continue to try to create housing to meet demand.
- The Housing Element lists only one site for low-income tenants with a realistic density of 215 units concentrating low, very low and extremely low income all on one site.
 - How Addressed: No revisions were made in response to this comment.
 - Staff Response: The Housing Element lists more than one site for lower income households. Typically, affordable projects are designed with a range of lower-income levels to serve a greater range in potential tenant and to help create a feasible project. This range of low income levels will provide for a very diverse tenant base, from those who need rental assistance, even at these low rental rates, to those who work at lower wage jobs who can finally afford housing that they can afford without roommates.
- Expressed concern that the projection of 200 new ADUs in the next RHNA cycle is unlikely.
 - How Addressed: No revisions were made in response to this comment.
 - Staff Response: With the changes in state law that now allow both an ADUs and Junior ADUs on a single-family or multi-family residential lot and with the number of applications received for ADUs staff believes the number is reasonable. The commitment used in the Housing Element for ADUs is significantly less than the allowance provided by HCD.

- There needs to be a policy for the mixed-use development of downtown.
 - How Addressed: No revisions were made in response to this comment.
 - Staff Response: The draft Plan Morro Bay Community Design Element includes implementation actions to encourage mixed-use development in the downtown.
- Certain projects that meet objective design standards should be approved by-right.
 - How Addressed: Implementation Action H-1.1.13 was revised to address the issue of objective design standards. The update to the City's zoning regulations that is currently underway will address requirements of state law related to objective design standards.
 - Staff Response: The City was successful in application for SB2 grant funding which includes funding for this program.
- Goal H-3 – Low income housing should provide ADA accessible units in all projects with governmental funding
 - How Addressed: No revisions were made in response to this comment.
 - Staff Response: ADA and accessible unit are a requirement for all income levels housing projects in accordance with ADA and CBC.
- Why is the zoning density not 'maxed out' on table H-36 (Vacant site inventory)? Why list potential development for 'above moderate' income levels? Why isn't the category "affordable" listed on Table H-35 (the RHNA allocation table by income)?
 - How Addressed: No revisions were made in response to this comment.
 - Staff Response: Zoning density on Table H-37 is showing a realistic number – considering all site constraints. Potential development on H-37 includes moderate and above moderate-income levels because those are also included in the RHNA requirement – well balanced housing stock will provide a variety of income opportunities. Affordable is not an income category – but rather a generalization referring to how much an individual spends on housing from their total income. Income levels listed are specifically identified categories of income based on percentage of Area Median Income Levels as

published by HUD. The extremely low, very low and low-income categories are considered affordable.

Planning Commission Hearing – July 7, 2020

The Morro Bay Planning Commission reviewed the final draft 2020-2028 Housing Element at their online meeting on July 7, 2020. Two members of the public participated in public comment. 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 continue the Housing Element item to their next meeting on July 21, 2020.

Planning Commission Hearing – July 21, 2020

The Morro Bay Planning Commission continued to review the final draft 2020-2028 Housing Element at their online meeting on July 21, 2020. The City and consultant responded to questions on the draft. Members of the Planning Commission had comments and questions throughout the draft document.

The Planning Commission voted to approve forwarding the final draft Housing Element and the associated CEQA Initial Study/Negative Declaration to the City Council for their review and approval.

City Council Hearing – August 25, 2020

The Morro Bay City Council reviewed the final draft 2020-2028 Housing Element at their meeting on August 25, 2020. Four 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 Initial Study/Negative Declaration. The Council authorized City staff to submit the adopted Housing Element to HCD for their certification review.

Coastal Zone Requirement

Communities located within coastal zones are required to review coastal zone affordable housing obligations, including the preservation of existing occupied units affordable to low- or moderate-income households and, where feasible, include low- and moderate-income housing in new developments.

To assist a locality's determination of whether the affordable housing stock in the coastal zone is being protected and provided as required by Government Code Section 65590, the Housing Element must contain data on the new construction, demolition,

conversion, and replacement of housing units for low- and moderate-income households within the coastal zone, including the following:

1. The number of new housing units suitable for persons and families of low and moderate income approved for construction within the coastal zone (after January 1982).
2. The number of housing units available to persons and families of low and moderate income required for new housing developments either within the coastal zone or within three miles of it.
3. The number of existing residential dwelling units occupied by low- and moderate-income households in or within three miles of the coastal zone that have been authorized to be demolished or converted.
4. The number of residential dwelling units for low- and moderate-income persons and families that have been approved for demolition or conversion that must be replaced by equally affordable units (of those units being demolished or converted) in or within three miles of the coastal zone, and designate the location of the replacement units in the housing element review for coastal zones.

The entirety of the city's housing stock is within three miles of its coastal zone and includes a total of 126 affordable housing units; all of these units were constructed after 1982. These units provide housing for low- and moderate-income households. No units have been demolished, and therefore none have needed replacement. **Table H-1** presents coastal zone affordable housing documentation.

**Table H-1.
Coastal Zone Affordable Housing Documentation**

New housing units approved for construction within the coastal zone since January 1982 ¹	Approximately 2,000
Housing units for persons and families of low- or moderate-income required to be provided in new housing developments within the coastal zone, or within 3 miles ²	126
Existing residential dwelling units occupied by low- and moderate-income households required either in the coastal zone or within 3 miles of the coastal zone that have been authorized to be demolished or converted since January 1982 ³	0
Residential dwelling units for low- and moderate-income households that have been required for replacement ⁴	0

¹Estimate based on 2000 Census and City building permits issued between 2009 and 2020.

²Total affordable housing units already built or approved based on affordable housing within 3 miles of the Morro Bay coastal zone.

³No required affordable housing has been demolished or converted.

⁴Since 2009, no low- and/or moderate-income units in the coastal zone have been required for replacement.

HOUSING NEEDS ASSESSMENT

The Housing Needs Assessment is the section of the Housing Element that presents the characteristics of the city's population and existing housing stock as a means of better understanding the nature and extent of unmet housing needs.

Population Characteristics

The type and amount of housing needed in a community is largely determined by population growth and demographic characteristics such as age, household size, occupation, and income.

Population Trends

According to the Department of Finance (DOF), the population of Morro Bay increased slightly from 10,234 in 2010 to 10,439 in 2019 (**Table H-2**). The DOF estimated the city's 2019 population to be 10,439 persons, which represents a change of 2 percent since 2010. The city's growth rate increased at a lower rate than other coastal communities in the county. At 8 percent, Atascadero and Pismo Beach had the highest population increases in the county.

Table H-2.
San Luis Obispo County Population Change, 2010–2019

Jurisdiction	2010 Population	2019 Population	Percentage Change 2010–2019
Morro Bay	10,234	10,439	2%
Arroyo Grande	17,252	17,876	4%
Atascadero	28,310	30,405	7%
El Paso de Robles	29,793	31,244	5%
Grover Beach	13,156	13,533	3%
Pismo Beach	7,655	8,239	8%
San Luis Obispo	45,119	46,802	4%
Unincorporated	118,118	121,855	3%

Source: DOF 2011–2019 (San Luis Obispo County Housing Element Data Profiles)

SLOCOG published a 2050 Regional Growth Forecast for San Luis Obispo County in June 2017. Population, households, and jobs were projected through 2050 for low-, mid-, and high-growth scenarios. **Table H-3** reports the midgrowth scenario of a 20 percent increase

in population from 10,234 residents in 2010 to 12,261 residents in 2050. As noted in the constraints section (Chapter 4), the population is not anticipated to increase above the 12,200 Measure F growth limit approved by the voters in Morro Bay within this Housing Element planning period.

**Table H-3.
Population Growth**

Year	Jurisdiction	
	Morro Bay	Unincorporated San Luis Obispo County
2010	10,234	118,118
2015	10,640	118,950
2020	11,025	123,597
2025	11,401	128,279
2030	11,715	132,066
2035	11,961	134,975
2040	12,092	136,539
2045	12,169	137,461
2050	12,261	138,534
Percentage Change 2010–2050	20%	17%

Source: SLOCOG (Figure 116), US Census Bureau (2010 Census), State of California Department of Finance (2015), Beacon Economics (forecast years)

Age Characteristics

Each age group represented in the chart below, has distinct lifestyles, family types and sizes, income levels, and housing preferences. As people move through each stage of life, housing needs and preferences also change. As a result, evaluating the age characteristics and trends of a community is important in determining existing and future housing needs. **Table H-4** provides information on each age group of Morro Bay's residents according to US Census Bureau data from 2010 and 2017. There was little change between 2010 and 2017, with the exception of a small decrease in persons ages 45 to 64 and an increase in persons ages 65 and over. Despite these changes, the population in Morro Bay remains older than in most cities; 55 percent of residents are 45 years old or older.

Table H-4.
Age Characteristics, 2010–2017

Age Group	2010		2017	
	Number	Percentage	Number	Percentage
Under 5 years	447	4%	400	4%
5–17 years	1,083	11%	1,108	10%
18–24 years	815	8%	889	8%
25–44	2,264	22%	2,342	22%
45–64	3,200	31%	2,900	27%
65+	2,425	24%	2,929	28%
Total	10,234	100%	10,568	100%

Source: US Census 2010; ACS 2013-2017

The age of householder is another way to measure age in the city. As shown in **Table H-5**, owner-occupied households tend to have older householders, while renter-occupied households tend to have younger householders.

Table H-5.
Age of Householder by Tenure

Age of Householder	Number	Percentage
Owner occupied	2,774	57%
Householder 15 to 24 years	0	0%
Householder 25 to 34 years	53	2%
Householder 35 to 44 years	217	8%
Householder 45 to 54 years	396	14%
Householder 55 to 59 years	334	12%
Householder 60 to 64 years	339	12%
Householder 65 to 74 years	746	27%
Householder 75 to 84 years	484	17%
Householder 85 years and over	205	7%
Renter occupied	2,072	43%
Householder 15 to 24 years	107	5%
Householder 25 to 34 years	382	18%
Householder 35 to 44 years	550	27%
Householder 45 to 54 years	315	15%
Householder 55 to 59 years	78	4%
Householder 60 to 64 years	135	7%
Householder 65 to 74 years	321	15%
Householder 75 to 84 years	87	4%
Householder 85 years and over	97	5%
Total	4,846	100%

Source: ACS 2013–2017 Estimates (HCD SLO County Housing Element Update Data Profile)

Note that this total householder count is different 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.

Employment

Employment has an important impact on housing needs. Different jobs and associated income levels determine the type and size of housing a household can afford. Employment growth in the region typically increases housing demand.

The California Employment Development Department (EDD) estimates that as of November 2019, 5,100 Morro Bay residents were in the labor force, with 2.8 percent unemployment, compared to a countywide unemployment rate of 2.5 percent.

According to the 2013-2017 ACS Five Year Estimates, jobs held by Morro Bay residents were most concentrated in the education, health and social services sectors (26 percent). **Table H-6** identifies employment by industry type for Morro Bay and San Luis Obispo County.

Table H-6.
Employment by Industry Type, 2017

Occupation	Morro Bay		San Luis Obispo County	
	Number	Percentage	Number	Percentage
Agriculture, forestry, fishing and hunting,	48	1%	4,480	4%
Construction	377	8%	10,235	8%
Manufacturing	208	5%	8,841	7%
Wholesale trade	94	2%	2,820	2%
Retail trade	610	13%	14,851	12%
Transportation and warehousing, and	175	4%	5,845	5%
Information	98	2%	2,012	2%
Finance and insurance, and real estate and rental and leasing	171	4%	5,842	5%
Professional, scientific, and management, and administrative and waste	631	14%	13,821	11%
Educational services, and health care and social assistance	1,187	26%	30,501	24%
Arts, entertainment, and recreation, and accommodation and food services	626	14%	16,229	13%
Other services, except public	268	6%	6,676	5%
Public administration	150	3%	7,124	6%
Civilian employed population 16 years	4,643	100%	129,277	100%

Source: ACS 2013–2017 Five-Year Estimates (HCD San Luis Obispo County Housing Element Update Profiles)

The EDD produces a yearly Occupational Employment and Wage Data spreadsheet by metropolitan statistical area (MSA). **Table H-7** shows employment wage estimates from 2010 and 2019 as related to job growth for the San Luis Obispo-Paso Robles MSA. In the San Luis Obispo-Paso Robles MSA new employment is expected to be concentrated in a variety of occupations. When comparing these annual incomes to the San Luis Obispo County median income in 2019 for a family of four (\$87,500), only

one occupational group is above this median income (software developers). Of these ten occupational groups, the highest annual salary falls under the software developers, systems software occupation at \$91,048. The lowest annual salary is in the nonfarm animal caretaker occupations at \$30,075.

Table H-7.
San Luis Obispo-Paso Robles Metropolitan
Statistical Area Employment Wage Estimates

Occupation	2019 Median Hourly Wage	2019 Median Annual Salary	Estimated Employment		Percentage Change
			2010	2019	
Software Developers, Systems Software	\$43.77	\$91,048	120	240	28%
Cost Estimators	\$38.37	\$79,817	180	230	38%
Operating Engineers and Other Construction Equipment Operators	\$37.04	\$77,036	300	320	10%
Market Research Analysts and Marketing Specialists	\$30.20	\$62,814	180	290	14%
Insurance Sales Agents	\$26.71	\$55,564	170	290	-15%
Construction Laborers	\$22.14	\$46,057	730	1,220	-7%
Veterinary Technologists and Technicians	\$19.48	\$40,513	200	110	33%
Home Health Aides	\$16.37	\$34,038	460	N/A	56%
Nonfarm Animal Caretakers	\$14.46	\$30,075	200	230	39%
Electrical Power Line Installers and Repairers ¹	N/A	N/A	190	90	N/A

Source: EDD 2019

Note:

1. An estimate of wages could not be provided for these categories

Commute

Commute distance is an important factor in housing need, affordability and is also an indicator of jobs/housing balance. Communities with extended commute distances (60 minutes or more) generally have a poor jobs/housing balance, while those with short average commutes tend to have a strong jobs/housing balance. The burden of the additional costs associated with extended commuting disproportionately affects lower-income households, who must spend a larger portion of their overall income on fuel. This in turn affects a household's ability to find decent, affordable housing. **Table**

H-8 indicates that the vast majority of Morro Bay residents travel less than 30 minutes from home to work. This figure indicates that many of the jobs are within 20 miles of the city and that there is a strong jobs/housing balance, meaning that the available jobs are reasonably close to the employees' places of residence.

Table H-8.
Travel Time to Work

Travel Time to Work	Percentage
Less than 30 minutes	72%
30 to 59 minutes	22%
60 or more minutes	6%
Total	100%

Source: ACS 2013–2017 Five-Year Estimates Household Characteristics

Household Characteristics

According to the Department of Finance and as shown in **Table H-9**, there were 4,846 households in the City of Morro Bay in 2017. This represents a less than 1 percent increase, or two households, from 4,844 households in 2010. The number of households stayed virtually the same during this time period.

Table H-9.
Household Trends, 2010–2017

Jurisdiction	2010	2017	Percentage Change
Morro Bay	4,844	4,846	<1%

Source: US Census 2010 and ACS B25003 2013–2017 (HCD SLO County Housing Element Data Profile)

Note that this total household count is different 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.

Overcrowding

The US Census Bureau defines overcrowding as when a housing unit is occupied by more than the equivalent of one person per room (not including kitchens and bathrooms). A typical home might have three bedrooms, a living room, and a dining room, for a total of five rooms. If more than five people were living in the home, it would be considered by the Census Bureau to be overcrowded. Because some households require less "space" per person, there is some question of whether units with slightly more than one person per room really have an overcrowding problem. In

most cases, units with more than 1.01 persons per room are overcrowded. Units with more than 1.50 persons per room are considered highly overcrowded and should be recognized as a significant housing problem.

Morro Bay has a low incidence of overcrowding. Less than 1 percent of all the occupied housing in the city has more than one person per room. Among renter-occupied units, a total of 91 units are considered overcrowded, and 28 units are considered severely overcrowded. **Table H-10** shows the persons per room for homeowners and renters in Morro Bay.

Table H-10.
Persons per Room by Tenure, 2017

Persons per Room	Morro Bay	
	Households	Percentage
Owner-Occupied Units		
1.00 or less	2,774	100%
1.01 to 1.50	0	<1%
1.51 or more	0	<1%
Total	2,774	100%
Renter-Occupied Units		
1.00 or less	1,981	96%
1.01 to 1.50	63	3%
1.51 or more	28	1%
Total	2,072	100%

Source: ACS 2013–2017 Five-Year Estimates (HCD SLO County Housing Element Update Profiles)

Tenure of Occupied Units

Tenure refers to whether a unit is owner-occupied or renter-occupied. **Table H-11** shows that 57 percent of the housing units are owner-occupied and 43 percent of the housing units are renter-occupied in Morro Bay. It should be noted that some of the owner-occupied households are occupied seasonally or are used as vacation rentals. Vacant Units are not included in the totals below. This is discussed further under “Vacant Units” later in this chapter.

Table H-11.
Tenure of Occupied Housing Units, 2017

Type of Unit	Units	Percentage
Owner-Occupied	2,774	57%
Renter-Occupied	2,072	43%
Total Occupied Units	4,846	100%

Source: ACS 2013–2017 Five-Year Estimates (HCD SLO County Housing Element Update Data Profile)

Note that this total occupied unit count is different than the total household or householder 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.

Persons per Household

Household size by tenure is shown in **Table H-12**. In 2017, the majority of owner-occupied households were inhabited by two to four residents. Most renter-occupied households were also inhabited by two to four residents.

Table H-12.
Household Size by Tenure, 2017

	Number	Percentage
Owner	2,774	57%
Householder living alone	985	52%
Households 2–4 persons	1551	58%
Large households 5+ persons	238	81%
Rental	2,072	43%
Householder living alone	900	48%
Households 2–4 persons	1117	42%
Large households 5+ persons	55	19%
Total	4,846	
Total householders living alone	1,885	39%
Total Households 2–4 persons	2,668	55%
Total Large households 5+ persons	293	6%

Source: 2013–2017 ACS Five-Year Averages (HCD SLO County Housing Element Update Data Profile)

Note that this total householder count is different 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.

Housing Stock Characteristics

The existing housing stock in Morro Bay can be described by a number of characteristics, including the number of units, type (single-family, mobile home, apartment, etc.), their tenure (owner-occupied vs. rental), the number of people living in the unit (household size), and unit size. Later sections of this chapter discuss cost and the physical condition of homes in the city.

Number of Housing Units

The DOF reported a total of 6,320 housing units in the City of Morro Bay in 2010 and a total of 6,466 housing units in 2018. **Table H-13** shows the percentage increase in the number of housing units in Morro Bay between 2010 and 2018.

Table H-13.
Increase in Housing Units, 2010 and 2018

	2010	2018
Total Housing Units	6,320	6,466
Percentage Increase	—	2.3%

Source: DOF 2010-2019 (HCD SLO County Housing Element Update Data Profile)

Note that this total housing unit count is different than the total housing unit 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.

Vacant Units

A vacancy rate measures the overall housing availability in a community and is often a good indicator of how efficiently for-sale and rental housing units are meeting the current demand for housing. A vacancy rate of 5 percent for rental housing and 2 percent for ownership housing is generally considered healthy and suggests that there is a balance between the demand and supply of housing. A lower vacancy rate may indicate that households are having difficulty in finding housing that is affordable, leading to overcrowding or households having to pay more than they can afford.

According to the 2013–2017 ACS Five-Year Estimates, there were a total of 1,360 vacant units recorded in Morro Bay. The vacancy rate for the city was estimated to be 20 percent in 2000, 23 percent in 2011, and 22 percent in 2017. The increase since the turn of the century are due to an increase in seasonal-, recreational-, or occasional-use units (which include vacation rentals) during that time. The vacancy rates when that type of unit is eliminated has decreased since 2011 indicating few units for sale or rent available. As noted in **Table H-14**, of the 1,360 total vacant units recorded in Morro

Bay in 2017, 29 were for rent, 34 were for sale, and 1,194 were for seasonal, recreational, or occasional uses.

Table H-14.
Housing Units by Occupancy Status, 2017

Housing Units by Occupancy Status	Number	Percentage of Total Units
Total housing units	6,206	100%
Total occupied housing units	4,846	78%
Vacant housing units	1,360	22%
Vacant Housing Unit Subcategories	Number	Percentage of Vacant Units
For rent	29	2%
Rented, not occupied	0	0%
For sale only	34	2.5%
Sold, not occupied	36	2.5%
For seasonal, recreational, or occasional use	1,194	88%
All other vacant	67	5%
Vacancy rate	22%	
Vacancy rate minus seasonal units	1.0%	
Homeowner vacancy rate	1.2%	
Rental vacancy rate	1.1%	

Source: 2013–2017 ACS Five-Year Estimate (HCD SLO County Housing Element Update Data Profile)

Note that this total housing unit count is different than the total housing unit 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.

Type of Housing Unit

Table H-15 shows the different types of housing units in Morro Bay by the number of units in the structure. In Morro Bay, 72 percent of the housing units are single-family detached homes, while attached single-family homes provide another 6 percent of the housing stock. Multifamily units constitute 15 percent, and mobile homes make up 8 percent of the housing stock in the city.

Table H-15.
Occupied Housing Units by Type, 2018

Housing Unit Type	Morro Bay	
	Units	Percentage
Single-Family Detached	4,626	72%
Single-Family Attached	375	6%
2 to 4 Units	449	7%
5 or More Units	528	8%
Mobile Homes	488	8%
Total Housing Units	6,466	100%

Source: DOF 2019 (HCD SLO County Housing Element Update Data Profile)

Note that this total housing unit count is different than the total housing unit 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.

Age of Housing Stock

An indication of the quality of the housing stock is its general age. Typically, housing over 30 years old is likely to have rehabilitation needs that may include plumbing, roof repairs, foundation work, and other repairs. **Table H-16** displays the age of Morro Bay's housing stock as of 2018. Among these units, approximately 21 percent of the housing units in Morro Bay have been built since 1990, and approximately 66 percent of housing is more than 40 years old.

Table H-16.
Housing Units by Age, 2018

Structure Built	Units	Percentage
2015 to 2018	103	2%
2009 to 2014 ¹	75	1%
2000 to 2008 ²	350	5%
1990 to 2000	858	13%
1980 to 1989	882	13%
1970 to 1979	1,551	23%
1960 to 1969	1,186	17%
1950 to 1959	1,034	15%
Prior to 1950	775	11%
Total Units	6,814	100%

Sources: US Census; ¹City of Morro Bay, 2009-2018; ²Department of Finance numbers, 2000-2008

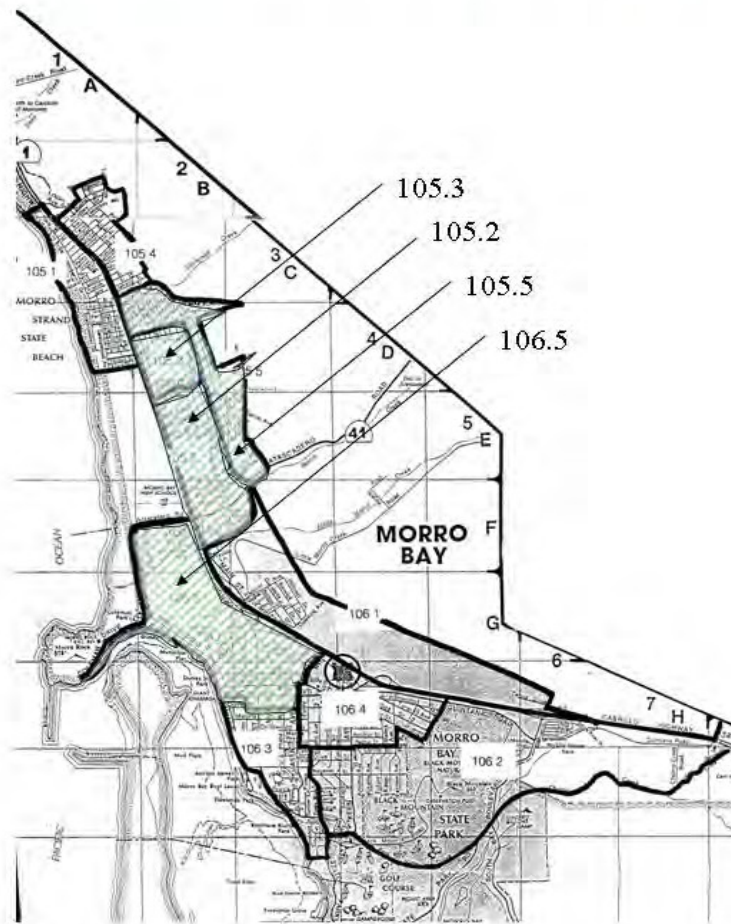
Note that this total housing unit count is different than the total housing unit count presented elsewhere in this Housing Element. This is the total presented by the Census, Department of Finance, and based on local city data and therefore, considered accurate for this table.

Housing Conditions

As of May 2009, according to the City's building inspector, approximately 20 to 25 percent of the housing stock was in need of rehabilitation. In 2004, City staff conducted a house-by-house survey (100 percent of housing units) in four identified Target Income Census Block Groups (TIG) (see **Figure H-2**).

Figure H-2.
2004 Census Block Groups

Census Block Groups



Using the survey and point rating system prescribed by HCD, each unit was catalogued by condition of the roof, siding, foundation, windows, and electrical components. The figures were tabulated to establish a total score and identify each structure as sound, needs minor repair, needs moderate repair, needs substantial repair, or is dilapidated. **Table H-17** outlines the criteria used to determine the condition of the homes. **Table H-18** shows the breakdown of homes in each TIG area surveyed. Of the 1,502 homes surveyed, 403 were deemed to be in sound condition, 25 were dilapidated, and 1,074 were in need of some degree of repair. The survey did not differentiate between owner-occupied and renter-occupied properties.

Mobile homes were also evaluated by City staff in 2004. That survey found that a lesser percentage of these residences were categorized in the "Excellent" and "Sound 1" ratings, but that in general, approximately one-quarter of the mobile homes were in need of major rehabilitation or replacement.

In 2014, City staff confirmed that the assessment in this section was still current. The rehabilitation need in the city has not changed significantly since 2009 though conditions will deteriorate over time as housing stock ages. During the previous 2009–2014 planning period, approximately 10 code enforcement cases related to substandard housing were opened. All cases have since been resolved. The City has only had a tracking system for code enforcement in the last couple of years. There have been two cases related to substandard housing since that system was put into place. Both have been resolved. Generally the condition of the housing in Morro Bay has improved since the 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 - small expansions and remodels of existing homes. In addition, the 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 (see Implementation Action H-2.1.7).

Table H-17.
Housing Condition Survey Criteria

Rating	Criteria
Sound	Units that appear structurally sound and well maintained.
Minor Repair	Units that appear structurally sound but show signs of deferred maintenance or upkeep. The house may need a roof replacement or new windows and a paint job.
Moderate Repair	Involves repair or replacement of more than one rated system. This category varies widely and may include, for example, a unit that needs replacement of the roof, electrical system, windows and doors.
Substantial Repair	Replacement of several major systems, including complete or major foundation work, replacement or repair of exterior siding, reconstruction of the roof system and complete re-plumbing.
Dilapidated	All the rated systems need repair and making those repairs to bring the structure into compliance with the current Uniform Building Code would not be cost-effective.

Source: City of Morro Bay Staff, 2004

Table H-18.
Housing Conditions in Target Income Groups, Morro Bay, 2004

Census Block Group	Number of Units Sampled	Condition of Housing Units		
105.2	605	Sound	168	28%
		Minor	292	48%
		Moderate	109	18%
		Substantial	30	5%
		Dilapidated	6	1%
105.3	301	Sound	66	22%
		Minor	117	39%
		Moderate	72	24%
		Substantial	27	9%
		Dilapidated	19	6%
105.5	351	Sound	124	35%
		Minor	161	46%
		Moderate	64	18%
		Substantial	2	1%
		Dilapidated	0	0%
106.5	245	Sound	45	18%
		Minor	135	55%
		Moderate	51	21%
		Substantial	14	6%
		Dilapidated	0	0%

Source: City of Morro Bay Staff, 2004

Household Income

For the purpose of evaluating housing affordability, housing need, and eligibility for housing assistance, income levels are defined by guidelines adopted each year by HCD. For San Luis Obispo County, the applicable median income for a family of four in 2019 was \$87,500; 2019 is the most recent data available from the state.

HCD has defined the following income categories for San Luis Obispo County based on the median income for a household of four persons:

- Extremely low income: 30 percent and below (\$0 to \$26,950)
- Very low income: 31 to 50 percent of median income (\$26,951 to \$44,950)
- Low income: 51 to 80 percent of median income (\$44,951 to \$71,900)
- Moderate income: 81 to 120 percent of median income (\$71,901 to \$105,000)
- Above moderate income: 120 percent or more of median income (\$105,001 or more)

Table H-19 shows the maximum annual income level for each income group adjusted for household size for San Luis Obispo County. The maximum annual income data are used to calculate the maximum affordable housing payments for different households (varying by income level) and their eligibility for federal housing assistance.

Table H-19.
Maximum Household Income Level by Household Size, 2019

Household Size	Maximum Income Level				
	Median	Extremely Low	Very Low	Low	Moderate
1-Person	\$61,250	\$18,900	\$31,500	\$50,350	\$73,500
2-Person	\$70,000	\$21,600	\$36,000	\$57,550	\$84,000
3-Person	\$78,750	\$24,300	\$40,500	\$64,750	\$94,500
4-Person	\$87,500	\$26,950	\$44,950	\$71,900	\$105,000
5-Person	\$94,500	\$30,170	\$48,550	\$77,700	\$113,400
6-Person	\$101,500	\$34,590	\$52,150	\$83,450	\$121,800
7-Person	\$108,500	\$39,010	\$55,750	\$89,200	\$130,200
8-Person	\$115,500	\$43,430	\$59,350	\$94,950	\$138,600

Source: HCD 2019

Table H-20 provides a summary of household income in Morro Bay according to the 2013-2017 ACS Five-Year Estimates. **Table H-20** also provides the HCD income category for households in 2019. However, HCD income categories and the Census Bureau's income categories do not correspond directly, and the correlation between HCD and Census categories is for informational purposes only.

Table H-20.
Household Income

HCD Income Category	Income Ranges	Owner		Renter	
		Households	Percentage	Households	Percentage
Extremely Low	<\$10,000	101	4%	83	4%
	\$10,000–\$14,999	111	4%	192	9%
	\$15,000–\$24,999	182	7%	209	10%
Very Low	\$25,000–\$34,999	169	6%	291	14%
Low	\$35,000–\$49,999	389	14%	343	17%
	\$50,000–\$74,999	550	20%	403	19%
Moderate	\$75,000–\$99,999	422	15%	250	12%
Above Moderate	\$100,000–\$149,999	517	19%	208	10%
	More than \$150,000	333	12%	93	4%
Total		2,774	100%	2,072	100%

Source: ACS 2013–2017 Five-Year Estimates; HCD 2019

Cost of Living and Affordability

The price of affording housing is directly related to the extent of housing problems faced by lower- and moderate-income households in a community. If housing costs are high relative to household income, the incidence of housing cost burden and overcrowding will also be high. This section summarizes the cost and affordability of housing to Morro Bay residents.

For-Sale Housing Prices

According to San Luis Obispo Association of Realtors, the median home sale price in Morro Bay was \$750,272 in 2019, an increase of approximately 2 percent from the 2018 median of \$732,561. Median prices in Morro Bay tend to be in the middle to low range compared to other San Luis Obispo communities, and are just above the county average. **Table H-21** shows median home sales prices in Morro Bay and nearby communities for 2018 and 2019. Assuming a 4 percent interest rate and 20 percent down payment, a family of four would need to make approximately \$128,000 to afford a \$750,272 house. A median-priced home in Morro Bay is only affordable to families with “above moderate” income levels.

Table H-21.
Annual Median Sales Price, 2018–2019

Community/City	2019 Median Price	2018 Median Price	Percentage Change
San Luis Obispo County	\$718,634	\$696,553	3%
Atascadero	\$583,428	\$576,941	1%
Cambria	\$961,409	\$735,947	31%
Cayucos	\$1,170,889	\$1,129,936	4%
Los Osos	\$650,114	\$645,825	1%
Morro Bay	\$750,272	\$732,561	2%
Paso Robles	\$527,636	\$500,496	5%
San Luis Obispo (City)	\$909,767	\$939,373	-3%

Source: SLO Life Magazine 4th Quarter 2019, San Luis Obispo Associate of Realtors, 2019

Rental Housing Cost

Examining the rental housing market is a direct means to identifying rental price information. Rents are ultimately determined by the interaction of supply and demand within the housing market. The two most significant factors contributing to rental prices are location and amenities. Morro Bay's close proximity to the ocean makes it a high-demand location in which to reside, causing rental costs to increase as the demand increases. **Table H-22** provides samples of "typical" rental housing in the Morro Bay area as identified during a point-in-time count online via Zillow Rental Survey on November 12, 2019.

Table H-22.
Residential Rental Prices, Morro Bay 2019

Type	Number of Units Surveyed	Low	High
Studio	1	\$1,150	\$1,150
1 bedroom	3	\$1,500	\$1,900
2 bedrooms	6	\$1,600	\$2,950
3 bedrooms	7	\$2,200	\$3,500
4+ bedrooms	2	\$2,400	\$3,500

Source: Zillow Rental Survey, November 2019

Although the monthly cost of rental housing is an important measure of affordability, the up front move-in costs, such as first month's rental payment and a security deposit

prior to moving in may make the rental unit cost prohibitive to a new tenant whether or not they could afford the monthly rental and living costs. Additional up-front cost might include deposits to connect to services such as water and electricity, and possibly extra charges for additional people or pets.

According to the 2019 HCD income limits (**Table H-23**), a very low-income household of four could afford up to \$788 a month for rent. If this household lived in a three-bedroom unit in Morro Bay, according to the rental survey, rental rates would range from \$2,200 and \$3,500. A household of four people earning 50 percent of the area median income (i.e. very-low income) would need to allocate over 60 percent of their gross income to be able to afford the rent for the least expensive three-bedroom unit in Morro Bay. This indicates a need for more affordable housing for households in the extremely low-, very low-, and low-income ranges in the city.

Housing Affordability by Income Level

Housing affordability can be inferred by comparing the cost of renting or owning a home with the recommended total housing costs per best practices (e.g. typically in the range of 30-35% of gross income) for each income level. The area median income provides a benchmark for determining the affordability of housing which can be applied to each income range. This information generally demonstrates who can afford what size and type of housing (i.e. condo, single family home, mobile home, other) and indicates the household income levels most likely to look for a solution, such as home-sharing or living in a smaller housing unit to address the lack of affordability in local housing opportunities.

In evaluating affordability, the maximum affordable price refers to the amount that could be afforded by households in the upper range of their respective income category. Households in the lower end of each category can afford less in comparison. The maximum affordable home and monthly rental prices for residents of San Luis Obispo County are shown in **Table H-23**. Income limits are only available at the countywide, not the city level. The affordability of the county's housing stock for each income group is discussed below. HCD has identified the 2019 county area median income to be \$87,500 for a household with four people.

Table H-23 shows the maximum rents and sales prices that are affordable to extremely low-, very low-, low-, moderate-, and above moderate-income households. Affordability is based on the following assumptions: a household spending 30 percent or less of their total household income for shelter; the maximum household income levels established by the US Department of Housing and Urban Development (HUD) and HCD; and maximum affordable sales prices based on either a 5 (for below moderate-income households) or 20 percent down (for moderate income households) with a 30-year fixed-rate mortgage at a 3.7 percent annual interest rate.

Table H-23.
Housing Affordability by Income Level

Household Size	1	2	3	4	5	6
Extremely Low Income (Households at 30% of Median Income)						
Annual Income	\$18,900	\$21,600	\$24,300	\$26,950	\$30,170	\$34,590
Maximum Monthly Gross Rent ¹	\$473	\$540	\$608	\$674	\$754	\$865
Maximum Purchase Price ²	\$57,212	\$70,781	\$83,850	\$96,628	\$112,253	\$133,686
Very Low Income (Households at 50% of Median Income)						
Annual Income	\$31,500	\$36,000	\$40,500	\$44,950	\$48,550	\$52,150
Maximum Monthly Gross Rent ¹	\$788	\$900	\$1,013	\$1,124	\$1,214	\$1,304
Maximum Purchase Price ²	\$118,700	\$140,482	\$162,263	\$183,812	\$201,237	\$218,662
Low Income (Households at 80% of Median Income)						
Annual Income	\$50,350	\$57,550	\$64,750	\$71,900	\$77,700	\$82,800
Maximum Monthly Gross Rent ¹	\$1,259	\$1,439	\$1,619	\$1,798	\$1,943	\$2,070
Maximum Purchase Price ²	\$209,950	\$244,800	\$279,650	\$314,268	\$342,323	\$367,008
Moderate Income (Households at 120% of Median Income)						
Annual Income	\$73,500	\$84,000	\$94,500	\$105,000	\$113,400	\$121,800
Maximum Monthly Gross Rent ¹	\$1,838	\$2,100	\$2,363	\$2,625	\$2,835	\$3,045
Maximum Purchase Price ²	\$385,579	\$446,438	\$507,298	\$568,158	\$616,845	\$665,533

Source: 2019 Income Limits: Department of Housing and Community Development. Monthly mortgage calculation:

<https://www.zillow.com/mortgage-calculator/house-affordability/>

¹ Affordable monthly housing cost for renter-occupied households assumes 30% of gross household income, not including utility cost.

² Affordable housing sales prices are based on the following assumed variables: 5% down payment for below moderate-income households and 20% down payment for moderate-income households, 30-year fixed-rate mortgage at 3.7% annual interest rate.

Overpayment

Overpayment compares the total housing cost for a household to the ability of that household to pay. Specifically, overpayment is defined as monthly housing costs in excess of 30 percent of a household's income. Housing cost is defined as the monthly owner costs (mortgages, deed of trust, contracts to purchase or similar debts on the property and taxes, insurance on the property, and utilities) or the gross rent (contract rent plus the estimated average monthly cost of utilities).

Table H-24 shows whether occupied housing units (households) are overpaying for housing cost by their income category and to what extent.

As of 2015, 44 percent of all households were overpaying based on their income categories, and 73 percent of these overpaying households are in the low-, very low-, or extremely low-income category.

Table H-24.
Total Household Overpayment by Income, 2015

Total Household Characteristics	Number	Percentage of Total Households
Total occupied units (households)	4,930	100%
Total renter households	2,610	52.9%
Total owner households	2,320	47.1%
Total lower-income (0–80% of HUD Area Median Family Income (HAMFI) households	2,330	47.3%
Lower-income renters	1,610	32.7%
Lower-income owners	720	14.6%
Extremely low-income renters	585	11.9%
Extremely low-income owners	110	2.2%
Lower-income households severely overpaying (paying more than 50%)	890	18.1%
Lower-income renter households severely overpaying	720	14.6%
Lower-income owner households severely overpaying	170	3.4%
Extremely low income (ELI) (0–30% of HAMFI)	445	9.0%
ELI renter households severely overpaying	370	7.5%
ELI owner households severely overpaying	75	1.5%
Lower-income households overpaying (paying more than 30%)	1,595	32.4%
Lower-income renter households overpaying	1,260	25.6%
Lower-income owner households overpaying	335	6.8%
Total households overpaying	2,189	44.4%
Total renter households overpaying	1,389	28.2%
Total owner households overpaying	800	16.2%

Source: 2011–2015 CHAS (HCD SLO County Housing Element Update Data Profile)

The Comprehensive Housing Affordability Strategy (CHAS) was developed by HUD to assist jurisdictions with writing their HUD required consolidated plans. According to

this data (**Table H-25**), there were 575 owner households and 675 renter households earning less than 50 percent of the median family income (MFI) in the city in 2016. Approximately 46 percent of these lower-income renter-occupied households were identified as having at least one of four housing problems—incomplete kitchen facilities, incomplete plumbing facilities, more than one person per room, and a cost burden greater than 30 percent. Approximately 43 percent of lower-income owner-occupied households also experienced at least one of these four housing problems. It is important to note that, similar to ACS data, the CHAS dataset uses small samples and is subject to large margins of error; it therefore may have totals and percentages that are slightly different than other data sources used in this document.

Table H-25.
Housing Problems for All Households, 2016

	Total Renters	Total Owners	Total Households
Household Income $\leq$ 30% MFI	390	340	730
Household Income >30% to $\leq$ 50% MFI	285	235	520
% Households ($\leq$ 50% MFI) with any housing problems	46%	43%	25%

Source: 2012-2016 CHAS (ACS)

Special Needs Groups

Special Needs Groups are households and individuals who have greater difficulty finding suitable, affordable housing due to their special circumstances, which may include, but not be limited to: seniors, persons with disabilities (including those with developmental disabilities), large households, single-parent households (female-headed households with children, in particular), homeless persons, and agricultural workers. This section discusses the housing challenges for several of the special needs groups. Also included is a discussion about programs and services available to address their housing challenges.

Persons with Disabilities

Table H-26 shows the 2012-2016 American Community Survey information regarding noninstitutionalized people in Morro Bay who have disabilities that either prevent them from working or make self-care or mobility difficult. In Morro Bay, 54 percent of individuals with a disability are also seniors (i.e. 65 years old and older).

Table H-26.
Persons with a Disability by Disability Type, 2012–2016

	Number	Percentage ¹
Total Disabled person from survey data	1,334	100%
Disability types for people for Ages 5–64 (note: some people have more than one disability type)	620	46%
Hearing Difficulty	157	12%
Vision Difficulty	60	4%
Cognitive Difficulty	326	24%
Ambulatory Difficulty	217	16%
Self-Care Difficulty	78	6%
Independent Living Difficulty	136	10%
Disability types for persons Ages 65 and Over (note: some people have more than one disability type)	714	54%
Hearing Difficulty	323	24%
Vision Difficulty	151	11%
Cognitive Difficulty	190	14%
Ambulatory Difficulty	480	36%
Self-Care Difficulty	122	9%
Independent Living Difficulty	240	18%

Source: ACS S1810 (2013–2017) (HCD SLO County Housing Element Update Data Profile)

¹ Percentages will not sum to a total 100% because some people have multiple disabilities and are therefore counted multiple times.

There are many housing challenges for disabled persons, two of the major housing problems are: (1) the need for housing that meets particular physical needs (wheelchair accessible, etc.) and (2) affordability. Because of limited job opportunities for the handicapped and disabled, their incomes are often below the median income. **Table H-27** identifies the employment status of disabled persons in the city.

Table H-27.
Persons with a Disability by Employment Status

Employment Status	Number	Percentage
Total	6,042	100%
In the labor force:	4,415	73%
Employed:	4,152	69%
With a disability	331	5%
No disability	3,821	63%
Unemployed:	263	4%
With a disability	12	0.2%
No disability	251	4%
Not in the labor force:	1,627	27%
With a disability	196	3%
No disability	1,431	24%

Source: ACS 2013-2017 (HCD SLO County Housing Element Update Data Profile)

The residents of Morro Bay who have a physical disability have varying housing needs.. Typical improvements to improve accessibility and function for a physically disabled person may include, but not be limited to: wheelchair ramps, elevators or lifts, increased doorway widths, reduced heights for thresholds, accessible cabinets, and modified fixtures and appliances. Proximity to goods, services and easy access to public transportation are also helpful in removing barriers and improving independence.

If the physical disability prevents the individual from working or limits income, the cost of housing and needed modification can be significant. Because physical handicaps vary, this group rarely congregates toward a single service organization. This makes it difficult to estimate the number of individuals and specific needs.

The housing challenges and needs for a person with mental health disabilities typically will include affordability, location, proximity to goods and services and proximity to mental health care services and supportive services as well as employment

opportunities. Many people with mental health issues prefer to live independently, but need appropriate and affordable housing opportunities.

Disabled seniors often fall into one or both of the above categories. Many elderly have some minor physical limitations such as the inability to climb stairs. In other cases, seniors may have difficulty cooking, safely operating kitchen equipment or need assistance with activities of daily living, medication reminders or management. There are a variety of senior care facilities available that can meet the needs of many of these individuals.

Persons with Developmental Disabilities

Senate Bill (SB) 812 requires the City to include in the special housing needs analysis the needs of individuals in the community with developmental disabilities. According to Section 4512 of the Welfare and Institutions Code, a “developmental disability” means 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.

Many developmentally disabled persons are capable and prefer living and working independently in a home or apartment, whereas some disabled individuals function better in a group living environment with supportive services.

The California Department of Developmental Services currently provides community-based services to approximately 243,000 persons with developmental disabilities and their families through a statewide system of 21 regional centers, 4 developmental centers, and 2 community-based facilities. The Tri-Counties Regional Center is one of 21 regional centers in California that provides a point of entry to services for people with developmental disabilities in San Luis Obispo county with offices in Atascadero and San Luis Obispo. The center is a private, nonprofit community agency that contracts with local businesses to offer a wide range of services to individuals with developmental disabilities and their families. **Table H-28** provides information about Morro Bay’s population of developmentally disabled persons; **Table H-29** provides information about those persons’ places of residence.

Table H-28.
Developmentally Disabled Residents by Age

Zip Code	0–17 Years	18 Years	Total
93442	40	49	89

Source: HCD SLO County Housing Element Updated Data Profile 2019

Table H-29.
Developmentally Disabled Residents by Residence Type

Zip Code	Community Care	Home Parent/Guardian	Independent Living	Other	Total
93442	±9	59	21	±9	89

Source: HCD SLO County Housing Element Updated Data Profile 2019

A number of housing options are helpful to people with a development disability: rent-subsidized homes/apartments (i.e. Housing Choice Vouchers (Section 8 program through HCD), licensed supportive housing in single-family homes and unlicensed single-family homes, affordable housing as part of the inclusionary housing requirements, which include homes/apartments for rent or for sale, federally subsidized housing such as HUD or LIHTC, and SB 962 homes, which are granted streamlined permitting and funding provisions for adult residential facilities for people with special health care needs. The design of housing-accessibility modifications, the proximity to services and transit, and the availability of group living opportunities represent some of the considerations that are important in serving this special needs group. Incorporating “barrier-free” design in all new multifamily housing (as required by California and federal fair housing laws) is especially important to provide the widest range of choices for disabled residents. Special consideration should also be given to the affordability of housing, as people with disabilities may be living on a fixed income.

To assist in the housing needs in Morro Bay for people with special housing needs related to their developmental disabilities, the City will implement programs to coordinate with Tri-Counties Regional Center to help with outreach to this population with updates regarding available/appropriate housing and will continue to encourage and require, through the inclusionary housing program, that developers designate a portion of new affordable housing developments for persons with disabilities, including persons with developmental disabilities. The City will also continue to pursue local funding sources designated for providing housing for persons with special needs and disabilities. Implementation Action H-3.1.2 is proposed to specifically address the needs of the developmentally disabled.

Elderly

Analysis of the housing needs of the elderly is important because: (1) many elderly have fixed, limited incomes, (2) many elderly persons are “over-housed” (living alone in a three- or four- bedroom house), and (3) because some elderly have mobility and health problems that can create special housing requirements.

Table H-30 shows the population of residents aged 65 and older in Morro Bay in 2010 and 2017. **Table H-31** illustrates the tenure of senior households in the city.

Approximately 74 percent of senior-headed households own the home they live in. The senior population numbers and the percentage they make up of the city's overall population increased by 4 percent between 2010 and 2017.

Table H-30.
Senior Residents, 2010–2017

Age Category	2010		2017	
	Number	Percentage	Number	Percentage
65+	2,425	24%	2,929	28%
Total Population	10,234	100%	10,568	100%

Source: US Census 2010 and ACS 2013–2017 Five-Year Estimates (HCD SLO County Housing Element Update Data Profile)

Table H-31.
Senior-Headed Households by Tenure, 2017

Age of Householder	Number	Percentage
Owner-occupied senior household	1,435	74%
Householder 65 to 74 years (owner-occupied)	746	38%
Householder 75 to 84 years (owner-occupied)	484	25%
Householder 85 years and over (owner-occupied)	205	11%
Renter-occupied senior household	505	26%
Householder 65 to 74 years (renter-occupied)	321	17%
Householder 75 to 84 years (renter-occupied)	87	4%
Householder 85 years and over (renter-occupied)	97	5%
Total	1,940	100%

Source: ACS 2013–2017 Estimates (HCD SLO County Housing Element Update Data Profile)

To address the needs of seniors in the community, the City will implement Implementation Action H-3.1.1 to utilize Community Development Block Grants (CDBG) and other state or federal monies to assist in the development of lower-income senior rentals.

Farmworkers

The 2013–2017 ACS Five-Year Estimates identified 48 residents of Morro Bay employed in agriculture, forestry, fishing and hunting, or mining operations (see **Table H-6**).

According to the 2017 US Department of Agriculture (USDA) Agricultural Census, there are 11,416 farmworkers across 879 farms in San Luis Obispo County. Out of 588 farms in the county, there are 6,681 farmers who work fewer than 150 days. HCD reports that there are 83 farmworker housing units provided under farm worker grant programs in the county. Of the farmworkers living in the four farmworker employee housing facilities, 79 are permanent farmworkers and 16 are seasonal.

Large Households

Large households (those consisting of five or more persons) present special housing needs and may be overcrowded if they cannot find affordable and adequately sized housing units. As identified in **Table H-12**, above, 293 households (approximately 6 percent of all households) in Morro Bay were occupied by five or more persons—of these, 238 were owner-occupied households and 55 were renter-occupied households. From 2011 to 2017, the number of large households increased significantly, from 113 to 293, and the number of owner-occupied households increased significantly, from 39 to 238. Thus, housing for large families appears to have improved since 2011.

Single Parent-Headed Households

Single parent-headed households (in particular female-headed households) experience numerous housing problems, including affordability, overcrowding (from a disparity between income level and size of affordable housing units), insufficient housing choices, and discrimination. The City of Morro Bay recognizes these problems and has included policies and programs in this document to address affordability, overcrowding, and discrimination for all segments of the population.

Table H-32 shows the number of family households that are headed by a female with no husband present. Female-headed households with no husband present account for 12 percent of all households in the city. The table also reports the presence of children in female-headed households, as well as poverty indicators for female-headed households. Female-headed households with their own children make up approximately 7 percent of all households in the city (as shown in the table) and 58 percent of the female-headed households.

Table H-32.
Female-Headed Households

	Number	Percentage of Householders
Female-Headed Households	311	12%
Female Heads with Children	181	7%
Female Heads without Children	130	5%
Total Households	2,627	100%
Female-Headed Households below Poverty Level	58	2%
Total Households below the Poverty Level	184	7%

Source: ACS 2013–2017 Five-Year Estimates (HCD SLO County Housing Element Update Data Profile)

Homeless

According to HUD’s 2018 Continuum of Care Homeless Assistance Programs (as provided by the HCD SLO County Housing Element Update Data Profile), the County of San Luis Obispo has approximately 1,066 homeless persons (**Table H-33**). Of these homeless persons, approximately 102 are in families with at least one child. The homeless population is mostly unsheltered (do not have a place intended for human habitation to spend the night and sleep in a car, park, street, etc.), with 25 percent of the 1,066 identified as sheltered. The 2019 Point-in-Time Count—part of the San Luis Obispo County Homeless Census—reports that 92 persons were unsheltered and 2 persons were sheltered in Morro Bay.

Table H-33.
Homelessness, San Luis Obispo County

	Sheltered	Unsheltered	Total
Household without children	178	786	964
Household with at least one adult and one child	89	13	102
Total Homeless Persons			1,066

Source: HUD 2018 (HCD SLO County Housing Element Update Data Profile)

The City supports the Community Resource Connections office, which provides information and outreach to the homeless in Morro Bay. A group of seven volunteer organizations provide weekly free dinners at the Vet’s Hall for low income and homeless individuals. Regional services for the homeless include West Coast Housing (AKA Chorro Creek Ranch), which serves the South County area that includes Morro Bay and provides a range of services such as sheltering and meals. The Estero Bay

Alliance for Care is an all-volunteer network of organizations and individuals dedicated to enhancing the quality of life for local homeless and in-need citizens through outreach, education, and liaison with appropriate agencies and organizations. The CAPSLO emergency shelter and services center, located at 40 Prado Road in San Luis Obispo, provides emergency shelter, on-site information and referral services, and assistance in finding permanent housing. The People's Kitchen; the Salvation Army Homeless Outreach program; the Senior Nutrition program, which provides meals to seniors over the age of 60 up to five times a week; and other programs offered by local churches are also available. The City of San Luis Obispo is centrally located, and it is appropriate that services for homeless individuals be located there. San Luis Obispo is the county seat; many governmental social services can be received there. Additional service providers include the El Camino Homeless Coalition in Atascadero, Loaves and Fishes in Paso Robles, the 5 Cities Coalition in Arroyo Grande, and Transitional Food and Shelter in the North County.

State or Federally Assisted Affordable Units

As shown in **Table H-34**, Morro Bay has five state and/or federally assisted housing developments. They provide 115 affordable housing units. The City has used various funding sources to provide affordable housing to residents, including Project Based Section 8, Section 202, Section 515, and tax credits.

The Housing Authority of San Luis Obispo (HASLO) reported that as of January 2020, 97 Section 8 vouchers were being used in Morro Bay. HASLO also reported that due to high demand and not enough housing accepting Section 8, the waitlist for Section 8 vouchers has been closed since November 2018. State law changed January 1, 2020 and now requires all landlords to accept Section 8 Housing Choice Vouchers. Moving forward the change to the law may impact the availability of vouchers in Morro Bay.

Table H-34.
Inventory of Assisted Units

Projects	Total Units	Affordable Assisted Units	Type	Funding Source	Earliest Date of Conversion
Ocean View Manor	40	39	Senior	Section 202	2069
Pacific View Apartments	26	25	Family	USDA Section 515	2041
Oceanside Garden Apartments	21	21	Senior	Tax Credits	2050
Sequoia Street Apartments	11	10	Large Family	Tax Credits	2053
Morro Del Mar Senior Apartments	21	20	Senior	Tax Credits	2068
Total	119	115	—	—	—

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

At-Risk Units

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, Implementation Action H-2.1.6 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.

ADEQUATE SITES INVENTORY

SLOCOG is responsible for developing the Regional Housing Needs Allocation (RHNA), which assigns a share of the region's future housing need to each jurisdiction in the region. State law requires jurisdictions to demonstrate that "adequate sites" will be made available over the planning period (2020–2028) to facilitate and encourage a sufficient level of new housing production. Jurisdictions must also demonstrate that appropriate zoning and development standards, as well as services and facilities, will be in place to facilitate and encourage housing. The Housing Element must inventory land suitable for residential development, including vacant and underutilized sites, and analyze the relationship of zoning and public facilities and services to these sites.

In complying with the adequate site requirement, jurisdictions can include the number of new units built during the RHNA projection period of 2019–2028 toward the RHNA allocation. This includes new housing units either built or issued planning entitlements since December 31, 2018.

Regional Housing Needs Allocation

An important component of the Housing Element is the identification of sites for future housing development and evaluation of the adequacy of these sites in fulfilling Morro Bay's share of the RHNA, as determined by SLOCOG. The RHNA is a projection of additional housing units needed to accommodate projected household growth of all income levels throughout the Housing Element projection period. The intent of the RHNA is to ensure that local jurisdictions address their fair share of the housing need determined for the entire region. The RHNA allows communities to anticipate housing needs so that communities can grow in ways that can enhance quality of life, improve access to jobs, promote transportation mobility, and address social equity and fair-share housing needs. The RHNA jurisdictional allocations are made to ensure that adequate sites and zoning are identified to address existing and anticipated housing demands during the projection period and that market forces are not inhibited in addressing the housing needs for all facets of a particular community. **Table H-35** provides the RHNA target for the 10-year projection period from 2019 to 2028.

Table H-35.
Morro Bay Regional Housing Needs Allocation Progress

Income Level	RHNA	Units Approved or Built Since December 31, 2018	Remaining RHNA
Extremely Low	48	0	48
Very Low	49	0	49
Low	60	46 ^{1, 3}	14
Moderate	70	16 ²	54
Above Moderate	164	14	150
Total	391	76	315

Source: SLOCOG 2019; City of Morro Bay 2019

Notes:

1. Accessory dwelling unit (ADU) building permits. Half of all ADU permits are counted as low-income units and half as moderate-income units based on analysis conducted in the San Luis Obispo County Accessory Dwelling Unit Study, 2019.

2. Deed restricted moderate income units resulting from City's inclusionary housing regulations (4) and ADU building permits (12). Half of all ADU permits are counted as low-income units and half as moderate-income units based on analysis conducted in the San Luis Obispo County Accessory Dwelling Unit Study, 2019.

3. Deed restricted units as part of 35 unit HASLO project approved in 2019. The 35 units will be deed-restricted for low-income or lower income categories. Approved project will have 1, 2, and 3 bedroom units.

Based on the SLOCOG Final RHNA Plan, the City of Morro Bay will need to allow for 157 housing units affordable to lower-income households to comply with the City's regional allocation targets for these income levels. In addition, the City will need to allow for 70 housing units available to moderate-income households. A total of 391 new housing units have been allocated by HCD and SLOCOG for the City of Morro Bay from 2019 through 2028.

As of September 2020, there have been 76 housing units constructed or approved since the beginning of the projection period. As a result, the City will need to accommodate an additional 315 housing units to meet Morro Bay's 2019–2028 RHNA. However, when considering projected ADU development sites inventory capacity, the City expects to be able to accommodate the remaining RHNA. See **Table H-36** for a complete list of available sites to meet the City's 2019–2028 RHNA. ADU potential is analyzed later in this section.

Land Availability

This section provides the inventory of vacant land that is available in Morro Bay for both multifamily and single-family residential development. **Table H-36** provides the number of acres, zoning, unit potential, and availability of infrastructure for all vacant

acreage not approved for pending projects in Morro Bay. One underutilized site is also included in the inventory. All sites listed in **Table H-36** have no known constraints related to infrastructure or environmental conditions. If a site includes environmentally sensitive habitat areas (ESHA) or is within a certain distance of ESHA those areas must be treated with extra sensitivity and in some case must be developed around. These regulations are included in the City's Local Coastal Program. The realistic capacity of the sites included in the vacant land inventory takes ESHA considerations into account. The City is currently updating its local coastal program and coastal land use plan including comprehensive updates of the general plan and zoning ordinance (combined known as Plan Morro Bay). It is anticipated that those updates will encourage and allow residential development in more areas of the City. Details about those other areas can be found in Draft Plan Morro Bay.

Realistic Capacity of Sites

The zoning districts and General Plan land use designations are shown for each site and are used to determine the realistic unit capacity of each site. Realistic capacity was determined by multiplying the number of acres by the maximum allowed density for the site, and then taking 80 percent of that result as the final realistic unit number to account for site and regulatory constraints. The capacity for the 10 mixed-use sites included in the inventory was determined by taking 80 percent of the total site acreage, multiplying the acreage by the maximum density for the site, and then taking 80 percent of that number to determine the realistic unit number.

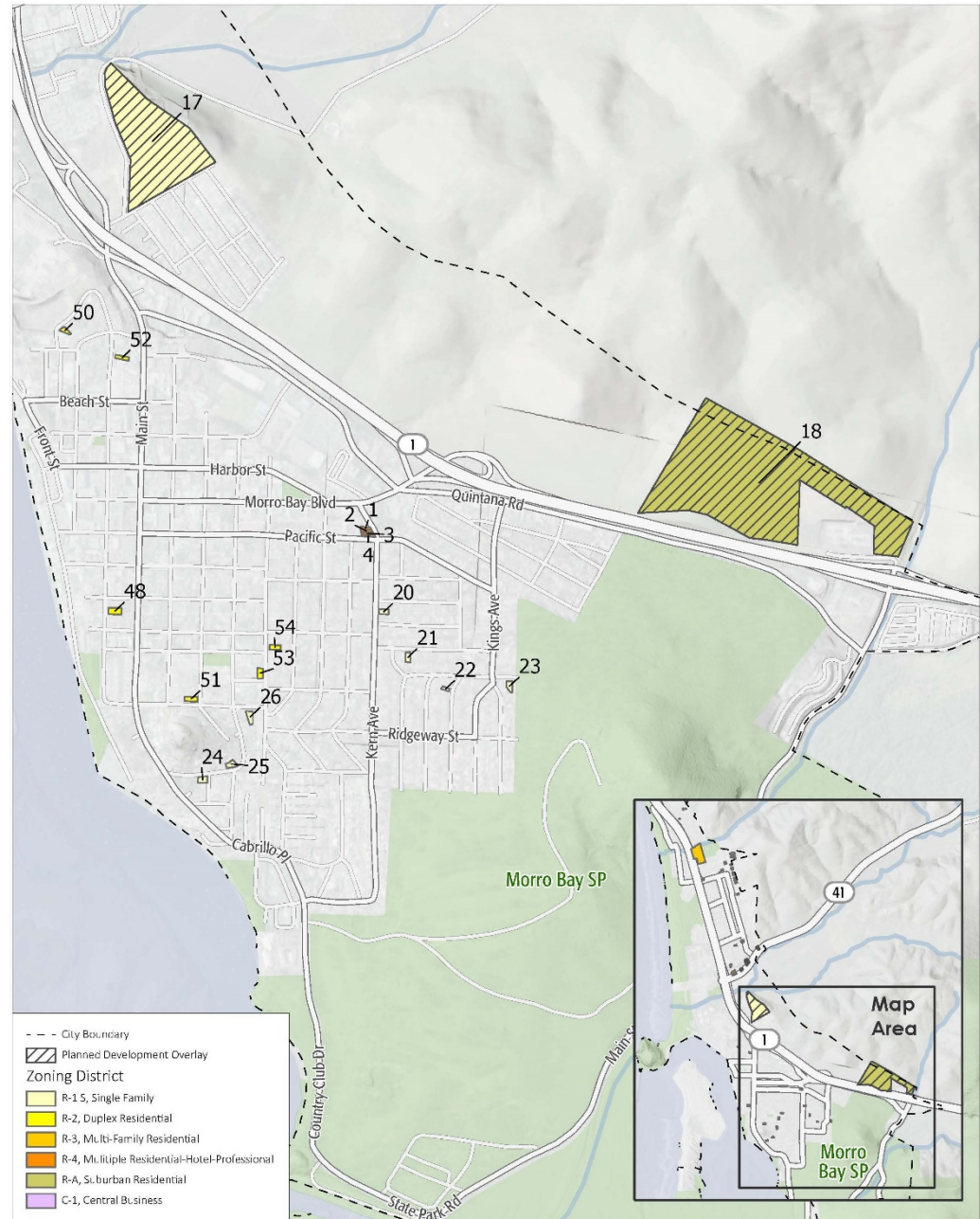
Small Sites

A majority of the vacant parcels that allow up to 27 units per acre are less than a half acre in size, and it can be difficult to build multifamily, lower-income housing on smaller sites. However, recent trends show that multifamily housing development is occurring on sites of less than one-half acre. Recent multi-family projects on smaller sites include Morro Mist and Black Hill Villas. Each has included some moderate-income units.

For the sites listed in **Table H-36**, the sites with map IDs from 1 to 4, 5 to 6, 8 to 10, and 33 to 34 are contiguous. Of the total units the City assumes can be developed on high-density land (326 units), 93 units (29%) are assumed to be accommodated on sites that have potential for lot consolidation into larger sites more feasible for development of affordable housing. To help facilitate the development of affordable housing on smaller lots, the City has included Implementation Action H-1.1.2 to assist in the consolidation of small lots.

Figures H-3.a. and **b.**, the Land Inventory Map shows the location of each site and **Table H-36** provides the characteristics of the available sites for the development of single-family homes and multifamily units.

Figure H-3.b.
2020 Site Inventory – South



Source: County of San Luis Obispo, 2019; Esri, 2019; PlaceWorks, 2020

**Table H-36.
Land Inventory**

APN	Acres	Property Address	Use Status	Map ID #	Zoning	GP Designation	Maximum Allowed Density per acre	Realistic Unit Capacity	Income Category Affordable To	Water	Sewer	Internet	Electricity	Constraints	Notes
066-075-017(24)	0.09	Kern Ave	Vacant	1	R-4	High Density	27	1	Above Moderate	Yes	Yes	Yes	Yes	None	
066-075-017(25)	0.09	Kern Ave	Vacant	2	R-4	High Density	27	1	Above Moderate	Yes	Yes	Yes	Yes	None	
066-075-017(26)	0.09	Kern Ave	Vacant	3	R-4	High Density	27	1	Above Moderate	Yes	Yes	Yes	Yes	None	
066-075-017(27)	0.09	Kern Ave	Vacant	4	R-4	High Density	27	1	Above Moderate	Yes	Yes	Yes	Yes	None	
068-231-016	0.57	Hwy 41	Vacant	5	R-4 (PD)	High Density	27	8	Above Moderate	Yes	Yes	Yes	Yes	None	
068-231-043	0.46	Hwy 41	Vacant	6	R-4 (PD)	High Density	27	7	Above Moderate	Yes	Yes	Yes	Yes	None	
068-323-028	0.34	Rockview St	Vacant	7	R-4 (PD)	High Density	27	4	Above Moderate	Yes	Yes	Yes	Yes	None	
068-381-014	0.14	Juniper Ave	Vacant	8	R-1	Low-Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
068-381-008	0.14	2920 Juniper Ave	Vacant	9	R-1	Low-Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
068-381-015	0.14	2960 Juniper Ave	Vacant	10	R-1	Low-Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
068-391-001	0.14	Juniper Ave	Vacant	11	R-1	Low-Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
068-391-002	0.14	Juniper Ave	Vacant	12	R-1	Low-Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
068-257-004	0.16	Elena St	Vacant	13	R-1/S.2A	Low-Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
065-150-008	0.58	650 Sequoia St	Vacant	14	R-A	Low Density	4	1	Above Moderate	Yes	Yes	Yes	Yes	None	
068-192-011	0.14	2900 Alder Ave	Vacant	15	R-4	High Density	27	2	Above Moderate	Yes	Yes	Yes	Yes	None	
068-351-061	0.51	Ponderosa St	Vacant	16	R-4/SP	Low Density	4	1	Above Moderate	Yes	Yes	Yes	Yes	None	
068-401-001	23.70	Little Morro Creek Rd	Vacant	17	R-A	Low Density	4	75	Above Moderate	Yes	Yes	Yes	Yes	None	

APN	Acres	Property Address	Use Status	Map ID #	Zoning	GP Designation	Maximum Allowed Density per acre	Realistic Unit Capacity	Income Category Affordable To	Water	Sewer	Internet	Electricity	Constraints	Notes
068-411-007	45.52	South Bay Blvd.	Vacant	18	R-A (PD)	Low Density	4	65	Above Moderate	Yes	Yes	Yes	Yes	ESHA	
065-150-015	0.46	670 Sequoia Ct.	Vacant	19	R-A	Low Density	4	1	Above Moderate	Yes	Yes	Yes	Yes	None	
066-162-015	0.11	Kern Ave.	Vacant	20	R-1	Low-Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
066-201-058	0.12	928 Pecho St.	Vacant	21	R-1	Low-Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
066-203-032	0.06	469 Tulare Ave.	Vacant	22	R-1	Low-Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
066-206-010	0.14	1010 Carmel St.	Vacant	23	R-1	Low-Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
066-253-001	0.14	299 Palm Ave.	Vacant	24	R-1	Low-Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
066-341-026	0.14	575 Acacia St.	Vacant	25	R-1	Low-Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
066-342-018	0.19	Olive St.	Vacant	26	R-1	Low-Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
068-198-026	0.03	Hemlock Ave.	Vacant	27	R-1	Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
068-340-012	0.17	Ironwood Ct.	Vacant	28	R-1	Low-Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
068-340-013	0.19	Ironwood Ct.	Vacant	29	R-1	Low-Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
068-382-022	0.14	Ironwood Ave.	Vacant	30	R-1	Low-Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
068-382-023	0.14	Ironwood Ave.	Vacant	31	R-1	Low-Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
068-383-013	0.15	2940 Hemlock Ave.	Vacant	32	R-1	Low-Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
068-391-005	0.14	2850 Juniper Ave.	Vacant	33	R-1	Low-Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
068-391-007	0.14	Juniper Ave.	Vacant	34	R-1	Low-Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	

APN	Acres	Property Address	Use Status	Map ID #	Zoning	GP Designation	Maximum Allowed Density per acre	Realistic Unit Capacity	Income Category Affordable To	Water	Sewer	Internet	Electricity	Constraints	Notes
068-391-009	0.14	Juniper Ave.	Vacant	35	R-1	Low-Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
065-034-002	0.06	508 Blanca St.	Vacant	36	R-1/S.1	Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
065-034-012	0.06	Dawson St.	Vacant	37	R-1/S.1	Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
065-034-013	0.05	Dawson St.	Vacant	38	R-1/S.1	Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
065-034-039	0.06	Blanca St.	Vacant	39	R-1/S.1	Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
065-034-040	0.06	Blanca St.	Vacant	40	R-1/S.1	Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
065-035-003	0.06	512 Dawson St.	Vacant	41	R-1/S.1	Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
065-035-018	0.06	563 Zanzibar St.	Vacant	42	R-1/S.1	Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
065-035-029	0.05	554 Dawson St.	Vacant	43	R-1/S.1	Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
065-036-006	0.07	550 Zanzibar St.	Vacant	44	R-1/S.1	Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
065-052-032	0.06	Orcas St.	Vacant	45	R-1/S.1	Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
065-055-006	0.06	Rennell St.	Vacant	46	R-1/S.1	Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
065-055-043	0.06	471 Panay St.	Vacant	47	R-1/S.1	Medium Density	7	1	Above Moderate	Yes	Yes	Yes	Yes	None	
Low Density Subtotals	76.36							202							
066-134-016	0.20	Morro Ave	Vacant	48	R-2/PD/S.4	Low-Medium Density	15	1	Moderate	Yes	Yes	Yes	Yes	None	
068-321-007	0.24	Sunset Ct	Vacant	49	R-2	Low-Medium Density	15	2	Moderate	Yes	Yes	Yes	Yes	None	

APN	Acres	Property Address	Use Status	Map ID #	Zoning	GP Designation	Maximum Allowed Density per acre	Realistic Unit Capacity	Income Category Affordable To	Water	Sewer	Internet	Electricity	Constraints	Notes
066-021-040	0.10	1232 Scott St.	Vacant	50	R-2	Low-Medium Density	15	1	Moderate	Yes	Yes	Yes	Yes	None	
066-182-018	0.15	Napa Ave.	Vacant	51	R-2	Medium Density	15	2	Moderate	Yes	Yes	Yes	Yes	None	
066-024-011	0.14	1178 Morro Ave.	Vacant	52	R-2	Low-Medium Density	15	2	Moderate	Yes	Yes	Yes	Yes	None	
066-186-015	0.14	457 Piney Way	Vacant	53	R-2	Medium Density	15	2	Moderate	Yes	Yes	Yes	Yes	None	
066-191-017	0.14	485 Piney Way	Vacant	54	R-2	Medium Density	15	2	Moderate	Yes	Yes	Yes	Yes	None	
068-311-008	0.15	Bayview Ave.	Vacant	55	R-2	Medium Density	15	2	Moderate	Yes	Yes	Yes	Yes	None	
065-038-001	10.06	3300 Panorama Dr	Non-Vacant	56	R-1/PD	Medium Density	7	45	Moderate	Yes	Yes	Yes	Yes	Slopes/ ESHA	
Medium Density Subtotals	11.32							59							
065-149-001	9.96	3060 Main St	Vacant	57	R-3 (PD)	High Density	27	215	Extremely Low, Very Low or Low	Yes	Yes	Yes	Yes	ESHA	The site includes a designated ESHA area on the northern boundary along a creek. However, a proposed development could be designed to use that area as the required open space for the project which should result in very little density lost from this constraint. The same realistic number of units could be accommodated.
High Density Subtotals	9.96							145							
Grand Totals	97.64							406							

Nonvacant Site

The approximately 10 acre parcel at 3300 Panorama Drive has recently become a realistic future opportunity site for development of housing during the projection period. The site was formerly used by the US Navy for storage of jet fuel in two large tanks together with several accessory buildings. The property was declared surplus and sold to the current property owner who through City and other state and local jurisdictional issued permits, removed the jet fuel tanks and some of the smaller accessory buildings. The tank removal work is complete and the property owner is working to get final clearance from all involved agencies confirming that the work is complete. The site is zone residential (R-1) and is on the easterly side of an existing residential neighborhood, primarily zoned R-1 but with pre-existing small lot sizes. Once the site receives final approval from County Environmental Health, it would be available for residential development.

Accessory Dwelling Units

The City anticipates that 207 new accessory dwelling units (ADUs) will be constructed during the remainder of the RHNA projection period through December 31, 2028 (during the years 2020 through 2028). This assumption is based on the 23 ADUs permitted and constructed during 2019 projected out through 2028. In the fall 2019, the County conducted a countywide market study of ADUs which included all the cities, unincorporated communities and remote residential development within the county. The market study found that ADUs currently available for rent in San Luis Obispo County are affordable to a variety of income groups and household sizes. In addition, based on an accessory dwelling unit study conducted by UC Berkeley's Center for Community Innovation (Chapple et al., 2017), 40 percent of ADUs are typically rented to family members or friends at either no cost or below market rate rental rates. Based on the combination of the market study and the Chapple industry research, of the 207 ADU's projected to be built in Morro Bay between 2020 and 2028, 103 (~50 percent) are anticipated to be affordable to low income households, and 104 (~50 percent) will be affordable to moderate income. The 23 ADU's approved or constructed in 2019 and the 207 ADUs projected to occur in the period 2020-2028, are accounted for in **Table H-37**, and their affordability assumptions in that table are based on the County's ADU market study.

Table H-37 compares the City of Morro Bay's RHNA to the site inventory capacity. Including the credit of ADUs permitteds, projected ADU development, and the site inventory capacity, the City has a surplus of 137 units available to extremely low-, very low-, and low-income households; 109 units available to moderate-income households; and 52 units available to above moderate-income households—a total surplus of 298 units.

Table H-37.
Meeting Regional Housing Need Allocation

Income Group	Total RHNA to Morro Bay	Units Approved or Constructed since December 31, 2018	ADUs Approved or Constructed since December 31, 2018	Projected ADUs ²	Vacant Site Inventory Capacity	Non-Vacant Site Inventory Capacity	RHNA Surplus
Extremely Low	48 ¹	0	0	0	145 ³	0	102
Very Low	49	0	0	0			
Low	60	0	11	103			
Moderate	70	4	12	104	15	45	109
Above Moderate	164	14	0	0	202	0	52
Total	391	18	23	207	361	45	

Source: SLOCOG 2019; City of Morro Bay 2019

Notes:

1. The extremely low income RHNA objective was derived using the accepted HCD methodology of taking 50 percent of the very low income RHNA number and moving it to the extremely low category
2. As discussed on the page 3-55 ADUs are projected based on trends in ADU approval and construction during 2019, the countywide ADU market study and other industry research on affordability of ADUs.
3. Sites allowing up to 27 dwellings per acre that are greater than 0.5 acre and less than 10 acres in size are included to address the lower-income RHNA which combines Extremely Low, Very Low and Low Income.

Infrastructure

Water

The City's 2018 OneWater Morro Bay Plan states that the City has relied on four sources of water—groundwater pumped from the Chorro and Morro basins; the reverse osmosis/desalinization plant; and the primary source since late 1996, the State Water Project—to meet its water needs. Based on Council direction when adopting the City's OneWater Plan, the City will be divesting from the Chorro Valley and seawater desalinization water sources. Therefore, The City is developing a replacement water supply source by means of a new advanced wastewater treatment facility with the ability to produce recycled water for (indirect) potable use. The historic statewide drought of 2014 placed stress on the traditionally reliable water sources. For example, on January 31, 2014, San Luis Obispo County staff informed the State Water Project subcontractors that the allocation for 2014 was at zero percent, and only stored water was available to meet delivery requests. The City has seen a significant drop in water use since then, which is attributable to water conservation associated with state mandates and local efforts to conserve during dry years.

The City of Morro Bay has a contract with San Luis Obispo Flood Control and Water Conservation District for 1,313 acre-feet per year of State Water Project water. Additionally, the City has contracted with the District for 2,290 acre-feet/year in ‘drought-buffer’. This drought buffer allows for full state water deliveries when allocations are as low as 35-percent.

The water conception and associated production trend has actually decreased as population increased over the past 20 years because of an aggressive water conservation program enacted by the City. In 1985, the City initiated a retrofit program that requires all new development to replace old water fixtures such as toilets and sinks with newer models that use less water. The program required that for every gallon of water needed by new development, two gallons must be saved through retrofitting. The City Council terminated the mandatory program in 2001 and replaced it with a voluntary rebate program that promotes water conservation by reimbursing owners for purchasing water-saving fixtures. The required offset program was reinstituted between 2014 and 2017 due to the extended drought conditions. The retrofit program has facilitated a decrease in the average consumption, which was at about 87 gallons per person per day as of 2016. This use rate is quite low compared to San Luis Obispo County as a whole.

The City of Morro Bay updated its Urban Water Management Plan in 2016, which identifies resources and establishes priorities for long-term water supply, and obtained certification from the California Department of Water Resources (DWR). The Urban Water Management Plan specifically identifies the brackish-water treatment facility as part of the City’s future water portfolio. It is expected to provide up to 581 acre-feet of desalted brackish water from the Morro Creek groundwater basin per year to the City. With this water resource along with others identified, the plan concluded there is adequate water for the buildout of the city under the current General Plan. The City has sufficient water supply from a variety of sources to meet its buildout goals—the State Water Project, local groundwater sources, and the planned advanced wastewater treatment facility. There are times, such as when State Water Project water delivery is restricted, that the City has operational difficulty meeting its short-term water demands and requires water conservation, emergency exchange with the California Men’s Colony and other means such as building limitations in order to bridge these temporary water shortages.

From 1997 to 2016, water production decreased from 501 million gallons (mg) per year to 324 mg (~994 ac-ft/year). The City is committed to providing affordable and sustainable water to Morro Bay, and the Urban Water Management Plan outlined steps to be taken to ensure the acquisition of such resources. Of the eight measures highlighted by the plan, five represented specific projects to be completed (such as permit acquisition), and three are ongoing tasks (such as implementation of conservation programs). Since the adoption of the plan, all programs have been successfully implemented to fulfill the plan’s goals.

To comply with Senate Bill 1087, the City will immediately forward its adopted Housing Element to its water and wastewater providers so they can grant priority for service allocations to proposed developments that include units affordable to lower-income households.

Sewer

The City of Morro Bay currently jointly owns and operates the wastewater treatment plant (WWTP) with the Cayucos Sanitary District as discussed in the City's water resources planning document (OneWater Morro Bay Plan (2018)). The existing WWTP is rated for an average dry weather flow of 2.06 million gallons per day (mgd) and a peak wet weather flow of 7.90 mgd. The City's wastewater flow is projected to increase to 0.99 mgd in dry weather and 8.12 mgd in wet weather by 2040. Both the City of Morro Bay and the Cayucos Sanitary District are each in the process of designing and constructing their own individual new wastewater facilities serving each community.

With the construction of the City's new advanced wastewater treatment facility, there will be adequate capacity through the year 2040 based on population estimates outlined in the OneWater Report; therefore, the City currently has capacity to meet the regional housing need. With the additional facility, there is the potential to add additional water into the City's water supply portfolio through (indirect) potable reuse by groundwater recharge, or perhaps direct potable reuse of water once there has been a change in the regulatory environment and public perception.

CONSTRAINTS

Various interrelated factors can constrain the ability of the private and public sectors to provide adequate housing and meet the housing needs for all economic segments of the community. These factors can be divided into two categories: (1) governmental and (2) nongovernmental constraints. Governmental constraints consist of the combination of land use requirements and restrictions, including required environmental reviews for some areas, verification of development standards, the cost of permits and development impact fees and the cost of the required infrastructure for a proposed project. Nongovernmental constraints consist of land availability, environmental constraints related to sensitive areas and/or interference with protected species, land cost, land availability, construction costs, the availability of financing, and the market conditions related to demand and the effects on future sales prices or rental rates.

Analysis of Potential Governmental Constraints

Governmental constraints include restrictions or requirements that must be met for: land use, on-site and off-site development, building and housing codes. These requirements are reviewed through the review and permit processing for proposed developments and construction projects and involve: permit applications, fees and processing time for City review. The City implemented a new project tracking application in August of 2018. The City continues to work on internal process improvements and better communication with applicants to reduce permit processing timeframes.

Local Land Use Requirements

The California Coastal Act was established to balance landowners' rights to develop and the public's right to enjoy the coastline. This resulted in an area defined as the Coastal Zone and it is regulated to ensure orderly, long-range conservation, use, and management of the natural, scenic, cultural, recreational, and manmade resources of the coast. Nearly all of the city is located within the coastal zone, which results in unique land and use regulations. In some areas of Morro Bay, building height restrictions have been enacted to protect public views, and increased setback requirements have been established to protect bluff areas along the coast or other environmentally sensitive areas. Generally, the minimum parcel size limits, allowed density, setback requirements, and height limits for residential uses are not prohibitive to the development of housing.

Plan Morro Bay

Plan Morro Bay is the City of Morro Bay's draft updated General Plan and Local Coastal Program (LCP) Land Use Plan (LUP). It presents a community vision for Morro Bay through 2040. The update to Plan Morro Bay was initiated in 2016, and the City anticipates adopting it in 2020. Plan Morro Bay includes updates to all of the City's General Plan elements aside from the Housing Element, which is being updated separately for an eight year period (2020-2028). Plan Morro Bay also includes a comprehensive Zoning Ordinance update. Plan Morro Bay updates include addressing requirements of recent state laws regarding wildfire, hazards, and environmental justice.

General Plan Designations

To provide for a wide range of existing land uses and to guide future development, the City has established a series of land use classifications or categories. These classifications describe the type and intensity of various land uses that make up the city's fabric and are the basis for the zoning districts established in the Municipal Code. The land use classifications represent the integration of the Land Use Element of the General Plan and the Local Coastal Program Land Use Plan. The information below is based on the current adopted General Plan, Coastal Land Use Plan and Zoning Ordinance.

Residential Land Uses

The City's Coastal Land Use Plan Includes five residential land use categories that provide for a wide range of densities. The purpose is to ensure that residential land is developed to a density suitable to its location and physical characteristics.

Density ranges are as follows:

- Limited Density: up to 2 units per acre
- Low Density: up to 4 units per acre
- Low-Medium Density: 4 to 7 units per acre
- Medium Density: 7 to 15 units per acre
- High Density: 15 to 27 units per acre

Zoning Ordinance

The Zoning Ordinance provisions allow development on a wide variety of lot sizes in the city all of which may allow development of affordable units within the development standards of each zone. **Table H-38** describes the zoning districts that allow residential uses in the city.

Table H-38.
Zoning Districts That Allow Residential Uses

District		Description
AG	Agricultural	The purpose of this district is to provide for the continuation of agricultural uses in suitable areas and for supplemental commercial uses which may be necessary to support such continued agricultural activities. It is the intent of the City that it will maintain the maximum amount of prime agricultural land in agricultural production to ensure the protection of the area's agricultural economy. This district allows one single-family house per parcel. New development in this district shall also be sited and designed to protect and enhance scenic resources associated with the rural character of agricultural lands.
R-A	Suburban Residential	The purpose of this district is to permit estate lot homes and small-scale agricultural uses; to provide an area for people to have parcels of land larger than more typical single-family residential lots, where livestock, poultry, and small animals may be raised in limited number for home use or for pleasure.
R-1	Single-Family Residential	This district is intended to be applied to existing single-family residential areas of the city to provide for housing which is consistent and harmonious with existing development and to underdeveloped areas of the city in which topography, access, services, utilities, and general conditions make the area suitable and desirable for single-family home development.
R-2	Duplex Residential	This district is intended to be applied in areas of the city where moderate densities can be physically accommodated, where consistent with the surrounding area of development, and where needed utilities and services can be provided.
R-3	Multiple-Family Residential	This district is intended to apply in the areas of the city where it is reasonable to permit varying intensities of residential development. The purpose of the R-3 district is to provide a wide range of housing types and to ensure that the R-3 district will be free of excessive traffic and other uses causing congestion, noise, confusion, and interference in the pattern of higher-density family living.

District		Description
R-4	Multifamily Residential-Hotel-Professional	This district is intended to apply in areas of the city where it is reasonable to permit a mixture of hotels and motels along with apartments, condominiums, and similar uses. The purpose of the R-4 district is to allow higher-density apartment projects and, where appropriate, hotel, motel, community housing developments, and professional offices, ensuring that the R-4 district will be free of excessive traffic and other uses causing congestion, noise, confusion, and interference in the pattern of higher-density family living and visitor-serving uses.
CRR	Coastal Resource Residential	The purpose of this district is to provide for residential uses that are environmentally compatible with protection of coastal resources of local and statewide significance by limiting densities and intensity of residential development and restricting the range of ancillary uses. Large minimum lot sizes are required in order to minimize overall levels of activity that could adversely impact sensitive coastal resources. Clustered development is encouraged where it will result in less impact.
C-1	Central Business District	The purpose of this district is to designate and promote the orderly development of the business district as a central retail shopping facility for the primary market area. Mixed commercial/residential uses are encouraged in the central business district.
MCR	Mixed Commercial/Residential	The purpose of this district is to allow and regulate a mix of compatible commercial uses with residential uses in districts where a strip commercial area is in close proximity to a residential neighborhood, to broaden the range of commercial market opportunities, and to provide a review procedure to protect the residential neighborhood from unsafe or unhealthy conditions.
G-O	General Office	The purpose of this district is to accommodate public, general business, and professional offices and commercial uses that complement and support office development along with residential uses which are compatible with office and commercial uses.

Source: Morro Bay Zoning Ordinance

Development Standards

Development standards in the city are necessary for orderly growth and should pose no constraints to the development of affordable housing. Minimum lot area required per unit decreases with the higher-density zoning districts which provides opportunities for higher density housing frequently including lower-income housing. Morro Bay has established special development standards to accommodate smaller lots formed before the city's incorporation. Morro Bay's Zoning Ordinance poses no

extraordinary constraints, other than those specific to coastal communities, on any form of residential development. Updates to the Zoning Ordinance currently underway will further address constraints to housing in the current zoning regulations (See Implementation Action H-1.1.5). The City can demonstrate that its development standards are not a constraint to the development of housing based on past multifamily projects, in which two of six projects have an affordable component to them:

- A 21-unit rental senior affordable housing project at 555 Main Street was developed in the C-1/R-4 (Mixed Use Commercial) district. The project provides very low- and low-income units for seniors and is deed restricted for 55 years. The density granted equates to 53 units per acre based on two different density bonuses granted.
- A project at 600 Morro Bay Boulevard was developed on 0.39 acre with 16 units (13 residential and 3 commercial units). This project was developed in the Central Business (C-1) district, which allows mixed-use or solely residential development. Since there was an affordable component to this project, the City was flexible with development standards. This project was built at the equivalent to 41 units per acre. The project included two moderate income units.
- Morro Mist Townhomes on Main Street and Bonita , contains 23 units to be developed on 1.14 acres completed in 2019/2020 in the Mixed Commercial Residential (MCR)/Multi-Family Residential-Hotel-Professional (R-4) district. This project also has a moderate income housing component, showing that the developers are able to meet sufficient densities to develop some lower cost units. This project was developed with 100 percent residential units at a density equivalent to 20 units to the acre.
- Morro South , a project at Main and South developed in the Duplex Residential (R-2) zone was developed on 3 acres and contained 30 units. The density was 10 units per acre. Three affordable units were provided off-site as part of another project located on Sunset Ave.
- A four-plex was constructed at 1055 Morro Ave and includes 1 deed-restricted rental unit. The project is zoned C-VS/R-3/PD.
- Black Hills Villas, located on South Bay Blvd (Quinn Court, private street), is a 3.17 acre subdivision of 16 new homes completed in 2019/2020. This project includes 2 deed restricted moderate-income rental units. This project is located in the R-2 Duplex Zoning district and was built at a density less than allowed in the zoning district because of environmental considerations.

In conclusion, after evaluating the projects that have been approved/proposed in Morro Bay, the City's development standards do not pose a constraint to development or affordable development.

The greatest constraint to development in Morro Bay is the availability and cost of land, which is a co-dependent relationship that is market driven. The City of Morro Bay has adopted development standards that provide necessary but not prohibitive control over development as well as providing deviations or exceptions to development standards in overlay or special planning areas, or for certain types of development, such as planned developments, compact development, deed restricted affordable developments, or variable density projects. By providing flexibility in the development standards, the City allows greater opportunities for projects to achieve maximum density, yet still provides for development projects to meet the City's overall adopted goals. The City provides incentives for projects that meet maximum densities.

The City's height limitation is primarily used to control the size and bulk of single-family units. Single-family homes and ADUs represent the majority of the new residential units constructed. In July 2015 the City adopted Residential Design Guidelines with design and neighborhood compatibility guidelines, and in some unique circumstances, reductions in the development standards. The Residential Design Guidelines will be further reinforced through the current update of the City's General Plan, LCP, and zoning code, which will include a Community Design Element. In addition, the draft zoning ordinance update includes Section 17.38.080 Design Review Criteria, which refers to the 2015 Residential Design guidelines. The new zoning Section 17.38.080 specifically covers scale, massing (proportion and compatibility to surrounding homes), site plan, exterior design, landscaping, and inclusion of sustainable features. The design review authority is Planning Commission for projects requiring Planning Commission hearings, or the Community Development Director for all administratively approved projects. The height limit of 30 feet for the R-4 district allows for three story buildings. Because of the slopes and hills and the City's requirement that the height be 30 feet above average natural grade, three stories is very achievable and most developers are developing to maximum density. Multifamily structures and mixed-use structures using the City's planned development permitting process can request that the height standard be modified. This development standard is specifically identified in the Zoning Ordinance as eligible to be waived or modified. In addition, Implementation Action H-1.1.5 addresses changes to height limits that are proposed in the City's Comprehensive Zoning Ordinance Update.

Although the City does not see the current development standards as a constraint to the development of housing, to ensure that multifamily projects are able to meet maximum densities and that development standards do not constrain the development of multifamily housing, the City has included Implementation Action H-1.1.3, which states that the City will continue to allow flexibility in development standards, such as height, parking, and setbacks for multifamily projects. Development standards in zones that allow residential development are provided in **Table H-39**.

Parking Standards

The City currently requires off-street parking for all new housing projects. These parking regulations typically do not impact the ability to construct housing. In order to reduce development costs for low-income projects, there are specific parking standards for affordable projects and additional parking reductions may be allowed based on the level of income served. Parking reductions may include allowing open parking (vs. garage spaces), tandem parking, paying an in-lieu fee, and shared parking between commercial and residential uses with differing parking peak demand times. Additional parking standards reductions are permitted for senior housing and housing for the disabled to promote these types of housing. Therefore, the allowed reduction in parking standards for senior and low income projects works to incentivize the construction of low-income and elderly housing by reducing the development costs and land area necessary to construct off-street parking.

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Table H-39.
Residential Zoning Criteria

	AG	R-A	R-1	R-2	R-3	R-4	CRR	C-1	MCR	G-O
Allowed Density in Land Use Designations	1 per parcel	0–4	4–7	8–15	15–27	15–27	—	—	—	8–15
Min. Front Yard Setback	25'	20'	20'	20'	15'	15'	20'	0'	5' ⁴	20'
Min. Interior Yard Setback	25'	10%/10' *	10% of avg. (3'–5')	10% of avg. (3'–5')	5'	5'	10% of avg. 6' min	0'	5'	10% of avg. (3'–5')
Min. Exterior Yard Setback	25'	10'	20% of avg. (5'–10')	20% of avg. (5'–10')	20% of avg. (10'–15')	20% of avg. (10'–15')	10'	0'	5'	20% of avg. (5'–10')
Min. Rear Yard Setback	25'	20%/20'	10% of avg. (6'–10')	5'	5' ²	5'	10'	0'	5'	5'
On-Site Parking Requirements	—	—	2 covered spaces	1.5 covered spaces per bedroom to a maximum of 2 spaces per unit						
Minimum Site Sq. Ft.	20 acres	20,000 sq.ft.	1 lot	2,900 per unit	2,175 per unit	1,800 per unit	1 lot		Refer to Sub. Div. regs.	2,900 per unit
Minimum Lot Width	None									
Maximum Lot Coverage	2%	45%	45%	50%	60%	60%	30%	90%	60%	50%
Maximum Height	25'	25'	25'	25'	25'	30'	14'/25'	30'	25'	25'

Source: Morro Bay Zoning Ordinance, 2019

Notes: Properties adjacent to bluffs and Environmentally Sensitive Habitat ESHA zones are subject to additional height and setback requirements. The standards in this table present the most restrictive requirements for each category for each zone; however, some of the standards may be lower depending on certain property characteristics including lot size, building size, and proximity to other zoning designations. For a complete description of residential zoning criteria, see Title 17 (Zoning) of the Morro Bay Municipal Code.

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Planned Development Overlay Zone

The purpose of the Planned Development (PD) overlay zone is to provide detailed and substantial analysis of development on parcels which, because of location, size, or public ownership, warrant special review. This overlay zone is also intended to allow the modification of or exemption from the development standards of the primary zone that would otherwise apply if such action would result in better design or other public benefit. The requirements and procedures apply to all properties that have, in addition to a primary or base zone district, the Planned Development (PD) overlay zone, unless otherwise provided in the Zoning Ordinance. Inclusion in the PD overlay zone requires a conditional use permit.

For those areas of the city that are covered by the Waterfront Master Plan, all new development projects requiring discretionary permits (conditional use permits, etc.) must be consistent with the design guidelines in Chapter 5 of the Waterfront Master Plan. Modifications of standards will only be approved upon a finding that greater than normal public benefits may be achieved by such deviations. Such benefits may include, but are not limited to, improved or innovative site and architectural design, greater public or private usable open space, provisions of housing for the elderly or low/moderate-income families, provision of extraordinary public access, and provision for protecting ESH areas, but in all cases these provisions must meet the coastal land use policies.

A concept plan followed by a precise plan, must be submitted and approved pursuant to Chapter 17.40 of the Zoning Ordinance prior to submittal of any new development, new use or change in use, or subdivisions of a series of two or more commonly held contiguous parcels of land, on property within a PD overlay zone which is publicly owned, including tidelands, or in its gross or aggregate area exceeds 1 acre.

Concept Plan Approval. In addition to the review provisions of Chapter 17.60 of the Zoning Ordinance describing the processing of conditional use permits, concept plans for PD overlay zone properties must receive final approval from the City Council at a duly noticed public hearing. The Planning Commission first reviews the concept plan by conducting a public hearing. If the commission consideration is to approve the plan, it reports such findings and recommendation to the City Council. If the commission determines to deny the plan, it need not be forwarded to the council, and the commission decision is final unless appealed.

Precise Plans Required. Upon approval by the City Council of a concept plan, or where no conceptual approval is required, a precise plan of development must be submitted to the Planning Commission showing the details of property improvement and uses or activities to be conducted on the site and any subdivision proposals. Precise plans are processed in accordance with procedures for a conditional use permit as contained in Chapter 17.60 of the Zoning Ordinance.

Special Treatment Overlay Zone

The Special Treatment (S) overlay zone requires special building site and yard standards in areas zoned with this overlay to preserve the existing character of physical development west of Highway 1, north of Azure Street and south of tract 2110 (on Toro Lane) and protect the public viewshed from Highway 1 throughout the city. Development standards diminish development capacity on individual parcels, and landscaping plans are required in designated portions of the overlay zone. In order to maintain and enhance the character and visual quality of some special treatment areas, special design review also requires architectural, landscaping, lighting, signing and viewshed plans. In some cases, additional uses are permitted in addition to the base zone to allow mixed use development including additional residential units, office space, or additions. Depending on the primary zone, plans, drawings, illustrations and other material necessary must be submitted for approval, conditional approval, or disapproval of the plans by the planning commission.

Also included under the Special Treatment (S) overlay zone, the Residential Protection (S.6) overlay zone affords reasonable protection in case of accidental destruction for various residential uses which were made nonconforming when the city's LCP was adopted, subject to certain limitations. This allows residential uses to be considered conforming uses to minimize homeownership maintenance costs.

In the Combining mixed use overlay zone, the city's LCP has indicated combinations of two or more different, but compatible, uses may be applied to the same property when appropriate. When combining two or more commercial designations, there must be approximately equal areas each permitted commercial designation. Residential uses permitted in conjunction with the primary use must first obtain a conditional use permit.

The Interim use (I) overlay zone allows certain properties being held for future use to have interim uses for adequate land utilization. Uses serving commercial fishing and boating industries and temporary visitor-serving or recreation are conditionally allowed upon Planning Commission review in specific industrial zones. Uses commonly permitted include commercial fishing and boating facilities, RV parks, overflow camping facilities, and boat storage or repair. Term limits are set prior to approval, often lasting between five and ten years, but may be renewed as needed.

Specific Plans

The North Main Street Specific Plan (1989) regulates the neighborhoods of North Morro Bay to address land use incongruities between citywide standards and local market demands. Development standards established through this plan improve overall environment quality and establishes an area that allows for various land uses

including retail and service commercial uses, mixed commercial and residential, or exclusive residential uses. Divided into Subareas A through D, area-specific regulations are added to the base zoning to ensure continuity of design and amenities are maintained throughout the specific plan area. Mature trees, roofline variations, and view corridors are assessed, and developers must pay a specific plan fee and commit to off-site improvements as conditions of approval of a conditional use permit.

The Beach Street Specific Plan (1986), provides land use requirements in the specific plan area, separated by subarea, to protect the unique mix of land uses. Subareas A through F impose development regulations and standards to allow uses ranging from single family residential housing and mobile home parks to marine-related and service commercial businesses. Conditional use permits are required in each subarea with subarea-specific application requirements for example exterior lighting plans to minimize potential conflicts.

Growth Management

In 1984 as a result of voter-initiated Measure F, the City adopted a growth management ordinance (Ordinance No. 266) to allow fair distribution of scarce water resources and protect the city's small-town character and surrounding open space. Ordinance No. 266 mandates that building permits be limited to a number permitting an annual increase in population that would achieve the 12,200-person goal by the year 2000. The city has not yet reached a population of 12,200. As noted in Section 2, Housing Needs Assessment, the City's population in 2019 was 10,439. No further residential building will be permitted after a population of 12,200 has been reached unless an increase has been approved by a majority vote at a regular or special election. Annually, the City Council allocates a number of "water equivalency units" (WEUs), some for single-family and some for multifamily development. The annual number is the maximum number of permits (residential and commercial) that may be approved. The annual number has varied over time but has never been reached or exceeded during a single year, even during the years of greatest growth (2005-2007). The number of WEUs available per year is based on water availability. The City Council has the authority to roll over unused WEUs to the subsequent year. If the number of WEUs allocated annually from 2019 to 2028 is conservatively (in terms of water supply availability) estimated at 50, this would allow the approval of a maximum of 500 residential units during the planning period, more than enough to accommodate the City's RHNA of 391 units. The draft of Plan Morro Bay includes implementation that calls for initiating discussions about the Measure F 12,200 limit when the City's population reaches 11,700 and considering giving priority for WEUs to projects that contain affordable units.

Provisions for a Variety of Housing

Housing element law specifies that jurisdictions must identify adequate sites to be made available through a variety of appropriate zoning and development standards to encourage the development of housing for all economic segments of the

population. Housing types include: single-family , multifamily , manufactured homes, mobile homes, special needs adapted housing, emergency shelters, and transitional housing, among others. **Table H-40** summarizes those housing types and how they are allowed based on the zoning districts and land use plan designations.

Morro Bay has limited vacant land, and an older home population. As such, the typical new dwelling unit is possibly a new home and an ADU, or a remodel and addition to an existing home plus a new ADU unit. The city encourages property owners to build to the maximum density allowed in each zoning district that allows residential. There are a few sites each year that are built to a higher density for apartments, duplexes, or townhomes.

Typical built densities range in different zoning districts. Most sites are developed to 80 percent or more of the available density. Specifically, typical density for R-1 sites is one unit per buildable lot, plus an ADU. The typical density for the R-2 zone (duplex residential) is one dwelling per every 2,900 square feet, or the equivalent of 15 du/ac. The typical density for the R-3 (Multi-Family Residential) is 2,175 sf per dwelling or the equivalent of 20 units per acre. The typical density for the R-4 zone (Multi-family Residential -Hotel- Professional Office) is 1,800 sf per dwelling or the equivalent of 24 du/ac. Secondary units have been developed recently in the GO and C-1 districts.

Table H-40.
Housing Types Permitted by Zone

Housing Types Permitted	Zone Districts								
	AG	RA	R-1	R-2	R-3	R-4	CCR	C-1	MCR
Single-Family Dwellings	P	P	P	P	MUP	MUP	P		MUP
Duplexes				P	P	P			MUP
Multifamily Dwellings				CUP	P	P			MUP
Accessory Dwelling Units	P	P	P	P	P	P			
Manufactured Homes	P	P	P	P					MUP
Senior Housing Units								P ¹	
Mobile Home Parks				CUP	CUP	CUP			
Rooming and Boarding House					CUP	CUP			
Residential Care Facilities ²	P	P	P	P	P	P			
Employee Housing (6 or fewer)			P	P	P	P	P	P	P
Employee Housing (36 or fewer)	P	P							
Transitional and Supportive Housing	P	P	P	P	P	P	P		P
Emergency Shelters								P	
Single-Room Occupancy Units								P	P

Source: Morro Bay Zoning Ordinance, accessed 2019

P – Permitted by right; CUP – Conditional use permit required; MUP – Minor use permit required

Notes:

1. Permitted only when affordable to low- and/or moderate-income families.

2. Residential care facilities serving 6 or fewer persons are permitted in all residential districts by right; larger group homes of more than 6 and up to 12 persons require a minor use permit; and facilities serving more than 12 persons require a conditional use permit.

Density Bonus

Zoning Ordinance Chapter 17.50 (Affordable Housing, Density Bonuses and Incentives) of the Morro Bay Municipal Code defines the City's density bonus provisions. Implementation Action H-1.1.5 notes that the City's density bonus regulations are being updated as part of the comprehensive zoning ordinance update to comply with changes to the state density bonus law since adoption of the previous housing element. Key provisions of the current density bonus regulations include:

- New construction of five or more units may receive a density bonus provided they satisfy one or more of the following criteria:
 - At least 10 percent of the units are designated for low-income households.

- *At least 5 percent of the units are designated for very low-income households.*
- *At least 10 percent of the units are designated for moderate-income households, provided that all units in the development are offered to the public for purchase.*
- *100 percent of the units are designated for senior citizens as defined in Section 51.3 and 51.12 of the Civil Code or mobile home park that limits residency based on age requirements for housing for older persons pursuant to Government Code Section 798.76 or 799.5.*
- *Donation of land to the City consisting of at least 1 acre, or of sufficient developable acreage and zoning classification to permit construction of at least 40 units, and not less than 10 percent of the residential units in the proposed development, that are affordable to very low-income households*
- The density bonus will be calculated as follows:
 - *A 20 percent density bonus, increasing by an additional 1.5 percent for each additional 1 percent increase in low-income units above the initial 10 percent threshold.*
 - *A 20 percent density bonus, increasing by an additional 2.5 percent for each additional 1 percent increase in very low-income units above the initial 5 percent threshold.*
 - *A 20 percent density bonus for senior citizen housing developments.*
 - *A 5 percent density bonus, increasing by an additional 1 percent for each additional 1 percent increase in moderate-income units above the initial 10 percent threshold.*
 - *When an applicant proposes to construct a housing development that is eligible for a density bonus and includes a child-care facility that will be located on the premises of, or adjacent to, the housing development, the City will grant either an additional density bonus that is an amount of square feet of residential space that is equal to or greater than the square footage of the child-care facility or an additional concession or incentive that contributes significantly to the economic feasibility of the construction of the child-care facility.*
 - *The maximum density bonus is 35 percent when a project provides either 11 percent very low-income units, 20 percent low-income units, or 40 percent moderate-income units. All density bonus calculations resulting in fractional units are rounded up to the next whole number of housing units.*
- Upon request of a developer eligible to receive incentives related to the affordability criteria of the project, the City may grant the following parking standards, inclusive of handicapped and guest parking, for the entire project:
 - *Zero- to one-bedroom units – 1 on-site parking space per unit*
 - *Two-bedroom units or more – 2 on-site parking spaces per unit*

- The City may also provide other incentives for the development of affordable housing, including reduced site development standards, deferred or waived fees, direct financial aid, and other regulatory developer incentives.
- Where affordable housing units have been provided per the requirements of Chapter 17.50, the developer must ensure both the continued availability of affordable units for a minimum of 30 years and in some cases, project phasing, to insure that the availability of the affordable housing units is concurrent with nonrestricted units.

Emergency Shelters

The California Health and Safety Code (Section 50801) defines an emergency shelter as “housing with minimal supportive services for homeless persons that is limited to occupancy of six months or less by a homeless person. No individual or households may be denied emergency shelter because of an inability to pay.”

Senate Bill 2 (Cedillo, 2007) requires jurisdictions to allow emergency shelters and supportive and transitional housing without a conditional use permit. The City’s Zoning Ordinance currently allows emergency shelters without requiring a conditional use permit.

In 2014 the Morro Bay City Council adopted Ordinance No. 584, which amended the Zoning Ordinance to allow emergency shelters by right in the Central Business (C-1) district. The C-1 district is close to services (shopping and public services) and transit stops. Overall, the C-1 district has more than 21 acres of undeveloped land on vacant parcels that will allow adequate capacity for the provision of an emergency shelter. The County Homeless Services Oversight Council (HSOC) is working on identifying a site for an emergency shelter site in Morro Bay.

Supportive and Transitional Housing

Supportive housing is defined by Section 50675.14 of the Health and Safety Code as housing with linked on-site or off-site services with no limit on the length of stay and that is occupied by a target population as defined in Health and Safety Code Section 53260 (i.e., low-income person with mental disabilities, AIDS, substance abuse or chronic health conditions, or persons whose disabilities originated before the age of 18). Services linked to supportive housing usually focus on retaining housing, living and working in the community, and/or health improvement.

Transitional housing is defined in Health and Safety Code Section 50675.2 as buildings configured as rental housing developments, but operated under program requirements that call for the termination of assistance and recirculation of the assisted unit to another eligible program recipient at some predetermined future point in time, which shall be no less than six months. It may be designated for a homeless individual or family transitioning to permanent housing. This housing can take many structural

forms, such as group housing and multifamily units, and may include supportive services to allow individuals to gain necessary life skills in support of independent living.

Pursuant to SB 2, transitional and supportive housing types are required to be processed as residential uses and subject only to those development standards and restrictions that apply to other residential uses of the same type in the same zone. In 2014 the Morro Bay City Council adopted Ordinance No. 584, which amends the Zoning Ordinance to add the current definition of transitional housing and supportive housing, as stated in this document, and lists these as permitted uses in all zoning districts allowing residential uses.

Extremely Low-Income Households

Extremely low-income households typically consist of persons with special housing needs, including but not limited to persons experiencing homelessness or at risk of homelessness, those receiving government assistance, and farmworkers. The City estimates an approximate total of 688 extremely low income households in Morro Bay, or approximately 14 percent of the total households in the city. Assembly Bill 2634 (Lieber, 2006) requires the quantification and analysis of existing and projected housing needs of extremely low-income households. Housing elements must also identify zoning that allows single-room occupancy units (SROs), which in some cases might be an acceptable solution for extremely low income people.

In 2014 the Morro Bay City Council adopted Ordinance No. 584, which amended the Zoning Ordinance to explicitly define and allow SROs in the Central Business (C-1) and Mixed Commercial/Residential (MCR) districts. In addition, Implementation Action H-1.1.7 states that the City will continue to work with the private sector and nonprofit agencies, and to secure funds through state and federal programs for development of new lower-income housing and rehabilitation of existing lower-income households. As funding becomes available, the City will prioritize a portion of the funds to encourage the development of housing for extremely low-income households.

Accessory Dwelling Units

Accessory dwelling units (ADUs) (formerly referred to as secondary dwelling units) are regulated in the Morro Bay Zoning Ordinance Section 17.48.320. Those regulations are being updated in the comprehensive Zoning Ordinance update (see Implementation Action H-1.1.19). Once the new Zoning Ordinance is adopted, Morro Bay's regulations will be consistent with current state law. Morro Bay is following the requirement of the state law in the interim and as result, permitted 23 new ADU's in 2019.

Housing for Farmworkers

In 2014 the Morro Bay City Council adopted Ordinance No. 584, which amends the Zoning Ordinance to remove constraints to housing for farmworkers. Ordinance No.

584 also amended Chapter 17.24 of the Zoning Ordinance to allow employee housing with a maximum of 36 beds in a group quarters or 12 units or spaces in the Agricultural (AG) and Suburban Residential (R-A) districts. The Zoning Ordinance now defines “employee housing” as housing that includes but is not limited to farmworker housing. Employee housing for six or fewer workers will be deemed to be a single-family structure with a residential land use and will be processed to the same standards as a single-family dwelling within the applicable zoning district. Employee housing for agriculturally zoned property may consist of no more than 36 people in a group quarters or 12 people in a single family or household on land zoned for agricultural uses.

Housing for Persons with Disabilities

Housing for Disabled Persons

Housing element law requires localities to include the following in the preparation and adoption of the Housing Element: (1) in addition to identifying the portion of the population living with a disability, an analysis of potential and actual constraints on housing for persons with disabilities; (2) demonstration of efforts to remove governmental constraints; and (3) inclusion of various programs or a means of reasonable accommodations for housing designed for persons with disabilities. As part of the Housing Element process, the City analyzed its Land Use and Zoning Ordinance, permitting process (conditional use permit process and variance), development standards, and building codes to identify potential constraints for the development of housing. Where impediments are found, the Goals, Policies, and Implementation Actions section of the Housing Element proposes specific actions and implementation schedules to remove such impediments. The following paragraphs summarize findings from the constraint analysis and proposed actions.

Zoning and Land Use

State and federal housing laws encourage an inclusive living environment, where persons of all walks of life have the opportunity to find housing suited to their needs. The Zoning Ordinance allows a range of housing types and prices for special needs groups, and allows foster homes and rest homes pursuant to a conditional use permit. The Zoning Ordinance does not have geographical spacing/siting requirements for nursing homes, shelters, or foster care homes. Although these classifications allow special needs housing, the City currently provides housing opportunity for disabled persons. The City complies with state laws under the Community Care Facilities Act. Residential care facilities serving 6 or fewer persons are permitted in all residential districts by right, larger group homes of more than 6 and up to 12 persons require a minor use permit, and facilities serving more than 12 persons require a conditional use permit. To further comply with SB 520, the City defines family as one or more persons occupying premises and living as a single housekeeping unit who not need be related

by blood as distinguished from a group occupying a hotel, club, or fraternity or sorority house. Implementation Action H-1.1.5 calls for zoning updates to address AB 2162 related to how the City allows supportive housing.

Building Codes and Development Standards

The City enforces Title 24 of the California Code of Regulations (California Building Code), which are regulations on access and adaptability of buildings to accommodate persons with disabilities. The City inspects plans to ensure compliance with Americans with Disabilities Act (ADA) standards. The City's building code requires new residential construction to comply with the ADA, which requires design standards for "qualified" buildings consisting of three or more units. These requirements include the incorporation of (1) adaptive design features for the interior of the unit; (2) accessible public use and common use areas; and (3) sufficiently wide doors to allow wheelchair access. Currently, Morro Bay uses the 2019 edition of the California Building Code (updated every three years). The City has not adopted unique restrictions for disabled housing, such as minimum distances between housing for persons with disabilities, or other regulations that could constrain the development, maintenance, or alteration of housing for disabled persons. The City does not require new housing projects to incorporate universal design standards, which are beyond the standards required by state and federal law. In addition, the Zoning Ordinance does not have occupancy limitations, which are preempted by State law. The Zoning Ordinance also does not define a family in a way that would limit the number of persons per household or limit the relationship of the household members. The Zoning Ordinance does not specify the types of development standards for special needs housing or unique performance standards. However, convalescent homes and senior housing are allowed a reduced parking requirement of only one space for every three beds plus employee parking and half a space for seniors, respectively.

Permitting Procedures

Section 17.48.400 of the Zoning Ordinance provides a reasonable accommodation process for those seeking accommodations due to a disability. The procedure is reviewed administratively with a low fee required.

Building Codes

The Morro Bay Building Code is based on the California Building Code (CBC), which determines the minimum residential construction requirements for all of California. The CBC ensures safe housing and is not considered a significant constraint to housing production. On January 1, 2020, the City of Morro Bay adopted the 2019 California Building Code as its own building code and will make the requisite changes to its Municipal Code. The State allows local governments to make amendments to the CBC as would allow the Code to best suit local needs. In October 2019, staff prepared a list of local amendments in preparation of the upcoming adoption of the 2019 CBC. Some

of these amendments include verification of building setback and height as well as sprinkler requirements for new residential and commercial buildings or any significant additions or alterations thereto.

Code Enforcement

Like most cities, Morro Bay responds to code enforcement problems largely on a complaint basis. The usual process is to conduct a field investigation after a complaint has been submitted. If the complaint is found to be valid, the seriousness of the problem is assessed. The more serious the violation, the more urgent the City's action. The City encourages voluntary compliance through letters and phone calls and/or site visits. If compliance cannot be attained in this manner, the City may take more aggressive action through the legal process.

The City's philosophy has been to mitigate serious health or safety problems, but to allow the property owners reasonable time and flexibility to comply. The City seeks to balance the need to ensure safe housing against the potential loss of affordable housing that might result from overly strict enforcement. There is no indication that code enforcement actions have unnecessarily restricted the use of older buildings or inhibited rehabilitation.

Permit Processing Times

While permit processing times in Morro Bay are not excessive, this Housing Element includes an implementation action stating the City's intent to continue to take efforts to reduce the processing of all development proposals, especially those that include affordable housing. Implementation Action H-1.1.15 states that the City will continue to expedite the permit processing procedure as an additional incentive for the development of affordable housing.

Assuming a full planning staff of two planners, coastal development permits and use permits would take between two to four months for both single- and multifamily projects, including notice periods for coastal development permits. Environmental review or CEQA review can add months to the time frame. This part of the process is out of the City's control. Also, because of the City's coastal location, there are many sites within proximity to environmentally sensitive habitat that will require CEQA review that can add additional time to the process outside of the City's control. Outside of things that are under the City's control, applications for building permits are usually submitted within two to four months once a project is fully entitled. It is difficult to estimate a typical amount of time as it varies greatly depending on the applicant and particulars of the project.

In 2019, processing times were not excessive and didn't significantly impact the cost of construction or the ability to build. **Table H-41** provides a summary of typical processing times by household type.

Table H-41.
Typical Processing Procedures by Project Type

	Single-Family Unit	Multi-Family Unit	Mixed Use Commercial/ Residential	Parcel Merger	Subdivision
Typical Approval Requirements	Coastal Development Permit	Coastal Development Permit	Coastal Development Permit		Tentative and Parcel Map (division of a property into 4 or fewer parcels)
		Use Permit	Use Permit		
	Building Permit	Building Permit		Eliminate lot line to create larger parcel	Tentative and Final Map (division of property into 5 or more parcels)
Total Estimated Time	2 months	3–4 months	6-12 months	1 month	12–18 months

Source: City of Morro Bay, 2019

Development Review

The following is a description of the development review process for single- and multifamily developments in Morro Bay. Because the entire city is within the coastal zone, no proposals for construction of a new single-family or multifamily unit can be ministerial.

First it must be determined whether the project is within the City's or the Coastal Commission's jurisdiction and whether it is within the California Coastal Commission appeal jurisdiction.

New Residences

East of Main Street

Administrative coastal permits will be required for construction of all new single- or multifamily residences until the City obtains the approval of the Coastal Commission to exempt the area east of Main Street to the Local Coastal Program Urban/Rural Boundary—except areas within a Coastal Commission appeal jurisdiction, an ESH

overlay zone, or on properties of 10 percent of greater slopes—from the requirement of obtaining a coastal development permit for the purpose of construction of new, one-story, single-family residences and two-story residences when the second floor is less than 40 percent of the lot area. The Community Development Director is authorized to take whatever steps are necessary to obtain Coastal Commission approval.

West of Main Street

- Outside appeal jurisdiction

Administrative coastal permits are required for properties located west of Main Street and not within the appeal jurisdiction or ESH zone.

- Within appeal jurisdiction

Regular coastal permits are required for properties located west of Main Street and within the appeal jurisdiction or ESH zone.

Administrative Coastal Development Permits

For developments and/or uses requiring an administrative coastal development permit the Community Development Director may process as an administrative permit any coastal development permit application specifically for the following developments and/or uses and provided that the development and/or use is not located in the coastal development permit appeal area.

- Improvements to any existing structure including minor additions to existing commercial, industrial, or multifamily structures that do not result in an intensification of use or require a conditional use permit, or add any additional units or create any environmental impacts and which do not require a subdivision map.
- Any single-family dwelling.
- Development of four dwelling units or less on a residential lot that is not located within the coastal appeal jurisdiction and/or ESH overlay zone and that does not require demolition of more than two units or a conditional use permit.

Outside the Coastal Appeal Jurisdiction

A final decision on an application for a coastal development permit for projects outside the coastal development permit appeal area becomes effective after the City's 10-day appeal period has expired unless an appeal of the Community Development Director and/or Planning Commission's decision is filed, or the notice of final action is inadequate, as described under Section 17.58.080.B of the Zoning Ordinance.

Within the Coastal Appeal Jurisdiction

A final decision on an application for a coastal development permit for projects in the coastal development permit appeal area is effective after the appeal period of 10

working days to the Coastal Commission has expired unless either of the following occur:

- An appeal is filed; or
- Notice of final City action does not meet the requirements set forth in Section 17.58.080.B of the Zoning Ordinance.

The effective date of the City's action may be suspended if either of the above circumstances occurs.

City Permits for Development within the Coastal Commission Permit Jurisdiction

The City will not issue a building permit where a coastal development permit from the Coastal Commission is required until:

- The applicant has provided the City with a copy of the approved coastal development permit and, if applicable, signed plans by the Coastal Commission; and
- The applicant ensures the building plans that the City intends to approve are consistent with the plans signed off by the Coastal Commission staff or reflect any plan changes described in written form; or
- The applicant provides the City with written verification from the Coastal Commission that a coastal development permit is not required.

In addition to these requirements, a conditional use permit is required for any addition that adds more than 25 percent to an existing nonconforming single-family home, or where the site is located within a PD overlay area or where a property is subject to bluff development standards.

Residential Development Fees

The City collects various fees from applicants to cover the costs of processing permits, including fees for planning approvals, subdivision map act approvals, environmental review, public works and plan check services, and building permits. In addition to these service fees associated with development processing, the City and the regional transportation agency charge several impact fees to offset the future impact of development on regional traffic and circulation, parks, and libraries. The City's Green Building Incentive Program provides eligible projects with building and plan check fee rebates (see the Energy Conservation Opportunities section of the Housing Element).

Table H-42 shows the City's development fees.

As a means of assessing the cost that fees contribute to development in Morro Bay, the City has calculated the total fees associated with development of a single-family and multifamily development. As indicated in **Table H-43**, development fees for a 1,500-square-foot, single-family residential project run approximately \$31,781 per

unit, and development fees for a multifamily project are approximately \$41,692 per unit for the same unit square footage. The fees for a single-family unit make up about 4 percent of the total construction costs, and for a multifamily unit fees constitute 12 percent of total construction costs. These fees are consistent with other cities in San Luis Obispo County and do not represent a significant financial constraint to new housing development.

Table H-42.
Development Fees for Residential Development

Fee Name	Fee Effective 1/1/20	Proposed Fee Effective 7/1/20 (Plus CPI)	Proposed Fee Effective 7/1/21 (Plus CPI)
Planning Division Fees			
Affordable Housing In-Lieu			
Funding assistance application fee	\$620		
Reasonable Accommodation (ADA) fee (no fee required if in conjunction with other discretionary permit)	\$120		
Coastal Permits (may be billed at direct cost)			
Coastal Permit in Combination with Conditional Use Permit	No fee	No fee	No fee
Coastal Permit (Administrative)	\$1,007	\$1,208	\$1,410
Regular CDP Without CUP – New single family and single family additions over 25%, or Multiple Dwelling	\$8,284	\$10,914	\$13,545
Additions between 10% and 25% to a Single Family Dwelling in Coastal Appeals area (Planning Commission)	\$3,216	\$4,076	\$5,865
Emergency Permit (excluding required regular CDP)	\$1,010		

Fee Name	Fee Effective 1/1/20	Proposed Fee Effective 7/1/20 (Plus CPI)	Proposed Fee Effective 7/1/21 (Plus CPI)
Other administrative – tree removal, private	\$415	\$518	\$570
Categorical Exemption	\$65		
Negative Declaration	\$2,363		
Mitigated Negative Declaration If Contracted = contract among + 25% administrative fee	In House - \$4,872 per application Outside - \$4,872 as a deposit for outside consultant plus 25% Administrative Fee	In House - \$5,770 per application Outside - \$5,770 as a deposit for outside consultant plus 25% Administrative Fee	In House - \$6,660 per application Outside - \$6,660 as a deposit for outside consultant plus 25% Administrative Fee
Filing fee – for environmental document	\$190		
Environmental Impact Report – Contract Amount + 25% administrative fee	Initial \$5,000 deposit for cost of staff and outside consultant		
Archaeology Research Fee- Santa Barbara Central Coast Services	\$140		
Notification Fees			
Planning Commission Hearing	\$443	\$560	
Administrative Permit Noticing	\$285	\$507	\$530
Subdivisions			
Tentative Parcel Map Application	\$6,665 per map		
Tentative Tract Map 0 to 10 lots, add \$100 per lot over 10 lots	\$8,832 per map	\$11,040 per map	\$12,915 per map
Lot Line Adjustment	\$1,904 per application	\$3,046 per application	\$5,915 per application
Certificate of compliance (legal determination) – initial fee covers up to 4 lots. Add \$250 per lot over 4 lots	\$1,190 + \$250 per lot for every lot over 4		
Lot Mergers	\$2,000	\$3,000	\$5,915

Fee Name	Fee Effective 1/1/20	Proposed Fee Effective 7/1/20 (Plus CPI)	Proposed Fee Effective 7/1/21 (Plus CPI)
Text Amendments & Annexations (May be billed at direct cost)			
Zone Ord. Changes/LCP -Minor (single section revisions/additions) -Major (multiple sections revised/added) If contracted – contract amount + 25% administrative fee. Fee amount becomes an initial deposit.	Minor = \$5,000 deposit for cost of staff and outside consultant Major = \$10,000 deposit for cost of staff and outside consultant		
Specific Plan (Billed as deposit with charges at the fully allocated hourly rates for all personnel involved + any outside costs). If contracted = cost + 25% administration fee. Fee amount becomes an initial deposit.	\$5,000 deposit for cost of staff and outside consultant		
General Plan/Local Coastal Plan Amendment: -Minor (single section revisions/additions) -Major (multiple sections revised/added) If contracted – cost + 25% administrative fee. Fee amount becomes an initial deposit.	\$5,000 deposit for cost of staff and outside consultant \$10,000 deposit for cost of staff and outside consultant		
Annexations – Deposit to be determined by staff. Billed at fully allocated staff cost. If contracted – contract amount + 25% administrative fee.	\$10,000 deposit for cost of staff and outside consultant		

Fee Name	Fee Effective 1/1/20	Proposed Fee Effective 7/1/20 (Plus CPI)	Proposed Fee Effective 7/1/21 (Plus CPI)
Use Permits -All use permits may be billed at direct cost at the discretion of the Community Development Manager and the scheduled fee would then be deemed as a deposit. -All Projects in the Planned Development Overlay require a Use Permit			
Conditional Use Permit (CUP)	\$8,284	\$10,915	\$13,545
CUP Concept Plan	\$10,941	\$12,915	\$14,890
CUP Precise Plan	\$4,761	\$7,142	\$10,235
CUP Combined Concept/Precise Plan	\$10,941	\$12,915	\$14,890
One SFR in a Planned Development Zone or Bluff Area	\$6,760		
Additions to non-conforming structures, not adding units of new uses	\$ 3,195	\$4,793	\$5,990
Minor Use Permit (Residential & Industrial Uses)	\$928.50	\$1,625	\$2,305
Amendments to Existing Permits (Planning Commission)	\$ 4,240	\$6,360	\$8,960
Special Use Permit (Minor-PC Review)	\$ 2,718	\$4,077	\$5,665
Special Use Permit (Major-PC Review)	\$8,165	\$10,677	\$13,190
Variance	\$3,261	\$4,076	\$5,665
Variance processed with other permits	\$1,000		
Minor Variance	\$680		
Parking Exception (will always be accompanied by a Conditional Use Permit, Minor Use Permit or Coastal Development Permit)	\$373	\$560	\$1,000

Fee Name	Fee Effective 1/1/20	Proposed Fee Effective 7/1/20 (Plus CPI)	Proposed Fee Effective 7/1/21 (Plus CPI)
Laserfiche Applies to all Planning and Building Permits			
Laserfiche of planning and building documents, including scanning and storage. Fee based on plan set pages only.	\$15 for first page of plan set, and \$7 for each additional page.		
Development Impact Fees (Building fees per square foot, including garages—single-family additions of 500 sf are exempt.)			
Fee Name			
Residential, Single Family	\$4.43		
Residential, Multi-family	\$7.10		
Accessory Dwelling Unit	\$1.08		
Park Fees (residential in-fill lots, per sf)			
Single-family	\$1.38		
Single-family, Detached Accessory Structure	\$0.34		
Accessory Dwelling Unit	\$0.34		
Multi-Family	\$2.29		
Public Facilities Fees, per square foot.			
Single-Family			
General Government			
Police	\$1.32		
Parks	\$0.44		
Fire	\$1.38		
Storm Drain	\$0.48		
Traffic	\$0.06		
Multi-family			
General Government	\$2.18		
Police	\$0.72		
Parks	\$2.29		
Fire	\$0.81		
Storm Drain	\$0.07		

Fee Name	Fee Effective 1/1/20	Proposed Fee Effective 7/1/20 (Plus CPI)	Proposed Fee Effective 7/1/21 (Plus CPI)
Traffic	\$3.31		
School	\$3.71		

Source: City of Morro Bay 2019; San Luis Coastal Unified School District, 2018

Table H-43.
Proportion of Ratio of Planning Fees to estimated total in Overall Development Cost for a Typical Residential Development

Development Cost for a Typical Unit	Single-Family ¹	Multi-Family ²
Total estimated fees per unit ³	\$31,781	\$41,692
Typical estimated total cost of development per unit	\$711,335 ⁴	\$342,143 ⁴
Estimated proportion of fee cost to overall development cost per unit	4%	12%

Source: City of Morro Bay 2019; San Luis Coastal Unified School District, 2018

Notes:

¹ Cost is for a 1,500-square-foot house with a two-car garage

² Cost is for a 1,500-square-foot unit within a 4-unit project

³ The fees used for this calculation are the fees from the City's current phased fee schedule that are set to go into effect July 1, 2021 to provide a reasonable estimate the bulk of the housing element planning period.

⁴ In addition to hard costs of construction, cost for vacant land is included in these numbers and is assumed to be \$360,000 based on search of listings on Redfin.com for Morro Bay on December 12, 2019.

Site Improvements

Site improvement costs include the cost of providing access to the site, clearing the site, and grading the pad area. In the case of a subdivision, such costs may also include major improvements such as building roads and installing sewer, water, and other utilities. Several variables affect site costs, including site topography, soils conditions and proximity to established roads, utilities, proximity to environmentally sensitive areas, etc. Engineering and other technical assistance costs are usually included with site improvements, as these services are required to ensure that development is constructed according to established codes and standards.

The City requires that curbs, gutters, and sidewalks be placed along the frontage of every multifamily lot (R-3 or above) on which new construction or significant alteration is done. These improvements may be required for single-family lots under specific circumstances. These and other site improvement costs are typical of all cities in

California and do not impose a significant constraint on the development of housing in Morro Bay. The City does not impose any unusual requirements as conditions of approval for new development. City regulations are intended to generally encourage high-quality private development and new construction. Traffic fees are calculated by square footage and are currently \$3.31 per square foot.

Inclusionary Housing Program

In 2014, the Morro Bay City Council adopted Ordinance No. 584, which revoked Chapter 17.50 (Affordable Housing, Density Bonuses and Incentives) of the Municipal Code and replaced it with a new Chapter 17.50 that included inclusionary housing provisions consistent with current state law. Provisions in the section include:

- All new residential developments of five or more for-sale units must provide a minimum of one inclusionary unit or 10 percent of the total number of units, whichever is greater, to be affordable to families with incomes in the very low-, low-, or moderate-income ranges, depending on the needs of the City at the time of approval. Affordable units may be either for sale or for rent to a household meeting the income level requirements.
- The City requires the developer to provide affordable housing on-site where feasible. If the City determines that this is not feasible based on a detailed economic analysis prepared by a City-contracted consultant at the cost of the applicant, the City requires the developer to provide such housing at another location in Morro Bay. If the City determines that it is not feasible for the developer to provide such affordable housing off-site, the developer is required to pay a fee in lieu of providing such housing
- Fees accepted for affordable housing are available to the City to construct new housing or assist in the construction of housing for rent or sale to very-low-, low-, and moderate-income families or to purchase land for the purpose of affordable housing or to assist very-low-, low-, and moderate-income families to afford adequate housing or for other measures to provide housing for low- and moderate-income families.

Short-Term Rentals

The conversion of housing to vacation rentals (also referred to as short-term rentals) provides a revenue source to the city from Transit Occupancy Taxes and supports the tourist-based economy—which tends to generate jobs, though usually at lower wage levels—but it also reduces the housing supply for local residents by driving up home values and average rents. Most vacation rentals are owned by persons living outside the area. Noise and traffic impacts and the presence of unoccupied homes also negatively affect the well-being of the community.

The Morro Bay Municipal Code defines and regulates the use of short-term rentals in the city. Chapter 5.47 (Business Tax Certificates and Regulations) classifies short-term vacation rentals as, as the rental of any structure or portion of any structure for dwelling, lodging or sleeping purposes for up to thirty consecutive calendar days and can include; detached single-family homes, condominiums, duplexes, townhomes and multiple-family dwellings. All owners of short-term vacation rentals are required to obtain and display a permit from the City authorizing them to operate the vacation/short-term rental unit. The City is currently updating its vacation rental section of the Zoning Ordinance and is committed to balancing the priorities of the community, the Coastal Commission, and the need for long-term rental housing related to this type of use.

Analysis of Potential Nongovernmental Constraints

Nongovernmental constraints consist of land costs, the environment, vacancy rates, construction costs, and availability of financing.

Environmental Constraints

Land in Morro Bay is vulnerable to earthquakes, flooding, sea level rise, and tsunamis and includes many sensitive habitat areas. Environmentally sensitive habitat areas (ESHA) are mapped throughout Morro Bay's coastal zone. The local coastal program calls for additional protections for these areas including buffer areas between ESHA and development. Geologic and seismic hazards are environmental constraints in some areas of the city. There are seven seismically active faults that have been identified in San Luis Obispo County and could potentially affect the planning area. This could potentially require additional retrofits or more limited building capacity on available parcels. In addition, sea level rise, flooding, and tsunamis constrain development along vulnerable bluffs and low-lying areas near the coast. Flooding can erode soil, damage landscaped areas and utilities, and compound other hazards, such as landslides. Climate change is likely to increase impacts on property and residents. All of these constraints have been accounted for within the realistic unit capacity on the sites in the land inventory.

Seasonal Vacancies

Morro Bay experiences a higher seasonal vacancy rate, given the community's strong tourism industry. Tourists seeking seasonal homes skews the demand for housing, making it challenging for Morro Bay employees to find available housing and driving up rents and home prices. Rising housing prices decrease the stock of housing affordable to Morro Bay residents, further spurring the statewide housing shortage.

Land Costs

Land costs vary substantially based on a number of factors. The main determinants to land value are location and zoning, though the size of a parcel will also affect price. Land that is conveniently located in a desirable area zoned for residential uses will likely be more valuable and more expensive than a remote piece of land zoned for agricultural uses.

A survey of listings on Redfin in 2019 showed that sales prices for undeveloped residential lots ranged from \$249,000 to \$1,950,000. There were a total of 22 vacant lots for sale as of December 2019.

Land costs present a significant constraint to the production of affordable housing in the city.

The price of land in Morro Bay varies considerably depending on a number of factors, including location, site conditions (i.e. difficulty of development) and availability of City infrastructure. The city's location with extensive frontage along the Pacific Ocean makes Morro Bay an extremely desirable place to live. This creates a large demand for land which, when coupled with voter-imposed growth controls, can significantly increase the cost of developable land.

Construction Costs

Construction costs typically include site work and the material and labor to build a new dwelling unit. Construction cost typically does not include the cost of financing, land purchase, design services or permit fees. Important determinants of construction costs include the quality of construction as well as the type of interior finishes and equipment selected, material availability, the labor rates, and challenges of the site conditions. Multiple-family residences such as apartments can generally be constructed for slightly less on a per-unit basis than single-family residences because of the economies of scale. According to knowledge from local builders and City staff, home construction costs in 2020 were estimated at approximately \$200-270 per square foot (for a total average amount of \$352,500) for a 1,500-square-foot unit.

Availability of Financing

The availability and cost to finance the construction or purchase of housing affects housing sales prices and rental rates resulting in more or less affordable housing in Morro Bay. When interest rates decline, it can make housing more affordable and as a result, sales increase. The inverse is also true when interest rates increase. Over the past several decades, there was dramatic growth in alternative mortgage lending structures, including graduated mortgages and variable rate mortgages. These types

of loans allow homeowners to take advantage of lower initial interest rates or payment schedules enabling the purchasers to qualify for larger home loans. However, both graduated and variable rate mortgages are not ideal for households that live on tight budgets that do not expect significant income growth in the future. The availability of variable rate mortgages has declined in the last few years due to greater regulation of housing lending markets. Fixed interest rate mortgage remains the preferred type of loan, especially during periods of low, stable interest rates. **Table H-44** illustrates interest rates as of February 2020. The table presents both the interest rate and the annual percentage rate (APR) for different types of home loans. The interest rate is the percentage of an amount of money which is paid for its use for a specified time, and the APR is the yearly percentage rate that expresses the total finance charge on a loan over its entire term. The APR includes the interest rate, fees, points, and mortgage insurance and is therefore a more complete measure of a loan’s cost than the interest rate alone. However, the loan’s interest rate, not its APR, is used to calculate the monthly principal and interest payment.

Table H-44.
Interest Rates

	Interest	APR
30-year fixed	3.625%	3.729%
15-year fixed	2.875%	3.095%
5-year adjustable rate	2.875%	3.644%

Source: www.wellsfargo.com, February 24, 2020

Notes: Conforming loan is for no more than \$484,350. A jumbo loan is greater than \$484,350.

ENERGY CONSERVATION OPPORTUNITIES

This section describes opportunities for conserving energy in existing homes as well as in new residential construction which is one area of housing required to be discussed in the Housing Element. According to the HCD Housing Element Building Blocks website “planning to maximize energy efficiency and the incorporation of energy conservation and greenbuilding features can contribute to reduced housing costs for homeowners and renters, in addition to promoting sustainable community design and reduced dependence on vehicles.” The factors affecting energy use, conservation programs currently available in Morro Bay, and examples of effective programs used by other jurisdictions are discussed.

Factors Affecting Energy Use

The factors that affect overall residential energy use include occupancy of homes, population growth and trends, climate, availability of alternate energy sources, condition and age of existing homes and individuals energy use habits when at home. However, with an increase in awareness and related new conservation mandates and technological advances the per capita consumption of energy can be decreased, perhaps significantly. The price of energy also has a significant effect; the more expensive it becomes, the more incentive people have to conserve.

Existing Conservation Programs

The following energy conservation programs have been implemented in Morro Bay:

- The California State Building Standards Code (specifically Title 24) requires that all new residential development comply with several energy conservation standards. The standards require ceiling, wall, and concrete slab insulation; vapor barriers; weatherstripping on doors and windows; closeable doors on fireplaces; no continuous burning gas pilot lights; insulated heating and cooling ducts; water heater insulation blankets; swimming pool covers and timers; certified energy-efficient appliances, etc. All new construction in Morro Bay must comply with Title 24.
- The California Energy Commission (CEC) has developed a set of energy efficiency guidelines for local planning agencies. As part of those guidelines, the CEC addresses building efficiency beyond the Title 24 standards. The CEC has updated these standards for 2019, and they went into effect on January 1, 2020. Some of the updates include solar photovoltaic panel for all new residential construction as well as demand responsive technology (battery storage, heat pump water heaters, etc.), and increased standards for air filters

in ventilation systems. The City of Morro Bay has implemented all requirements into their building code.

- The City "Green Building Incentive Program" provides incentives for green and energy-conserving projects. The City has a green building kiosk at the public services counter, maintained by SLO Green Build, that provides educational materials relating to green building and energy conservation. The City encourages residents to participate in energy efficiency retrofit programs by providing information, maintained by San Luis Obispo County Energy Watch, containing rebates and incentives relating to energy efficiency retrofits, at the public services counter.
- The City's Planning Commission encourages applicants of residential development to consider adding solar power generation, electric vehicle charging, and other energy efficiency facilities to their developments.
- On January 14, 2014, the Morro Bay City Council adopted the City's Climate Action Plan. The Climate Action Plan identifies strategies to reduce GHG emissions and focuses, in part, on reducing energy use from the built environment. The Climate Action Plan includes measures to encourage energy efficiency outreach and incentive programs, energy audit and retrofit programs, income-qualified energy efficient weatherization, incentives for exceeding Title 24 building energy efficiency standards, small scale on-site solar photovoltaic, and income-qualified solar photovoltaic.
- Income-qualified Morro Bay homeowners are also eligible for no-cost solar installations through the nonprofit group Grid Alternatives.

Discussion of Energy Conservation Techniques from Other Jurisdictions

Land use planning and zoning practices can help in conserving energy, through consideration of live/work housing to reduce commuting by providing walkable/bikable routes to local jobs, good and services.

One example of a land use planning technique for energy conservation is to encourage infill (development on vacant or underused lots) and compact, contiguous development, which based on the available land in Morro Bay is already in effect. In the future, as property is annexed to the city to meet an increased demand for housing, the city boundaries should expand concentrically rather than allowing dispersed development in outlying areas.

Compact development results in the secondary energy savings of embodied energy. Embodied energy is the term used for the energy spent producing the materials and finished products, such as sewer pipes, electrical lines, and paving materials. Minimizing the length of necessary water, sewer, and electricity lines consumes less of those products and decreases the total energy consumption.

Compact development also means there can be more convenient and accessible public transit. The Regional Transit Authority (RTA) provides daily fixed-route service from the Morro Bay area into Los Osos and San Luis Obispo, where transit riders can connect with other countywide transit services. The City also provides a dial-a-ride service within the city limits.

Efficiency in Individual Homes

The City uses the same energy efficiency standards for housing development outlined in the 2019 Building Energy Efficiency Standards. A variety of public and quasi-public programs could be made available in Morro Bay to assist homeowners and renters in retrofitting to improve energy efficiency. The City currently provides the following programs:

- Home Investment Partnership Program, which includes energy and water efficiency upgrades as eligible activities.
- Toilet Retrofit Program Rebates
- Water Efficient Washing Machine Rebate Program

The City should encourage energy efficiency in residential construction by offering incentives and negotiating with developers to emphasize energy-efficient construction practices. Developers and consumers often discard long-term savings potential in favor of immediate cost savings. The City currently provides the following incentives:

- Green Building Incentive Program, which provides eligible projects with building and plan check fee rebates for achieving third-party green building certification, exceeding 20 percent of Title 24 requirements, renewable energy systems, and green roofs.

Energy-efficient, new residential construction can cut energy consumption in the home by up to 50 percent. Energy-efficient home construction and retrofits should contain some or all of the following:

- Double-pane windows (two panes of glass enclose a vacuum-tight space that does not allow heat and cold to transfer as quickly as it does in a window with a single pane of glass)
- Attic insulation greater than R-19 (soft, fiberglass insulation is given an “R” rating based on its capacity to insulate an area; a higher R value indicates greater insulation capability)
- Rigid attic insulation (generally a compressed Styrofoam insulation with an R-30 value)
- Additional wall insulation (older homes may not have insulated walls)

- Most efficient current indoor lighting option
- Dimmer switches and task lighting (dimmer switches allow lower lighting levels and less electricity use, while task lighting directs light to necessary areas without wastefully lighting a larger area)
- Most efficient current outdoor lighting option
- Lighting motion detectors that turn on lights only when they detect a person in the room or area
- Shade trees along southern and western exposures, and glazing to reduce the heat from windows on hot summer days
- Solar screens that reduce the amount of heat from solar radiation coming through windows
- Evaporative cooler, which uses less energy than air conditioner
- Microwave oven, which uses less energy than an electric or gas oven
- Weatherized windows and doors that do not have cracks to cause drafts
- Pools and/or hot tubs with integrated cleaning and heating systems (including pool covers, active solar heating, and efficient filters, pumps, and motors)
- Energy use automatic timers that provide energy use only when it is necessary
- Drip irrigation system that conserves water and reduces the energy needed for pumping water
- Drought-tolerant landscaping
- Active solar elements and passive solar design
- Energy-efficient appliances (in new construction and replacing older appliances in existing homes)
- Storm windows to cut back on heat loss through windows during the winter
- Reflective film on south-facing windows to minimize heat gain during the summer
- Individual meters for gas, electricity, and water (to encourage conservation) in multifamily units

The City can also employ policies that encourage solar energy technology in both retrofits and new construction. There are two distinct approaches to solar heating: active and passive. Active systems use mechanical equipment to collect and transport heat—the relatively common roof plate collector system used in solar water and space heaters. Collectors can contain water or air that is pumped through conduits and heated, then piped to the spaces to be heated or to a water heater tank.

Conversely, passive solar systems collect and transport heat through nonmechanical means. Essentially, the structure itself becomes part of the collection and transmission

system. Certain types of building materials absorb solar energy and can transmit that energy later. Passive systems often employ skylight windows to allow sunlight to enter the room and masonry walls or walls with water pipes inside to store the solar heat. This heat is then generated back into the room when the room cools in the evening.

Implementation Actions H-5.1.1 through H-5.1.4 are proposed to address energy conservation and efficiency in the City.

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REVIEW OF PREVIOUS HOUSING ELEMENT

In an effort to ensure the policies and implementation programs included in the Housing Element are relevant to addressing the current problems of Morro Bay, an evaluation of achievements under the previous Housing Element was undertaken (see **Table H-45**). This evaluation provided the basis for recommended modifications and the establishment of new objectives in the Housing Element.

Table H-45.
Review of 2014-2019 Housing Element

2014-2019 Housing Element Goals, Objectives, Policies and Programs	Status/Effectiveness	Continue/ Amend/ Delete in 2020-2028 Housing Element
Goal 1. Housing Supply		
Objective: Provide a continuing supply of affordable housing to meet the needs of existing and future Morro Bay residents in all income categories.		
Policy H-1 (Fair Share) Maintain land use policies that allow residential growth consistent with the availability of adequate infrastructure and public services.		
Program H-1.1 The City will give the highest priority for residential development to affordable housing projects. These projects will automatically be allowed first priority for the allocation of new residential growth in each year. The priority for affordable units will also include the allocation of water and other resources as consistent with the Local Coastal Plan. Responsible Agency/Department: Public Services Department Time Frame: Annually Funding: General Fund	In 2014, building permits were issued for new construction of 21 new units of low income senior rental housing in the downtown area. These units were completed and operational at the end of 2015. Two other projects received planning approval during this time frame, each of which included 2 rental or for-sale units affordable to moderate income households. These inclusionary units were available in 2019. In addition, the City advocates for affordable housing by making sure the public is aware of the density bonus programs as well as the opportunities to create additional accessory dwelling units. As new affordable housing projects are proposed, whether rental or homeownership, they are given highest priority for City review/processing.	Amend and continue.
Program H-1.2 To ensure there is a sufficient supply of multi-family zoned land to meet the City's Regional Housing Needs Allocation (RHNA), the City will help facilitate lot consolidations to combine small residential lots into larger developable lots by annually meeting with local developers to discuss development opportunities and incentives for lot consolidation to accommodate affordable housing units. As developers/owners approach the City interested in lot consolidation for the development of affordable housing, the City will offer the following incentives on a project-by-project basis: • Allow affordable projects to exceed the maximum height limits, • Decrease setbacks, and/or • Reduce parking requirements. The City will also consider offsetting fees (when financially feasible) and concurrent/fast tracking of project application reviews to developers who provide affordable housing. Responsible Agency/Department: Public Services Department Time Frame: Ongoing, as projects are processed through the Planning Division. Annually meet with local developers to discuss development opportunities and incentives for lot consolidation. Funding: General Fund	The City works with applicants on a case-by-case basis to identify areas where affordable housing units can be accommodated. The City's Affordable Housing Ordinance does provide incentives for density bonuses and developer incentives, which include options for development standards to be relaxed consistent with State housing law. The City is currently working on processing the application for a project that includes lot consolidation at 405 Atascadero Avenue. Incentives needed are height, additional bonus density increase, setback reduction, and parking. The City informs applicants of this option when they own contiguous parcels that are appropriately zoned for a higher density when combined.	Amend and continue.

2014-2019 Housing Element Goals, Objectives, Policies and Programs	Status/Effectiveness	Continue/ Amend/ Delete in 2020-2028 Housing Element
Program H-1.3 To ensure affordable multi-family projects meet maximum densities, the City will continue to implement procedures with objective standards to promote flexibility in development standards (height, parking, and setbacks) and promote the use of density bonuses to increase densities. The City will biannually review the multi-family development standards in the Zoning Ordinance and revise as necessary to ensure they don't act as a constraint to the development of affordable housing in the city. The City will give priority to projects that provide extremely low-, very low-, and low-income housing. Responsible Agency/Department: Public Services Department Time Frame: Work with developers on a case-by-case basis to provide flexibility in development standards and promote density bonuses to increase densities as projects are processed through the Planning Division and Bi-annually review the multifamily development standards in the Zoning Ordinance. Funding: General Fund	The City is in the process of doing a comprehensive update of the General Plan, Local Coastal Plan (LCP), and Zoning Ordinance to better accommodate this goal. The draft GP/LCP, known as Plan Morro Bay, was completed in 2018 and a draft was submitted for review to the Coastal Commission. In addition, a draft Zoning Ordinance was also submitted to Coastal Commission for review after being reviewed by the City's Planning Commission. Draft policy language has been developed which establishes mixed use overlay districts, which will allow increased residential development in the downtown area and other commercial areas that have the existing infrastructure to accommodate higher density uses. Also, the draft documents include new standards which would allow for increased building heights in the downtown area, specifically to assist with providing additional housing opportunities while also maintaining the commercial core of the downtown area. In addition, the City's Zoning Ordinance was amended previously and certified by the Coastal Commission to prohibit single family residential development in high density zones (R-3 and R-4) in order to ensure high density developments. Projects since 2014 that have received a density bonus include the project at 555 Main Street, an affordable senior housing project approved with a density bonus that equated to 53 units per acre. That project was completed and opened for occupancy in 2015. Currently, a project proposed by the Housing Authority of San Luis Obispo (HASLO) has a pending application for a 35-unit project that is asking for a density bonus that would result in a project with a density equivalent to 37 units per acre. The project is proposed to be 100 percent affordable.	Amend and continue.
Program H-1.4 In order to create a vibrant, pedestrian- and bicycle-friendly small urban atmosphere in the downtown area and ensure optimal access to services and public transportation, the City will encourage the development of new high-density housing in and adjacent to the downtown commercial district. To facilitate this goal, the City will inventory vacant and underutilized lots in and adjacent to the downtown business district, identify sites or areas where re-zoning to high-density residential or mixed-use categories might be desirable and modify the City's zoning map as appropriate. Responsible Agency/Department: City Council, Public Services Department Time Frame: Conduct inventory by July 2018. If decision is made to revise Zoning Ordinance, revise by December 2018. Funding: General Fund	The City initiated preparation of a comprehensive update to the General Plan and Local Coastal Program in 2016 including a zoning ordinance update. These updates will better address this program. Known as Plan Morro Bay, the effort has included a Downtown Waterfront Strategic Plan that identified opportunity sites in downtown and along the waterfront. The draft Zoning Ordinance identifies an area in the downtown where greater heights (three stories) will be allowed to facilitate additional density in that area and make mixed use residential/commercial developments more feasible. The draft policies and zoning changes encourage development of new high-density housing in and adjacent to the downtown commercial district. Plan Morro Bay is expected to be adopted in 2020. The City applied for funding under the Senate Bill (SB) 2 Planning Grant Program in Fall 2019. The grant work program includes an independent investigation into how the City can better achieve this goal. The City has received a letter providing notice that they have been awarded the grant funding. The work under the grant will begin in 2020.	Continue.
Program H-1.5 The City will consider establishing minimum residential density requirements for the R-3, R-4, and MCR zoning districts. Responsible Agency/Department: City Council, Public Services Department Time Frame: Prepare recommendation on whether to revise zoning by July 2018. If decision is made to require minimum densities, revise Zoning Ordinance by December 2018. Funding: General Fund	The City's Zoning Ordinance was amended to prohibit single-family residential development in high density zones (R-3 and R-4) in order to ensure high density developments. In addition, the draft Zoning Ordinance released in 2018 includes standards addressing minimum density. Additionally, the City, through the planning review process, has been requiring higher density development when discretionary review is required, and the site is capable of a greater density through a mix of housing types.	Amend and continue.

2014-2019 Housing Element Goals, Objectives, Policies and Programs	Status/Effectiveness	Continue/ Amend/ Delete in 2020-2028 Housing Element
Policy H-2 (Water Resources) Continue to pursue additional water resources identified in the Water Management Plan.		
Program H-2.1 The City will, to the extent feasible, allocate water resources to allow maximum growth to full buildout consistent with limitations contained in the certified Local Coastal Plan, General Plan, and Ordinance 266 as amended. At least annually, the Public Services Department will provide an update to the City Council on available water supplies, projected demand under the General Plan, and the status of projects to ensure adequate supply to meet the needs of the community in accordance with the Water Management Plan, the General Plan, and this element. Responsible Agency/Department: Public Services Department Time Frame: Annually Funding: Water Fund	The City has continued to work on maintaining sufficient water resources. The City prepared the OneWater Morro Bay Plan in 2018 to update data and combine planning efforts for water supply, wastewater, and stormwater infrastructure. The Community Development Department gives annual updates to the City Council. This includes identifying annual water allocations as required. Additionally, the City continues to identify areas that require upgraded sewer and water line infrastructure to accommodate the higher capacity service necessary to serve a higher density development. The City continues to work with affordable housing developers to determine options that will address the capacity shortfall issues short term or long term without a delay in the project approvals.	Continue.
Policy H-3 (Funding) To the extent feasible, solicit housing assistance funds from the state and federal governments in conjunction with nonprofit and for-profit developers to be used in the construction of new and rehabilitation of existing secondary units and very low- and low- income housing units.		
Program H-3.1 The City will continue to work with the private sector, nonprofit agencies and to secure funds and be supportive of others pursuing funds through state and federal programs for development of new lower-income housing and rehabilitation of existing lower-income households (including mobile homes). As funding becomes available, the City will prioritize a portion of the funds to encourage the development of housing for extremely low-income households. In addition, in light of budget constraints and reduced staffing levels, it is unlikely that the City will pursue grant funds for affordable housing acquisition or new construction projects. Housing grant funds will be pursued for energy efficiency audits and retrofits and infrastructure repairs. Pursuit of funds for rehabilitation will occur when it is determined there is a sufficient level of interest in this type of program. Responsible Agency/Department: Public Services Department Time Frame: Apply for funding annually Funding: CDBG, HOME, others	Staff regularly engages with outside agencies to promote affordable housing goals in the city. This includes coordinating with cities and the County. Staff previously used Civic Spark intern assistance—through funding by the County Air Pollution Control District and the County's Energy Watch Program—to increase awareness of energy efficiency audit programs for residential development. The City applied for funding under the SB 2 Planning Grant Program in fall 2019 and received a letter providing notice that it has been awarded the grant funding. The work under the grant will begin in 2020.	Amend and continue.
Policy H-4 (Methods) Continue to explore alternative methods for increasing its affordable housing stock with the goal of providing adequate extremely low-, very low-, and low-income, senior, and ADA accessible housing.		
Program H-4.1 The City will contact HCD, housing advocates, affordable housing providers, and other appropriate information resources on an annual basis in order to stay current with the latest options for providing affordable housing. Responsible Agency/Department: Planning Division Time Frame: Annually Funding: General Fund	The City reviews monthly newsletters from HUD, California Housing Consortium, and Peoples' Self-Help Housing Corporation regarding funding programs and latest options consistent with State law. City staff also attended a HUD-hosted workshop regarding HOME, CDBG, and CalHome programs. Staff also attends conferences to stay abreast of housing laws. In addition, the City is participating in the Regional Infrastructure and Affordable Housing Strategic Action Plan (RIHP) being coordinated by San Luis Obispo County in order to work on a regional approach to housing solutions.	Continue.

2014-2019 Housing Element Goals, Objectives, Policies and Programs	Status/Effectiveness	Continue/ Amend/ Delete in 2020-2028 Housing Element
Program H-4.2 Most recent housing developments in Morro Bay have not been constructed to the maximum densities allowed by zoning. Market conditions, bank financing, and insurance requirements have favored the construction of single-family detached houses. To increase housing supply and obtain densities closer to those envisioned by zoning policies, the City will do the following: Implement Section 17.21.70 of the City Zoning Code (Additional Incentives) that offers incentives for developing greater than the minimum densities in the multiple-family zones. The City is sensitive to the loss of multi-family- zoned land to less intensive uses, particularly given the limited number of vacant multi-family sites remaining in Morro Bay and their potential contribution toward meeting the City's housing needs. Responsible Agency/Department: City Council, Planning Division Time Frame: Ongoing Funding: General Fund	In 2015 and 2016 the City amended the entirety of the City's Affordable Housing Ordinance, which is in the Zoning Ordinance Chapter 17.50 and offers a number of incentives for increasing density and providing flexibility. The ordinance was subsequently certified by Coastal Commission as a Local Coastal Plan (LCP) amendment. Included in the Affordable Housing Ordinance update was amendment to prohibit single-family development in the R-3 and R-4 high density zoning districts in order to ensure multifamily development is provided. In 2018, the City completed a draft comprehensive Zoning Ordinance update which, consistent with State law, includes incentives for increasing density and adding a mixed use overlay to allow for additional housing. The density bonus regulations will be updated to be consistent with State law as part of this update. As part of the work funded by the SB funding, the City will also establish parameters for projects that may receive density bonuses beyond the requirements of State law. In addition, the SB 2 grant will fund a targeted study to create planned-unit developments with an overlay allowing mixed residential uses with a variety of density ranges, resulting in an overall density significantly greater than the current zoning maximums. In addition to the 555 Main Street project, another mixed commercial/retail and housing project was approved for a density bonus at 600 Morro Bay Boulevard. That project was approved for a density bonus that equates to 41 units per acre.	Amend and continue.
Policy H-5 (Housing Costs) Ensure that the City's adopted policies, regulations, and procedures do not add unnecessarily to the cost of housing, while still attaining other important City objectives.		
Program H-5.1 The City will review its user charges for public services and facilities to ensure the charges are consistent with the costs of improvements and maintenance. Responsible Agency/Department: Public Services Department, Finance Department Time Frame: Starting in 2015, then every three years Funding: General Fund	The City reviews fees, etc. on an annual basis to ensure user charges for Community Development and facilities are consistent with the costs of improvements and maintenance. The City of Morro Bay's fees are generally considered low compared to other cities in the county. The City reviews and updates fees annually through the Master Fee Schedule and has updated or increased fees when it was necessary to ensure charges are consistent with costs of improvements and maintenance. For deed-restricted affordable housing projects that provide housing for lower-income households, the City will consider alternate funding options, including waivers and/or deferral agreements, so that the project is not constrained by the City charges.	Amend and continue.
Policy H-6.a (General Affordability) Continue to require a percentage of new housing units built in the city be affordable to very low-, low-, and moderate-income households.		
Policy H-6.b (Variable Density) In order to encourage development of small units, development of a greater number of residential units than otherwise allowed under the existing land use and/or zoning designation may be permitted, provided that (1) at least 65 percent of the units are developed as studio or one-bedroom units; (2) the population density at full buildout of the project does not exceed the population density that corresponds with the existing land use designation and/or zoning or 1 person for every 500 square feet, whichever is less; and (3) the proposed project complies with all applicable zoning regulations, except as modified by the decision-maker through discretionary review.		

2014-2019 Housing Element Goals, Objectives, Policies and Programs	Status/Effectiveness	Continue/ Amend/ Delete in 2020-2028 Housing Element
Program H-6.1 The City will continue to implement the inclusionary requirements of Section 17.50 of the Municipal code which requires that all new residential development projects of 5 or more for-sale units provide a minimum of one unit or 10 percent of the total number of units, whichever is greater, to be affordable to families with incomes in the very low-, low- or moderate-income ranges, depending on the needs of the City at the time of approval. The lower-income units may be either for rent or for sale, but shall remain affordable for at least 30 years, or such other term approved by the City, consistent with state law. Responsible Agency/Department: City Council/Planning Division Time Frame: Ongoing, as projects are processed through the Planning Department Funding: General Fund	The City reviews applications on a case-by-case basis for affordable housing potential. Projects are conditioned accordingly to ensure compliance with the Affordable Housing Ordinance. Affordable units that have provided on-site for-sale units or for-rent units have recorded covenants against the property to ensure compliance with the conditions for a minimum of 30 years or more, depending on funding source. The Morro Mist project includes two for-sale units, affordable to moderate-income households. These projects are currently finished and available for sale. The two units are deed restricted for 30 years. The Black Hills Villas project includes two rental units affordable to moderate-income households.	Continue.
Program H-6.2 As an alternative to building inclusionary units, the City will allow a development to pay an in-lieu fee. Currently, the fee amount is determined with the following method: (construction cost x percentage of fee based on project size, where construction costs include all expenses related to the development of housing units, including land, construction, on- and off-site infrastructure, and associated soft costs). The City will conduct an analysis on the current method to determine whether the current fees are appropriate. If they are found to not be appropriate, the City will conduct a nexus study. Once established, the in-lieu fees will be collected and held in an affordable housing trust fund. To ensure any modifications to the City's Inclusionary Program as a result of the nexus study do not adversely impact market-rate housing, the City will also evaluate whether the Inclusionary Program poses a constraint to the development of housing. If this is found to be the case, the City will revise the program to ensure it is not a constraint to development. Responsible Agency/Department: Public Services Department, Finance Department Time Frame: Determine whether fees are appropriate and identify constraints (if needed) by June 2016; make any recommended revisions to the fee calculations and Inclusionary Program by December 2016 Funding: General Fund	The City's updated Affordable Housing Ordinance allows payment of an in-lieu fee where a developer/applicant can show that affordable units cannot be provided as part of the proposed project. Developments which have paid in-lieu fees have been required to pay all fees prior to issuance of any building permits. The in-lieu fees have been used to provide both new affordable units elsewhere or preserve existing affordable units at risk of conversion and thereby extend years of affordability. The City plans to review the inclusionary fees and increase the projects that are subject to the fees, such as single-family homes over a certain size (i.e. over 2,000 sf of livable space). Additionally, the City will revise the ordinance to make the payment in-lieu option harder to achieve (i.e. encourage actually providing the housing vs. payment of a fee. Additionally, the income groups to be served should be reduced in general and specifically for concessions received for proposed developments.	Amend and continue.
Program H-6.3 The City will continue to require affordable housing developments to be designed consistent with the surrounding neighborhood in order to enhance the sense of belonging to the community. Forms, materials, and proportions should be utilized that are compatible with the character of the surroundings. Responsible Agency/Department: City Council, Planning Division Time Frame: Ongoing, as projects are processed through the Planning Division Funding: General Fund	The City adopted Residential Design Guidelines in July of 2015 which included design criteria for both affordable housing developments and other residential development. In addition, the City continues to require that affordable housing be consistent with surrounding housing types unless the surrounding design types are dated and/or do not comply with the Residential Design Guidelines. Affordable housing designs should not be substandard in appearance compared to the surrounding neighborhood, but can be more modern in design and function, especially when that allows higher density and/or a better-designed housing unit.	Combine with Program H-6.4 and continue.

2014-2019 Housing Element Goals, Objectives, Policies and Programs	Status/Effectiveness	Continue/ Amend/ Delete in 2020-2028 Housing Element
Program H-6.4 The City will codify neighborhood preservation guidelines for affordable units in Section 17.28.200 of the Morro Bay Municipal Code when the Zoning Ordinance is amended. Responsible Agency/Department: City Council, Planning Division Time Frame: August 2015 Funding: General Fund	The City adopted Residential Design Guidelines in July of 2015. The guidelines have not been codified because to do so would also require an LCP amendment with the Coastal Commission. Approving the requirements as guidelines allowed for flexibility. The City is currently updating its General Plan, LCP, and zoning, which will include a Community Design Element. The draft Zoning Ordinance update includes Section 17.38.080, Design Review Criteria, which refers to the 2015 Residential Design Guidelines. This section specifically covers scale, massing (proportion and compatibility to surrounding homes), site plan, exterior design, landscaping, and inclusion of sustainable features. Design review authority is the Planning Commission for projects requiring Planning Commission hearings, and the Community Development Director for all other projects.	Combine with Program H-6.3 and continue.
Program H-6.5 The City may, on a case-by-case basis, allow for modifications/incentives to development standards, such as common access driveways, building height restrictions, parking, distance between buildings, setbacks, lot coverage, screening, varying lot sizes, open space requirements, fast-track permitting, density bonuses, variable densities on multi-family zones property, transfer of development credits, fee assistance, and any other modifications/incentives or combination of modifications/incentives, which are jointly agreed upon by the applicant and the decision-maker, as an incentive for constructing specific affordable housing projects. This is not intended to be an exhaustive list of modifications/incentives available to the applicant and/or decision-maker. The City will prepare public outreach materials, including adding information to the City's website to inform the public of a variety of types of modifications or incentives offered. Responsible Agency/Department: Public Services Department Time Frame: Ongoing, as projects are processed through the Planning Division Funding: General Fund	The City works with applicants on a case-by-case basis to identify areas where development standards may be relaxed in order to provide the maximum number of housing units, pursuant to the City's Affordable Housing Ordinance, which allows for development incentives in exchange for enhanced affordability standards. In addition, the City's current Zoning Ordinance includes a Planned Development (PD) overlay on certain properties in town, which also allows for modification or deviation of standards by Planning Commission upon findings of public benefit.	Continue.
Program H-6.6 The City will consider amending the Community Housing Ordinance to require that housing units developed under the terms of this code section be priced for sale or rental to persons of moderate or lower income. Responsible Agency/Department: City Council, Public Services Department Time Frame: Prepare recommendation on whether to adopt an ordinance by July 2018. If decision is made to adopt an ordinance, adopt by December 2018. Funding: General Fund	In March 2015, the Community Housing Ordinance was replaced by the Affordable Housing, Density Bonus, and Incentives Ordinance.	Delete.

2014-2019 Housing Element Goals, Objectives, Policies and Programs	Status/Effectiveness	Continue/ Amend/ Delete in 2020-2028 Housing Element
Policy H-7 (Housing Trust Fund) Develop a Housing Trust Fund to be used for the development of affordable housing projects.		
Program H-7.1 This fund will be used to assist nonprofit and for-profit developers to construct lower-income housing, purchase land, write down land or financing costs, rehabilitate or preserve existing units, prepare other implementation measures consistent with this element, and/or monitor housing policies and programs on an ongoing basis. Assuming that the current market conditions will continue to exist during the 5-year Housing Element time frame, the City estimates that it will assist two to seven units. Responsible Agency/Department: Public Services Department, Finance Department Time Frame: Modify by 2012 Funding: General Fund	City staff sits on the board of the County Housing Trust Fund and coordinates with other public agencies and with private and nonprofit developers of affordable housing to advocate for and support affordable housing. City in-lieu fees have been used to preserve existing affordable units that were at risk of conversion. In 2018, an award of \$50,000 was approved as a local match for a tax credit application for the Sequoia Street Apartment, a low- and very low-income family rental development. This assisted with extending years of affordability and preserves existing affordable units at risk within the next few years. The period of affordability for that project has been extended to 2053.	Amend and continue.
Policy H-8 (Mixed Housing Types) Encourage the mixing of affordable housing throughout the community rather than concentrating affordable units in a few locations.		
Program H-8.1 The City will allow the conversion of older motels to residential use, subject to discretionary review, outside the Visitor-Serving Commercial (C-VS) and Waterfront (WF) zones. Criteria for approving residential uses will be stated in the Zoning Ordinance. These conversions will also receive a priority in the unit allocation list. Responsible Agency/Department: City Council, Planning Division Time Frame: Ongoing; codify criteria by August 2015 Funding: General Fund	In compliance with SB 745, the City Zoning Ordinance includes supportive and transitional housing as a residential use in residential zones and mixed use zones that allow residential uses, with the same review processes as any residential use in that zone—i.e., if a duplex is allowed with an administrative review process, a supportive/transitional housing application would allow the same. An application has been submitted for conversion of an older motel to provide supportive housing. The project has 27 residential units available to a population who needs housing and programs to assist with becoming self-supporting. The program is voluntary. The project is anticipated to be approved in early 2020.	Continue.
Policy H-9 (Mixed Use) Continue to promote a policy of mixed uses by allowing housing in conjunction with compatible commercial uses in appropriate mixed-use designations located throughout the city. The allowance of these mixed-use designations will require additional findings to ensure new projects do not change the character of the neighborhood.		
Program H-9.1 The City will develop criteria for determining the appropriate compatible mix of residential and commercial development to ensure neighborhood consistency. Responsible Agency/Department: Public Services Department Time Frame: Codify criteria by June 2016 Funding: General Fund	Draft Plan Morro Bay addresses this goal by providing clearer policies. The draft Zoning Ordinance also provides this criteria and establishes a mixed use overlay to allow for additional residential development in commercial areas. In addition, the draft Zoning Ordinance includes an area in the downtown core that will allow increased building heights to encourage higher density for residential without compromising the desire and need for ground-floor retail/commercial development.	Amend and continue.

2014-2019 Housing Element Goals, Objectives, Policies and Programs	Status/Effectiveness	Continue/ Amend/ Delete in 2020-2028 Housing Element
Policy H-10 (Secondary Units) Allow for the development of secondary housing units as an affordable housing option throughout the city.		
Program H-10.1 To comply with AB 1866, the City will continue to permit secondary dwelling units ministerially (by right) in all residential zones. An administrative coastal development permit, which does not require approval at a Planning Commission hearing but does require noticing, is required for new secondary units in or outside the coastal appeals jurisdiction. Responsible Agency/Department: Planning Division Time Frame: Ongoing, as projects are processed through the Planning Division Funding: General Fund	The City implements State law with regard to accessory dwelling units. Because the city is located in the coastal zone, an ADU requires an Administrative Coastal Development Permit but does not require Planning Commission approval. The City also encourages ADUs when communicating to the public or providing guidance on potential housing projects. The City is currently updating its Zoning Ordinance. Once adopted, the ADU regulations will be consistent with current State law for ADUs.	Amend to reflect current State requirements and continue.
Goal 2: Conservation and Rehabilitation		
Objective: Conserve and rehabilitate the city's current stock of affordable housing.		
Policy H-11 (Section 8 Subsidies) Continue to maintain Section 8 rent subsidies.		
Program H-11.1 The City will coordinate its efforts with the appropriate agencies to continue receiving Section 8 subsidy monies. Responsible Agency/Department: Public Services Department Time Frame: Ongoing, 2014–2019 Funding: General Plan	The City supports Section 8 housing subsidies and has continued to coordinate with the Housing Authority of San Luis Obispo (HASLO) to administer Section 8 Housing Choice Vouchers in the city.	Amend and continue.
Policy H-12 (Special Needs Groups) Provide financial assistance for rehabilitation of homes for elderly, disabled, and disadvantaged persons.		
Program H-12.1 The City will encourage local private organizations to assist elderly, disabled, and disadvantaged persons in the repair and rehabilitation of their housing. Responsible Agency/Department: Public Services Department Time Frame: Meet with organizations annually Funding: CDBG, HOME, other funding sources to be determined	Staff regularly engages with outside agencies to promote affordable housing goals in the city.	Amend and continue.

2014-2019 Housing Element Goals, Objectives, Policies and Programs	Status/Effectiveness	Continue/ Amend/ Delete in 2020-2028 Housing Element
Policy H-13 (Minimizing Impact) Ensure that public projects are planned to minimize their impact on the quality and stability of residential neighborhoods.		
Program H-13.1 The City is considering adopting neighborhood compatibility standards for new developments in existing neighborhoods. The City will consider developing a standard set of criteria to use in determining whether proposed projects are compatible with the existing neighborhoods in which they are proposed, the purpose of which is to give project proponents clear direction for project design and to provide staff and the Planning Commission with clear guidelines for decision-making. These criteria could include a pre-application process to provide clear direction for the project. Responsible Agency/Department: Public Services Department Time Frame: Consider developing standards and adopt standards if determined they are needed by June 2015 Funding: General Fund	The City developed draft Residential Design Guidelines in 2015. The City also developed design guidelines as part of the Downtown Waterfront Strategic Plan in 2018. Draft Plan Morro Bay calls for the development of citywide design guidelines and design standards in areas that do not already have them.	Delete.
Policy H-14 (Mobile Home Park Upkeep) Maintain the city's mobile home parks.		
Program H-14.1 The City will promote the continued upkeep of existing economically viable mobile home parks by keeping park owners informed of opportunities through HCD to maintain mobile home parks through energy retrofits, housing rehabilitation, and weatherization programs. Responsible Agency/Department: Public Services Department Time Frame: Inform owners every two years beginning in 2015 Funding: General Fund	The City works with local mobile home park owners on a case-by-case basis to assist with park improvements. In 2018, the Planning Commission approved Coastal Development permits for two separate parks where development was proposed. In addition, other mobile home parks have received building permits from HCD for miscellaneous improvements to update and improve the parks. The City is currently preparing a mobile home study to identify funding sources and mechanisms to maintain the City's mobile home housing stock.	Continue.
Program H-14.2 The City will when feasible apply for a grant to conduct a feasibility study to determine the possibility of a mobile home park conversion program. The study will include an inventory of the number of units that are RVs, trailers, or mobile homes on a chassis (not on permanent foundation), the condition of the units, and the identification of opportunities to replace them with new permanent affordable housing units. Responsible Agency/Department: Public Services Department Time Frame: As funding sources become available; consider applying for funds by October 2014 Funding: CDBG, HOME, other funding sources to be determined	The City has not developed an inventory of mobile home parks or applied for grant funding. The City is currently preparing a mobile home study, which will provide some of the information called for in this program, including identifying funding sources. Full implementation of this program has been infeasible due to the City's undertaking of a comprehensive update of its General Plan/ Local Coastal Plan (Plan Morro Bay) and Zoning Ordinance, which is a multiyear effort.	Delete.

2014-2019 Housing Element Goals, Objectives, Policies and Programs	Status/Effectiveness	Continue/ Amend/ Delete in 2020-2028 Housing Element
Goal 3: Protect and conserve existing affordable housing stock in Morro Bay.		
Objective: Preserve all affordable housing units in the city.		
Policy H-15 (At-Risk Units) Cooperate with other governmental, for-profit, and nonprofit entities to ensure no lower- income residents are adversely impacted by the conversion of existing affordable housing projects to market-rate rents.		
Program H-15.1 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. The list will include, at least, the number of units, the type of government program, and the date on which the units may 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 5th cycle Housing Element planning period. The City will require all property owners to provide at least 2 years’ notice prior to the conversion of any units for lower-income households to market-rate units in any of the following circumstances: • The units were constructed with the aid of government funding. • The units were required by the City’s Affordable Housing Program. • The project was granted a density bonus. • The project received other incentives. Such notice will be given at least to the following: • The City • HCD • Housing Authority of the City of San Luis Obispo • Residents of at-risk units • Any others deemed appropriate Responsible Agency/Department: Public Services Department Time Frame: Ongoing Funding: General Fund	The City maintains a list of subsidized housing units. Information regarding properties at risk of conversion is included in this Housing Element (assisted units are listed in Chapter 2). Since the adoption of the previous Housing Element, the properties that are closest to affordability expiration have been in contact with the City and have submitted for tax credits to finance project renovations. In addition, the City Council has approved the use of the affordable housing in-lieu funds to assist with local match and local support to extend the affordability commitment.	Amend to reflect updates to state law and continue.
Policy H-16 (Conversion to Condominiums) Continue to protect existing lower-income apartment units from loss through conversion to condominiums.		
Program H-16.1 The City will continue to comply with Government Code Section 65590 et seq. that sets forth the requirements for conversions, demolitions, and replacement housing in the coastal zone. Responsible Agency/Department: Public Services Department Time Frame: Ongoing, 2014–2019 Funding: General Fund	The City currently implements Government Code Section 65590.	Continue.

2014-2019 Housing Element Goals, Objectives, Policies and Programs	Status/Effectiveness	Continue/ Amend/ Delete in 2020-2028 Housing Element
Policy H-17 (Demolished Units) Require the replacement of very low-, low-, and moderate-income housing that is demolished with similar affordable housing.		
Program H-17.1 The City will require the abatement of unsafe structures, while giving property owners ample time to correct deficiencies. Residents displaced by such abatement should be provided relocation assistance. Responsible Agency/Department: Public Services Department Time Frame: Ongoing, 2014–2019 Funding: General Fund	The City currently follows this requirement. In addition, since the last Housing Element was adopted, the City has added two part-time code enforcement officers to assist the Building Division with code violations related to Municipal Code requirements.	Amend and continue.
Goal 4: Special Needs		
Objective: Meet the housing needs of special groups of Morro Bay residents, including seniors, disabled persons, and single parents.		
Policy H-18 (Senior Housing) Provide more senior housing opportunities throughout the city.		
Program H-18.1 The City will utilize CDBG and other state or federal monies to assist in the development of lower-income senior rentals. Responsible Agency/Department: Public Services Department Time Frame: Apply for funding as Notices of Funding Availability (NOFA) are released Funding: CDBG/federal monies	The City is a member of the County of San Luis Obispo's Urban County Consortium, which receives federal entitlement funds from the CDBG and HOME programs. In 2016, the City awarded in-lieu funds to Peoples' Self-Help Housing as local match for a state tax credit application to preserve 40 units of existing low-income senior rentals (HUD Section 202). This funding also allowed a major renovation of the property in 2016 to refurbish the low income senior rental housing apartments.	Continue.

2014-2019 Housing Element Goals, Objectives, Policies and Programs	Status/Effectiveness	Continue/ Amend/ Delete in 2020-2028 Housing Element
Policy H-19 (Special Housing Needs) Promote the development of special housing needs, such as transitional housing, housing for seniors, housing for persons with physical, developmental, or mental disabilities, farmworker housing, and housing for extremely low-income persons.		
Program H-19.1 (Developmental Disability Needs) The City will work with housing providers to ensure that special housing needs and the needs of lower-income households are addressed for seniors, large families, female-headed households with children, persons with disabilities and developmental disabilities, extremely low-income households, and homeless individuals and families. The City will seek to meet these special housing needs through a combination of regulatory incentives, zoning standards, new housing construction programs, and supportive services programs. The City will promote market-rate and affordable housing sites, housing programs, and financial assistance available from the City, county, state, and federal governments. In addition, as appropriate, the City will apply for or support others' applications for funding under state and federal programs designated specifically for special needs groups. Responsible Agency/Department: Public Services Department, City Council Time Frame: Seek funding opportunities beginning in 2014–2015 and annually thereafter; all program components are ongoing Funding: Federal Housing Opportunities for Persons with AIDS, California Child Care Facility Financing Program, and other state and federal programs designated specifically for special needs groups	The Planning Commission has conditioned apartment projects to provide a fully accessible apartment unit and require marketing efforts to attempt to rent the unit to a suitable tenant who can benefit from the accessible features.	Continue.
Policy H-20 (Family Housing) Promote the development of special housing needs, such as transitional housing, housing for seniors, housing for persons with physical, developmental, or mental disabilities, farmworker housing, and housing for extremely low-income persons.		
Program H-20.1 As part of the process of assessing a proposed residential development, the City will evaluate the potential to incorporate other uses within the project or in conjunction with the project, including, but not limited to, project-serving retail, job centers, or services such as childcare. Responsible Agency/Department: Public Services Department Time Frame: As projects are processed through the Planning Division Funding: Affordable Housing Fund	The City's Zoning Ordinance allows for incentives if a development provides community space or childcare for residents and neighbors. Housing for large families has not been identified as a need in the draft Housing Element or by the City. This program will not be continued.	Delete.
Goal 5: The Homeless		
Objective: Reduce the incidence of homeless persons in the community, work with other cities, the County, and various nonprofits to continue to operate a convenient homeless shelter for the region.		
Policy H-21 (Regional Homeless Shelters) Participate in the operations and maintenance of the regional homeless shelter facility. The City will continue to provide information about housing opportunities and services for homeless persons through the Police Department as well as at City Hall.		

2014-2019 Housing Element Goals, Objectives, Policies and Programs	Status/Effectiveness	Continue/ Amend/ Delete in 2020-2028 Housing Element
Program H-21.1 The City will cooperate with other cities, the County, and other agencies in the development of programs aimed at providing homeless shelters and related services, including medical service for walk-in cases. The City will continue to implement the regional plan to end homelessness entitled "Housing for All: A Plan to End Homelessness." Responsible Agency/Department: Public Services Department Time Frame: Ongoing; meet with homeless service providers and other county jurisdictions annually Funding: General Fund	The 40 Prado Homeless Campus opened in San Luis Obispo in 2018. It is operated by Community Action Partnership of San Luis Obispo (CAPSLO) and provides a regional shelter and a day center and services to homeless people. In Morro Bay, supportive and transitional housing in existing facilities (such as older motels) provides housing for homeless and programs to help educate and rehabilitate residents.	Continue.
Goal 6: Energy Conservation		
Objective: Increase the efficiency of energy use in new and existing homes, with a concurrent reduction in housing costs to Morro Bay residents.		
Policy H-22 (Energy Efficiency Requirements)		
Require all new dwelling units to meet current state requirements for energy efficiency. The retrofitting of existing units will be encouraged.		
Program H-22.1 The City will continue to implement Title 24 of the California Code of Regulations on all new development and will continue to ensure that local building codes are consistent with state mandated or recommended green building standards. The City will also continue to encourage the use of additional innovative energy conservation techniques such as active and passive solar systems, orientation, and project layout in an endeavor to further reduce dependence on outside energy sources. The City will make handouts and literature available to the public outlining measures that they can take to reduce energy use. Responsible Agency/Department: Building Division, Public Services Department Time Frame: Ongoing; ensure consistency with state green building standards triennially when the California Building Code is adopted Funding: Plan check fees and General Fund	The City continues to implement Title 24 of the California Code of Regulations and ensures that local building codes are consistent with State-mandated and -recommended green building standards. The City strongly encourages solar, EV charging stations, and other innovations to improve design and function in residential projects.	Amend and continue.
Program H-22.2 The City will work with the Pacific Gas and Electric Company (PG&E) and the Southern California Gas Company to encourage existing residents to participate in energy efficiency retrofit programs. The City will consider sponsoring an energy awareness program in conjunction with PG&E and the Southern California Gas Company to educate residents about the benefits of various retrofit programs. Responsible Agency/Department: Public Services Department Time Frame: Ongoing, as projects are processed through the Planning Division Funding: General Fund/PG&E	This program did not require the City involvement because in the last five years much has changed with energy efficiency awareness and utility providers are creating programs and incentives that are directly available to citizens. Additionally, PG&E and So Cal Gas provide residents with statistics on how their energy use compares to the average and an 'efficient' home, as well as providing tips and recommendations for reductions in energy use.	Delete.

2014-2019 Housing Element Goals, Objectives, Policies and Programs	Status/Effectiveness	Continue/ Amend/ Delete in 2020-2028 Housing Element
Program H-22.3 To promote residential energy efficiency retrofits, the City will pursue membership in a property assessed clean energy (PACE) program. PACE programs allow property owners to install water and energy efficiency and renewable energy projects with low interest financing that rides with the property instead of the homeowner. The City will coordinate with the County or statewide PACE program providers to identify and enroll in an appropriate program. Responsible Agency/Department: Public Services Department Time Frame: Enroll in a PACE program by 2015 Funding: General Fund	As of 2019 PACE can loan directly to private households in California.	Delete.
Program H-22.4 The City will consider adopting an ordinance to require all new residential construction to incorporate active or passive solar energy features or other renewable energy generating systems. Responsible Agency/Department: City Council, Public Services Department Time Frame: Prepare recommendation on whether to adopt an ordinance by December 2016. If decision is made to adopt an ordinance, adopt by August 2017. Funding: General Fund	The City has not adopted an ordinance to require all new residential construction to incorporate active or passive solar energy features or other renewable generating systems. However, it is a strong recommendation. The City is following requirements in the State building code to ease requirements for homeowners to add solar which is a requirement in the 2019 building code.	Delete.
Program H-22.5 The City will consider establishing a rotating fund to provide low-interest loans to Morro Bay residents for the purpose of: • Installing solar or other renewable energy generating systems on existing residential structures, or • Retrofitting existing residential structures with insulation, double pane windows, passive solar features, or other features that will materially reduce energy consumption. Initial capitalization of the fund might be provided by a local tax on the sale of electricity, natural gas, propane, automotive fuels, or other traditional energy industries, or by an environmental mitigation fee charge levied on parcels occupied by facilities for electrical generation or transmission, natural gas extraction or transportation, or production or distribution of liquefied propane. Responsible Agency/Department: City Council, Public Services Department, Finance Department Time Frame: Research program by December 2015 Funding: General Fund or County of San Luis Obispo funding sources	The City has not established a rotating fund to provide low-interest loans to Morro Bay residents to do solar energy or other energy efficiency retrofits.	Delete

2014-2019 Housing Element Goals, Objectives, Policies and Programs	Status/Effectiveness	Continue/ Amend/ Delete in 2020-2028 Housing Element
Program H-22.6 The City will consider adopting an ordinance that would require, as a condition for approval of any permit for the expansion or modification of a residential dwelling within the City of Morro Bay, that the entire residence, including both the existing structure and the proposed addition or modification be brought into compliance with the currently-enacted requirements of Title 24 of the California Code of Regulations to the greatest degree feasible. In the event that full compliance with the requirements of Title 24 is asserted to be less than feasible by the applicant for such permit or by the Planning Department of the City of Morro Bay, approval of the requested permit should be granted only by action, in a duly-noticed public hearing, of the Planning Commission or City Council of the City of Morro Bay. Responsible Agency/Department: City Council, Public Services Department Time Frame: Prepare recommendation on whether to adopt an ordinance by December 2016. If decision is made to adopt an ordinance, adopt by August 2017. Funding: General Fund	The City has not adopted this ordinance. This program doesn't make sense under the current 2019 Building Code.	Delete.
Policy H-23 (Energy-Efficient Land Use) Encourage energy efficiency in new land use patterns, to the extent feasible.		
Program H-23.1 The City will continue to implement the subdivision ordinance which requires that new subdivisions incorporate design features reducing vehicle dependence and encouraging pedestrian and bicycle circulation through the development of transit stops and bicycle and pedestrian routes, where feasible and appropriate. Responsible Agency/Department: Public Services Department Time Frame: As projects are processed through the Planning Division Funding: General Fund	Incorporating these design features continues to be a goal in subdivisions. However, is not well received by neighbors of proposed projects. Projects are encouraged to design for more pedestrian- and bicycle-dependent travel.	Continue.
Goal 7: Equal Opportunity		
Objective: Ensure equal access to sound, affordable housing for all persons regardless of race, creed, age, or sex.		
Policy H-24 (Fair Employment and Housing) Promote the enforcement of the policies of the California Department of Fair Employment and Housing. The City declares that all persons, regardless of race, creed, age, or sex, will have equal access to sound and affordable housing.		
Program H-24.1 The City will continue to provide information from the California Department of Fair Employment and Housing regarding housing and tenant rights at City Hall and other prominent locations in the city, including the Public Services Department. The City will refer persons experiencing discrimination in housing to California Rural Legal Assistance (CRLA). Responsible Agency/Department: Planning Division and all City departments that receive complaints Time Frame: Ongoing Funding: General Fund	The City refers persons experiencing discrimination to California Rural Legal Assistance (CRLA). The City does not receive many complaints/inquiries. The City has forms available at the front kiosk for tenant complaints and substandard housing reporting and the Department of Fair Employment and Housing brochure on complaints and housing rights/protections.	Continue.

2014-2019 Housing Element Goals, Objectives, Policies and Programs	Status/Effectiveness	Continue/ Amend/ Delete in 2020-2028 Housing Element
Goal 8: Public Participation		
Objective: Ensure participation of all economic segments of the community in the development of housing policy for Morro Bay.		
Policy H-25 (Public Participation) Encourage the participation of all citizens of Morro Bay in the development of housing policies for the city.		
Program H-25.1 Prior to any public hearing where the City is considering amending or updating the housing element, the City will directly notify People’s Self-Help Housing Corporation, the Housing Authority of the City of San Luis Obispo, California Rural Legal Assistance, the Chamber of Commerce and Business Bureau, and local churches, as well as post notices on the City’s website and at significant public locations. Responsible Agency/Department: Public Services Department Time Frame: Ongoing Funding: General Fund	The City makes every effort to provide more than adequate public notification related to changes in affordable housing goals/programs.	Delete.
Program H-25.2 The City will advocate for affordable housing by educating the Planning Commission, the City Council, and the public on the benefits of affordable housing. Responsible Agency/Department: Public Services Department, City Manager, Community Groups Time Frame: Ongoing Funding: CDBG/General Fund	The City advocates for affordable housing through education of members of the city’s Planning Commission, City Council, and the general public regarding the benefits of affordable housing.	Delete.

GOALS, POLICIES, AND IMPLEMENTATION ACTIONS

State law requires that the Housing Element contain a “statement of the community’s goals, quantified objectives and policies relative to the maintenance, improvement and development of housing.” This chapter describes the proposed goals, policies, and implementation actions of the Housing Element for the City of Morro Bay. This chapter presents regional and City-specific sets of actions in the regional and the City-only sections below.

Dates shown in the “Time Frame” indicate the scheduled implementation of the implementation action, which will be in effect from that time through the duration of the planning period. The term “lower-income groups” is interchangeable with the extremely low-, very low-, low-, and moderate-income categories.

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 Chapter 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 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. The section below includes local goals, policies, and implementation actions for Morro Bay’s anticipated actions during this Housing Element cycle.

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

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

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

R-4: Coordinate State, Federal, and other funding opportunities for housing and infrastructure development throughout the Region.

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

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

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

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

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.

CITY GOALS AND POLICIES

GOALS AND POLICIES

GOAL H-1: Housing Supply: Encourage creation of new housing opportunities by providing a continuous supply of affordable housing to meet the needs of existing and future Morro Bay residents in all income categories.

- POLICY H-1.1: Live and Work in Morro Bay.** Create housing opportunities suitable for people who work in Morro Bay, including specifically designed live/work developments.
- POLICY H-1.2: Development Incentives.** Provide incentives for developments that propose higher density, affordable, or special needs housing. Incentives may include financing assistance through grants or other funding pools available to the City, providing flexibility in development standards, fee, or public improvement deferrals.
- POLICY H-1.3: Inclusionary Housing Requirements.** Continue the Inclusionary Housing Program, strongly encourage deed-restricted, affordable housing commitments in new developments as opposed to accepting in-lieu fees. Consider changes in the ordinance to increase applicability to larger single-family homes and increase the amount of the applicable in-lieu fees.
- POLICY H-1.4: Variable Density/Mixed Income Planned Unit Developments.** Designate selected large parcels to be zoned to allow a variety of housing types/densities/designs, with focus on community, common shared features, and using the difficult-to-develop portion of the sites as open/natural areas. Encourage programs for rental and for-sale housing to very low-income populations to exceed inclusionary standards.
- POLICY H-1.5: Water/Sewer Infrastructure.** Upgrade and replace aging systems to avoid any development restrictions based on availability of City-provided utilities.
- POLICY H-1.6: ADU / Tiny Homes / Microhomes.** Promote and encourage the development of ADUs as an affordable option throughout the city. Create

policy on tiny homes and microhomes as an additional tool for creating higher density to manage the impact to existing neighborhoods.

POLICY H-1.7: Mixed Use Development. Continue to promote a policy of mixed uses by allowing housing in conjunction with compatible commercial uses in appropriate mixed-use designations throughout the city. The allowance of these mixed-use designations will require additional findings to ensure new projects do not change the character of the neighborhood.

IMPLEMENTATION ACTIONS

IMPLEMENTATION ACTION H-1.1.1

The City will make affordable housing projects the highest priority of residential development. Affordable housing projects will have priority over any limitations in the allocation of new residential growth in each year as well as the first allocation of water and other resources if availability is limited, as is consistent with the Local Coastal Plan.

Responsible Agency/Department:	Community Development Department
Time Frame:	Annually
Funding:	General Fund

IMPLEMENTATION ACTION H-1.1.2

To ensure there is a sufficient supply of multi-family zoned land to meet the City's Regional Housing Needs Allocation (RHNA), the City will assist developers with proposals to combine small residential lots into larger developable lots, allowing a higher density residential development and more efficient use of the available vacant land. The City will continue to meet with local developers to discuss development opportunities and incentives available for lot consolidation and/or in general to facilitate development of affordable housing units. The following incentives will be considered when required for affordable housing development feasibility on a project-by-project basis:

- Height exceptions
- Reduced setbacks
- Reduce parking requirements
- Allow greater density bonuses

The City will monitor fees and their impacts on affordable housing development. The City will also consider waiver or deferral of certain permit and/or impact fees and will make every effort to fast-track project applications for affordable housing projects.

Responsible Agency/Department:	Community Development Department
Time Frame:	Ongoing, as projects are processed through the Planning Division. Annually meet with local developers to discuss development opportunities and incentives for lot consolidation.
Funding:	General Fund

IMPLEMENTATION ACTION H-1.1.3

To ensure affordable multifamily projects meet maximum densities, the City will continue to implement objective project reviews to promote flexibility in development standards (height, parking, and setbacks) and will continue to promote the use of density bonuses and developer incentives to increase densities. Following adoption of the comprehensive Zoning Ordinance update, the City will biannually review the multifamily development standards in the Zoning Ordinance and revise as necessary to ensure they do not act as a constraint to the development of affordable housing in the city. The City will give priority to deed-restricted, rental or for-sale, affordable housing projects that provide housing for extremely low-, very low-, and low-income persons.

Responsible Agency/Department:	Community Development Department
Time Frame:	Work with developers on a case-by-case basis to provide flexibility in development standards and promote density bonuses to increase densities as projects are processed through the Planning Division, and biannually review multifamily development standards in the Zoning Ordinance starting two years after adoption of the comprehensive Zoning Ordinance update (expected in 2020).
Funding:	General Fund

IMPLEMENTATION ACTION H-1.1.4

In order to create a vibrant pedestrian- and bicycle-friendly small-town urban atmosphere in the downtown area and ensure optimal access to services and public transportation, the City will encourage the development of new high-density housing in and adjacent to the downtown commercial district. To facilitate this goal, the City will inventory vacant and underutilized lots in

and adjacent to the downtown business district, identify sites or areas where rezoning to high-density residential or mixed use categories might be desirable, and modify the City's zoning map as appropriate.

Responsible Agency/Department:	City Council, Community Development Department
Time Frame:	Conduct inventory by July 2023. If decision is made to revise Zoning Ordinance, revise by December 2023.
Funding:	General Fund

IMPLEMENTATION ACTION H-1.1.5

In order to comply with recently adopted state law and further housing development opportunities, the City will make the following changes to zoning as part of the comprehensive Zoning Ordinance update that is currently in progress.

- Change conditional use permit to a minor use permit for multifamily projects in the R-3 zoning district.
- Conduct a study of where the City can change zoning to allow residential by right. Based on the study, revisions to zoning regulations and design guidelines will be drafted. These will include revisions to clearly state the minimum architectural requirements—to clarify the process for applicants and staff—and may include an increased number of units in a multifamily project that are allowed by right.
- Establish a planned development overall in the Zoning Ordinance to allow a variety of housing types on larger parcels in the city. Each community would include various densities and clustering. Establishing the overlay as part of the comprehensive Zoning Ordinance update would reduce processing times when these sites are developed.
- Update Chapter 17.50 of the Zoning Ordinance to allow some density bonuses that are beyond what is allowed for in state density bonus law and to clarify which projects can take advantage of these additional density bonuses and incentives.
- The City will enforce minimum residential density requirements for the R-3, R-4, and MCR zoning districts, except in consideration of site specific extraordinary constraints.
- Update zoning regulations to comply with Assembly Bill (AB) 2162 (2018) to allow supportive housing. The Zoning Ordinance will be reviewed to assess whether supportive housing is allowed without discretionary review in all zones that allow multifamily housing or mixed-use development, including nonresidential zones as applicable. If it is determined that the allowed uses in the Zoning Ordinance are not in compliance with AB

2162, the City will revise the allowed uses along with corresponding development standards, as detailed in AB 2162.

- Per AB 101 (2019) the City will review its Zoning Ordinance and make revisions if necessary to allow low barrier navigation centers for the homeless, per Government Code Sections 65660 to 65668.
- Incorporate neighborhood compatibility standards for new developments in existing neighborhoods into the updated comprehensive Zoning Ordinance update.
- Allow employee housing for six or fewer persons in the AG and RA zoning districts.
- Allow manufactured homes in the same way single-family homes are allowed in the R-3, R-4, and CCR zoning districts.

Responsible Agency/Department: City Council, Community Development Department

Time Frame: Update zoning as part of comprehensive Zoning Ordinance update by December 2020.

Funding: SB 2 grant funding and General Fund

IMPLEMENTATION ACTION H-1.1.6

The City will, to the extent feasible, allocate water resources to allow maximum growth to full buildout consistent with limitations contained in the certified Local Coastal Plan, General Plan, and Ordinance 266 (Measure F) as amended. At least annually, the Community Development Department will provide an update to the City Council on available water supplies, projected demand under the General Plan, and the status of projects to ensure adequate supply to meet the needs of the community in accordance with the OneWater Plan, the General Plan, and this Housing Element.

Responsible Agency/Department: Community Development Department

Time Frame: Annually

Funding: Water Fund

IMPLEMENTATION ACTION H-1.1.7

The City will continue to work with the private sector and nonprofit agencies and to secure funds and be supportive of developers or sponsors pursuing funds through state and federal programs for development of new lower-income housing and rehabilitation of existing lower-income housing units (including mobile homes). As funding becomes available, the City will prioritize a portion of the funds to encourage the development of housing for extremely low-income

households. The City continues to monitor opportunities and will pursue funds as appropriate to further the housing goals of this Housing Element.

Responsible Agency/Department: Community Development Department

Time Frame: Apply for funding annually

Funding: CDBG, HOME, SB 2, others

Quantified Objective: 35 units rehabilitated

IMPLEMENTATION ACTION H-1.1.8

The City will contact HCD, housing advocates, affordable housing providers, and other appropriate information resources on an annual basis in order to stay current with the latest options for providing affordable housing.

Responsible Agency/Department: Planning Division

Time Frame: Annually

Funding: General Fund

IMPLEMENTATION ACTION H-1.1.9

Prior to 2014, housing developments in Morro Bay were not required to maximize densities allowed by zoning. Recovery from the recession, market conditions, availability of bank financing, and insurance requirements favored the construction of single-family detached houses. However, the economy has strengthened, allowing the City to strongly encourage and support higher densities to assist in an increase in the housing supply and further support the goal to obtain densities closer to those envisioned by zoning policies. To further this goal, the City will review specific sites for higher density mixed residential projects and will review and update the zoning code to support mixed use/mixed income housing communities.

Responsible Agency/Department: City Council, Planning Division

Time Frame: Conduct review and update zoning by December 31, 2022

Funding: General Fund

IMPLEMENTATION ACTION H-1.1.10

The City will review its user charges for public services and facilities to ensure the charges are consistent with the costs of improvements and maintenance. Additionally, the Community Development Department will consider reductions or deferral of typically required public improvement projects, such as street/sidewalk improvements and utility infrastructure upgrades to avoid being prohibitive to affordable housing developments.

Responsible Agency/Department:	Community Development Department, Finance Department
Time Frame:	Starting in 2021, then every three years
Funding:	General Fund

IMPLEMENTATION ACTION H-1.1.11

The City will continue to implement the inclusionary requirements of Section 17.50 of the Municipal Code, which requires that all new residential development projects of five or more for-sale units provide a minimum of one unit or 10 percent of the total number of units, whichever is greater, to be affordable to families with incomes at or below the moderate-income range, depending on the housing needs of the City at the time of approval. The inclusionary housing units may be either for rent or for sale, but shall remain affordable (deed restricted) for a minimum of 30 years, or such other term approved by the City, consistent with state law.

Responsible Agency/Department:	City Council/Planning Division
Time Frame:	Ongoing, as projects are processed through the Planning Department
Funding:	General Fund

IMPLEMENTATION ACTION H-1.1.12

As an alternative to building inclusionary units, the City may allow a development to pay an in-lieu fee. Currently, the fee amount is determined with the following method: (construction cost x percentage of fee based on project size, where construction costs include all expenses related to the development of housing units, including land, construction, on- and off-site infrastructure, and associated soft costs). The City believes the inclusionary fees are reasonable, but strongly encourages development applicants to provide the affordable units vs. payment of the in-lieu fees. The in-lieu fees, when approved, are collected and held in an affordable housing trust fund. The City will also consider updating the regulations in Chapter 17.50 to strongly encourage providing affordable housing units pursuant to these regulations rather than allowing payment of an in-lieu fee. In addition, the City will increase the affordability criteria to be provided and the applicability

of the development types and sizes subject to the Inclusionary Housing requirements to include single family homes with gross square footage of 2500 sf or more.

Responsible Agency/Department: Community Development Department, Finance Department

Time Frame: Determine whether fees are appropriate and identify constraints (if needed) by June 2022; make any recommended revisions to the fee calculations and make other edits and Inclusionary Program by December 2022

Funding: General Fund

IMPLEMENTATION ACTION H-1.1.13

The City will continue to require affordable housing developments to be designed consistent with the surrounding neighborhood in order to enhance the sense of belonging to the community. Forms, materials, and proportions should be utilized that are compatible with the character of the surroundings. Design standards will be objective.

Responsible Agency/Department: City Council, Planning Division

Time Frame: Ongoing, as projects are processed through the Planning Division

Funding: General Fund

IMPLEMENTATION ACTION H-1.1.14

The City will codify neighborhood preservation guidelines for affordable units in Section 17.28.200 of the Morro Bay Municipal Code when the Zoning Ordinance is amended.

Responsible Agency/Department: City Council, Planning Division

Time Frame: January 2021

Funding: General Fund

IMPLEMENTATION ACTION H-1.1.15

The City may, on a case-by-case basis, allow for modifications/incentives to development standards, such as common access driveways, building height restrictions, parking, distance between buildings, setbacks, lot coverage, screening, varying lot sizes, open space requirements, fast-track permitting, density bonuses, variable densities on multifamily zoned property, transfer

of development credits, fee assistance, and any other modifications/incentives or combination of modifications/incentives, which are jointly agreed upon by the applicant/owner team as an incentive for constructing specific affordable housing projects. This is not intended to be an exhaustive list of modifications/incentives available to the applicant/owner team. The City will prepare public outreach materials, including adding information to the City’s website to inform the public of a variety of types of modifications or incentives offered.

Responsible Agency/Department:	Community Development Department
Time Frame:	Ongoing, as projects are processed through the Planning Division. Outreach materials will be developed and made available on the City website by October 2021.
Funding:	General Fund

IMPLEMENTATION ACTION H-1.1.16

The City affordable housing in-lieu fee fund will be used to assist nonprofit and for-profit developers to construct lower-income housing, including assistance with land acquisition, deferred entitlement fees, help with financing costs, costs to rehabilitate or preserve existing affordable units, prepare other implementation measures consistent with this Housing Element, and/or monitor housing policies and programs on an ongoing basis.

Assuming that the current market conditions will continue to exist during the eight-year Housing Element time frame, the City estimates that it will assist the creation of from two to seven new affordable units.

Responsible Agency/Department:	Community Development Department, Finance Department
Time Frame:	Allocate any available funds annually
Funding:	General Fund

IMPLEMENTATION ACTION H-1.1.17

The City will allow the conversion of older motels to residential use, subject to discretionary review, outside the Visitor-Serving Commercial (C-VS) and Waterfront (WF) zones. Criteria for approving residential uses will be stated in the Zoning Ordinance. These conversions will also receive a priority in the water unit allocation list.

Responsible Agency/Department:	City Council, Planning Division
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Time Frame: Ongoing as applications are received; codify criteria by December 2020 in comprehensive Zoning Ordinance update

Funding: General Fund

IMPLEMENTATION ACTION H-1.1.18

The City will develop criteria for determining the appropriate compatible mix of residential and commercial development to ensure neighborhood consistency.

Responsible Agency/Department: Community Development Department

Time Frame: Codify criteria as part of comprehensive Zoning Ordinance update by December 2020

Funding: General Fund

IMPLEMENTATION ACTION H-1.1.19

The City will continue to permit accessory dwelling units (including Junior ADUs) through a primarily ministerial review process (by right) in compliance with State law. An administrative coastal development permit, which does not require approval at a Planning Commission hearing but does require noticing, is required for new accessory dwelling units in or outside the coastal appeals jurisdiction. The zoning regulations will be updated to address the recent changes to state accessory dwelling unit law as part of the comprehensive Zoning Ordinance update. As part of the activities included in the City's SB 2 grant work plan, the City will explore additional ADU regulations that are less strict than what is allowed under State law. This will include exploration of allowing tiny homes or microhomes and developing a brochure on how ADUs can be built in Morro Bay.

Responsible Agency/Department: Planning Division

Time Frame: Ongoing, as projects are processed through the Planning Division; Update zoning as part of comprehensive Zoning Ordinance update by December 2020

Funding: SB 2 grant funding

IMPLEMENTATION ACTION H-1.1.20

The City will develop at least one prototype plan for ADUs that would be preapproved if an applicant chooses to go with that design. The prototype plan would be tailored to the typical lot size and topography in Morro Bay.

Responsible Agency/Department:	Planning Division
Time Frame:	Develop prototypes by 2021
Funding:	SB 2 grant funding

IMPLEMENTATION ACTION H-1.1.21

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 GC Section 65913.4.

Responsible Agency/Department:	Planning Division
Time Frame:	December 2021
Funding:	General Fund

IMPLEMENTATION ACTION H-1.1.22

The Parcel with APN 068-323-034 at 405 Atascadero Road has been included in the vacant land inventories of the 4th and 5th Round Morro Bay Housing Elements as suitable for extremely low, very low, or low units of the City’s RHNA. Per Government Code 65583.2(c), in order to continue to include this parcel in that portion of the land inventory for this 6th Round Housing Element the City will commit to update the zoning to allow projects that have at least 20 percent affordable (extremely low, very low or low) units without discretionary review or “by right”. The rezoning of the vacant parcel must be completed within three years of the beginning of the 6th Round Housing Element planning period which is December 31, 2023.

Responsible Agency/Department:	Planning Division and City Council
Time Frame:	December 31, 2023
Funding:	General Fund

GOALS AND POLICIES

GOAL H-2: Protect and Conserve Existing Housing Stock: Ensure no net loss in existing housing.

POLICY H-2.1: **Section 8 Subsidies.** Enforce the State requirement that property owners consider Section 8 vouchers for rental housing.

- POLICY H-2.2:** **Adaptive Reuse.** Encourage adaptive reuse of existing homes, hotels, and other types of buildings to creatively maximize housing opportunities allowed in the zoning/land use plan.
- POLICY H-2.3:** **Inform Property Owners.** Inform property owners and applicants of opportunities to create higher density through housing design, housing placement on parcels, shared use features, and pursuing parcel mergers to maximize housing opportunities.
- POLICY H-2.4:** **Mobile Home Park Preservation.** Support improvements to existing mobile home parks to preserve affordability.
- POLICY H-2.5:** **Monitor Assisted Units.** Continue to monitor termination dates for affordable housing units to ensure they retain affordability beyond the deed restriction period.
- POLICY H-2.6:** **Replacement Units.** Comply with SB 330 (2019) to require that replacement units be provided for any loss of affordable or lower rent apartments or homes at risk for redevelopment. Also require replacement units for condominium conversions. Requirements might include a more intense inclusionary housing requirement for the proposed new housing.
- POLICY H-2.7:** **Maintain Opportunities for Higher Density.** Discourage large single-family home development that eliminates opportunities for higher density, including allowing subdivisions in R-3 and R-4 zoning districts.

IMPLEMENTATION ACTIONS

IMPLEMENTATION ACTION H-2.1.1

The City will continue to support appropriate agencies receiving Section 8 subsidy monies.

Responsible Agency/Department: Community Development Department

Time Frame: Ongoing, 2020–2028

Funding: General Plan

IMPLEMENTATION ACTION H-2.1.2

The City will offer support and resources as available to assist local private organizations to serve elderly, disabled, and disadvantaged persons in the repair and rehabilitation of their housing.

Responsible Agency/Department:	Community Development Department
Time Frame:	Meet with organizations annually
Funding:	CDBG, HOME, other funding sources to be determined

IMPLEMENTATION ACTION H-2.1.3

Update Morro Bay Municipal Code Chapter 5.32 to update the mobile home and recreational vehicle rent stabilization regulations to comply with current State law and the community-identified needs regarding mobile homes.

Responsible Agency/Department:	Community Development Department
Time Frame:	Update ordinance by 2024
Funding:	General Fund

IMPLEMENTATION ACTION H-2.1.4

The City will promote the continued use and upkeep of economically viable mobile home parks by keeping park residents and owners informed of opportunities through HCD and other funding sources to maintain mobile home parks through energy retrofits, housing rehabilitation, new types of mobile housing (park units, tiny homes, etc.), and weatherization programs.

Responsible Agency/Department:	Community Development Department
Time Frame:	Inform owners every two years beginning in 2021
Funding:	Mobile Home Rehabilitation and Resident Ownership Program and other programs as available; General Fund

IMPLEMENTATION ACTION H-2.1.5

The City will monitor the list of all dwellings in the city 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 6th-round Housing Element planning period. The City will continue to monitor the status of affordable housing projects, and as their funding sources near expiration, will inform and work with owners and other agencies to consider options, including available funding sources, to preserve such units as affordable.

- 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.

Per State law, owners of deed-restricted affordable projects are required to provide notice of affordability restrictions that are expiring after January 1, 2021, to all prospective tenants, existing tenants, and the City at the following intervals prior to the expiration date: One notice three years prior, a second notice one year prior to expiration, and a third notice six months prior to the scheduled expiration of rental restrictions. The City will require this noticing for any units for lower-income households with the potential for converting to market-rate units in any of the following circumstances:

- The units were constructed with the aid of any type of government funding.
- The units were inclusionary units required by the City's zoning regulations.
- The project received a density bonus greater than what it qualified for by right under State law.
- The project received other incentives.

Such notice will be given at least to the following:

- The City of Morro Bay
- HCD
- Housing Authority of the City of San Luis Obispo
- Residents of at-risk units
- Any others deemed appropriate

Owners shall also refer tenants of at-risk units to educational resources regarding tenant rights, conversion procedures, the availability of Section 8 rent subsidies, and any other affordable housing opportunities in the city.

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 will be based on experience with affordable housing.

Responsible Agency/Department:	Community Development Department
Time Frame:	Ongoing communication with owners, service providers, and eligible potential purchasers
Funding:	General Fund

IMPLEMENTATION ACTION H-2.1.6

The City will continue to comply with Government Code Sections 65590 et seq. that set forth the requirements for conversions, demolitions, and replacement housing in the coastal zone.

Responsible Agency/Department:	Community Development Department
Time Frame:	Ongoing, 2020–2028
Funding:	General Fund

IMPLEMENTATION ACTION H-2.1.7

The City will continue the code enforcement program to address a variety of issues, including unsafe or dilapidated housing units. When violations are cited code enforcement will offer to provide homeowners with a list of potential resources.

Responsible Agency/Department:	Community Development Department
Time Frame:	Ongoing, 2020–2028
Funding:	General Fund

GOALS AND POLICIES

GOAL H-3: Special Needs: Address unique housing needs for special needs individuals in new or adapted existing homes.

POLICY H-3.1: Senior Housing. Support development of affordable senior housing.

POLICY H-3.2: Special Housing Needs. Promote development of special needs housing, such as transitional, supportive housing for persons with

physical, developmental or mental disabilities; farmworker housing; homeless and housing for extremely low-income persons.

IMPLEMENTATION ACTIONS

IMPLEMENTATION ACTION H-3.1.1

The City will utilize CDBG and other State or federal monies, when available, to assist in the development of lower-income senior rentals.

Responsible Agency/Department:	Community Development Department
Time Frame:	Apply for funding as Notices of Funding Availability (NOFA) are released
Funding:	CDBG/federal monies

IMPLEMENTATION ACTION H-3.1.2

The City will work with housing providers to ensure that special housing needs and the needs of lower-income households are addressed for seniors, large families, single parent-headed households with children, persons with disabilities and developmental disabilities, extremely low-income households, and homeless individuals and families. The City will seek to meet these special housing needs through a combination of regulatory incentives, zoning standards, new housing construction programs, and supportive services programs. This will include promotion of the City's existing reasonable accommodation procedure through creation of a handout that will be available at the City and on the City's website. The City will promote market-rate and affordable housing sites, housing programs, and financial assistance available from the City, County, state, and federal governments. In addition, as appropriate, the City will assist and/or provide support for applications for funding under state and federal programs designated specifically for special needs groups.

Responsible Agency/Department:	Community Development Department, City Council
Time Frame:	Prepare reasonable accommodation procedure handout and post on website by December 2021; Seek funding opportunities beginning in 2021–2022 and annually thereafter; all implementation action components are ongoing
Funding:	Federal Housing Opportunities for Persons with AIDS, California Child Care Facility Financing

	Program, and other State and federal programs designated specifically for special needs groups
Quantified Objective:	Assist with creation of 20 units for those with special needs.

GOALS AND POLICIES

GOAL H-4: Homelessness: Provide safe housing and shelter opportunities for homeless persons in Morro Bay.

- POLICY H-4.1: Regional Homeless Shelters.** Work with regional nonprofit agencies on shelter solutions for the homeless population in Morro Bay. Work also to find options for those who would like to have access to temporary housing or other services to move beyond homelessness.
- POLICY H-4.2: Outreach to Homeless.** Work with churches and other organizations to find opportunities for sheltering the homeless, medical care, job search assistance, and other identified needs.
- POLICY H-4.3: Community Involvement.** Encourage supportive housing and transitional housing operators to assist homeless people to get the help they need to become contributing members of the community. Community involvement includes finding temporary housing opportunities in under-utilized existing housing stock or empty commercial buildings.
- POLICY H-4.4: Hotel/Motel Vouchers.** Take advantage of vacancies in hotels and motels to assist in short-term housing needs of homeless and transitional individuals and families.

IMPLEMENTATION ACTIONS

IMPLEMENTATION ACTION H-4.1.1

The City will cooperate with other cities, the County, and other agencies in the development of programs aimed at providing homeless shelters and related services, including medical service for walk-in cases. The City will continue to implement the regional plan to end homelessness entitled “Housing for All: A Plan to End Homelessness.”

Responsible Agency/Department: Community Development Department in collaboration with the City Manager and Police Department

Time Frame: Ongoing; meet with homeless service providers and other county jurisdictions annually

Funding: General Fund

IMPLEMENTATION ACTION H-4.1.2

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

Responsible Agency/Department: Community Development Department in collaboration with the City Manager and Police Department

Time Frame: Within two years of Housing Element adoption

Funding: General Fund

GOALS AND POLICIES

GOAL H-5: Housing Costs: Help reduce housing costs so more people can afford housing in Morro Bay.

POLICY H-5.1: Reduction in Operational and Repair Costs. Encourage and incentivize new dwelling units to meet current state requirements for energy efficiency. Encourage retrofits of existing units. Provide materials/access to utility-sponsored programs that educate residents on ways to reduce energy usage or costs (e.g., insulation, solar, reduction in utility wastefulness.)

POLICY H-5.2: Reduction in Dependence on Vehicular Transportation. Encourage car-pooling, reduced vehicle usage, tailoring use to nonpeak times, car sharing, smaller motorized vehicle options, and walking and biking for local good and services.

IMPLEMENTATION ACTIONS

IMPLEMENTATION ACTION H-5.1.1

The City will continue to implement Title 24 of the California Code of Regulations on all new development and will continue to ensure that local building codes are consistent with State-mandated or -recommended green building standards. The City will also continue to encourage the use of additional innovative energy conservation techniques such as active and passive solar systems, orientation, and project layout in an endeavor to further reduce dependence on outside energy sources. As Title 24 continues to be updated, the City will evaluate the economic impact of the feasibility of housing development resulting from the increased green building requirements and determine what additional recommendations or requirements are reasonable to ask those developing housing. The City will make handouts and literature available to the public outlining measures that they can take to reduce energy use.

Responsible Agency/Department: Building Division, Community Development Department

Time Frame: Ongoing; ensure consistency with State green building standards triennially when the California Building Code is adopted

Funding: Plan check fees and General Fund

IMPLEMENTATION ACTION H-5.1.2

The City will continue to implement the subdivision ordinance which requires that new subdivisions incorporate design features reducing vehicle dependence and encouraging pedestrian and bicycle circulation through the development of transit stops and bicycle and pedestrian routes, where feasible and appropriate.

Responsible Agency/Department: Community Development Department

Time Frame: As projects are processed through the Planning Division

Funding: General Fund

GOALS AND POLICIES

GOAL H-6: Equal Opportunity: Ensure equal access to sound, affordable housing for all persons regardless of race, creed, age, sexual orientation or gender.

POLICY H-6.1: Fair Employment and Housing. Promote the enforcement of the policies of the California Department of Fair Employment and Housing. The City declares that all persons, regardless of race, creed, age, sexual orientation or gender, will have equal access to sound and affordable housing.

IMPLEMENTATION ACTIONS

IMPLEMENTATION ACTION H-6.1.1

The City will continue to provide information from the California Department of Fair Employment and Housing regarding housing and tenant rights at City Hall and other prominent locations in the city, including the Community Development Department. The City will refer persons experiencing discrimination in housing to California Rural Legal Assistance (CRLA).

Responsible Agency/Department:	Planning Division and all City departments that receive complaints
Time Frame:	Ongoing
Funding:	General Fund

IMPLEMENTATION ACTION H-6.1.2

Morro Bay 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, sexual orientation, gender, 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:

- Provide dedicated staff that investigates fair housing complaints and enforces fair housing laws.
- 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.
- Provide education to the community on the importance of completing Census questionnaires.

Responsible Agency/Department: Planning Division

Time Frame: Create Plan by January 2022 and implement on an ongoing basis

Funding: General Fund

QUANTIFIED OBJECTIVES SUMMARY

Based on the policies and actions outlined in **Table H-46**, the following objectives represent a reasonable expectation of the maximum number of new housing units that will be developed, rehabilitated, or conserved and the number of households that will be assisted over the 10-year projection period. The City should be able to facilitate the development of 350 new units, assist with the rehabilitation of 35 units, and preserve at least 15 units between 2019 and 2028.

**Table H-46.
Quantified Objectives Summary (2019–2028)**

Task	Income Level					
	Extremely Low	Very Low	Low	Moderate	Above Moderate	Total
Regional Housing Needs Allocation	48	49	60	70	164	391
Residential Permits Issued in 2019	0	0	11	16	14	41
New Construction Objectives	48	49	49	54	150	350
Rehabilitation Objectives	2	8	15	10	0	35
Preservation Objectives ¹	5	5	5	0	0	15
Total	55	62	69	64	150	400

Note:

1. There aren't any state and/or federally assisted affordable units at risk of conversion to market rate currently. If that changes during the planning period, the City will work to preserve at least 15 assisted units.

