MEMORANDUM

TO: CITY COUNCIL

FROM: JAMES A. BERGMAN, CITY MANAGER

BY: WHITNEY McDONALD, COMMUNITY DEVELOPMENT DIRECTOR

SUBJECT: CONSIDERATION OF ADOPTION OF RESOLUTION APPROVING THE SAN LUIS OBISPO COUNTYWIDE REGIONAL COMPACT TO ADDRESS HOUSING AND INFRASTRUCTURE NEEDS AND AUTHORIZING THE MAYOR TO SIGN THE COMPACT

DATE: MARCH 10, 2020

SUMMARY OF ACTION:
Adopt a Resolution approving the San Luis Obispo Countywide Regional Compact to address housing and infrastructure needs and authorizing the Mayor to sign the Compact.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:
Staff time to review and implement the Compact will continue to be provided alongside efforts to update the City’s Housing Element.

RECOMMENDATION:
It is recommended the City Council adopt the Resolution approving the San Luis Obispo Countywide Regional Compact to address housing and infrastructure needs and authorizing the Mayor to sign the Compact.

BACKGROUND:
The San Luis Obispo County region is currently one of the least affordable places to buy a home in the United States, recently reported as the 8th least affordable region in the nation. According to the National Association of Home Builders, only 20.9 percent of the area’s share of homes are affordable to a family earning the area’s median income. The County’s Housing Element of the General Plan (2014-2019) states that the chronic undersupply of housing affordable and suitable for locally employed people has economic, social, and environmental impacts. Providing an adequate supply and range of housing choices affordable to residents and working families/individuals is a significant challenge in San Luis Obispo County and requires the efforts of public agencies, private industries, residents, and working individuals to overcome it.

Pursuant to State law, the California Housing and Community Development Department (HCD) determines the region’s future housing needs by affordability level and directs the San Luis Obispo Council of Governments (SLOCOG) to assign the required housing units
to each of the seven cities and the County’s unincorporated areas. This is known as the Regional Housing Needs Allocation (RHNA) process. In December 2018, the SLOCOG Board accepted HCD’s final determination that San Luis Obispo County must plan for 10,810 new housing units by 2028. Subsequently, in October 2019, the SLOCOG Board adopted the 2019 RHNA Plan, allocating the 10,810 new housing units across the eight local land use planning agencies, generally based on each jurisdiction’s proportional share of the region’s population and jobs. The table below shows each agency’s allocation and allocation within each State-defined income category.

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Total Allocation</th>
<th>Very Low 24.60%</th>
<th>Low 15.50%</th>
<th>Moderate 18.00%</th>
<th>Above Moderate 41.90%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arroyo Grande</td>
<td>692</td>
<td>170</td>
<td>107</td>
<td>124</td>
<td>291</td>
</tr>
<tr>
<td>Atascadero</td>
<td>843</td>
<td>207</td>
<td>131</td>
<td>151</td>
<td>354</td>
</tr>
<tr>
<td>Grover Beach</td>
<td>369</td>
<td>91</td>
<td>57</td>
<td>66</td>
<td>155</td>
</tr>
<tr>
<td>Morro Bay</td>
<td>391</td>
<td>97</td>
<td>60</td>
<td>70</td>
<td>164</td>
</tr>
<tr>
<td>Pismo Robles</td>
<td>1,446</td>
<td>356</td>
<td>224</td>
<td>259</td>
<td>607</td>
</tr>
<tr>
<td>Pismo Beach</td>
<td>459</td>
<td>113</td>
<td>71</td>
<td>82</td>
<td>193</td>
</tr>
<tr>
<td>San Luis Obispo</td>
<td>3,354</td>
<td>825</td>
<td>520</td>
<td>603</td>
<td>1,406</td>
</tr>
<tr>
<td>Unincorporated</td>
<td>3,256</td>
<td>801</td>
<td>505</td>
<td>585</td>
<td>1,365</td>
</tr>
<tr>
<td><strong>Regional Total</strong></td>
<td><strong>10,810</strong></td>
<td><strong>2,660</strong></td>
<td><strong>1,675</strong></td>
<td><strong>1,940</strong></td>
<td><strong>4,535</strong></td>
</tr>
</tbody>
</table>

This information about the RHNA process was shared with the Council on September 3, 2019 during an update on housing policy issues. Each of the seven cities and the County is now required to identify adequate sites and plan for each agency’s future housing needs as it updates its respective Housing Element by December 31, 2020. The City has initiated this process with consultant assistance from PlaceWorks and will be hosting a public workshop on updating the Housing Element in April or May. Meeting the current and future RHNA cycles will require communities to plan for additional growth and prioritize investment in housing and infrastructure. The Governor and State Legislature have enacted numerous bills that encourage local agencies to take actions to streamline housing approvals and accelerate housing production. The Governor and numerous legislators have expressed a need for urgent focus on California’s housing affordability crisis. Their decisions continue to prioritize the need for actions to address this complex challenge and the FY 2019-20 State Budget included $1.75 billion investment to increase housing supply and hold local agencies accountable for meeting regional housing goals.

Meeting the housing needs of the San Luis Obispo County region is a challenge shared by all eight local land use jurisdictions and SLOCOG, and it will take collective actions to overcome this challenge. This also brings an opportunity for regional collaboration. The proposed San Luis Obispo Countywide Regional Compact (the “Regional Compact” Attachment 2) is an aspirational document to set the tone and goals for future
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recommended plans and actions among the local agencies. The Regional Compact establishes a united regional framework to unlock the potential to develop an adequate supply of housing and resilient infrastructure that support our economic prosperity. It also recognizes that people, water, transportation, connectivity, and housing form the foundation of the San Luis Obispo County region’s healthy, livable communities and thriving economic opportunity.

The region’s local agencies, building and development community, residents and workforce have an opportunity to unite around six shared regional goals that provide a vision to guide collaborative resolution of the underlying issues.

These six regional goals are as follows:

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

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

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

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

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

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

The Regional Compact is being recommended for approval by the governing boards of all eight local land use agencies and SLOCOG. Signatories to the Regional Compact commit to acting as partners in aligning actions with these regional goals. The Regional Compact is an important first step that will help to protect and enhance the region’s
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communities, build critical infrastructure, protect natural resources and create a forward-thinking future for the region. By taking collaborative actions to further these goals, our region can solve critical issues and become a statewide leader in sustaining vibrant communities. Additionally, given the State’s pro-housing focus, the Regional Compact shows the San Luis Obispo County region’s intent to work collaboratively to plan for our region’s future and its growth which may make the region more competitive for housing and infrastructure funding opportunities.

Lastly, it is important to acknowledge the degree of regional collaboration in developing this Regional Compact. Overcoming the challenges to meeting housing needs will require a significant focus on increasing regional collaboration particularly related to affordable housing and the critical infrastructure to support it. The seven cities, the County, and SLOCOG have worked over the past year toward developing the region’s first Regional Infrastructure and Housing Plan from which the concept of a Regional Compact was developed. City staff would particularly like to acknowledge the extensive work of the County in providing policy and staff leadership in advancing this regional effort. The following are anticipated dates for all nine local and regional agencies to approve the Regional Compact and pending approval by all agencies will culminate in a public signing event (tentatively set for the SLO Housing Summit on April 3, 2020). As shown below, Arroyo Grande will be the fourth city in the county to consider approval of the Regional Compact.

<table>
<thead>
<tr>
<th>Regional Compact Signatories</th>
<th>Anticipated Date of Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>County of San Luis Obispo</td>
<td>February 25, 2020</td>
</tr>
<tr>
<td>City of Grover Beach</td>
<td>March 2, 2020</td>
</tr>
<tr>
<td>City of Paso Robles</td>
<td>March 3, 2020</td>
</tr>
<tr>
<td>City of Pismo Beach</td>
<td>March 3, 2020</td>
</tr>
<tr>
<td>City of Arroyo Grande</td>
<td>March 10, 2020</td>
</tr>
<tr>
<td>City of Atascadero</td>
<td>March 10, 2020</td>
</tr>
<tr>
<td>City of San Luis Obispo</td>
<td>March 17, 2020</td>
</tr>
<tr>
<td>City of Morro Bay</td>
<td>March 24, 2020</td>
</tr>
<tr>
<td>San Luis Obispo Council of Governments</td>
<td>April 1, 2020</td>
</tr>
</tbody>
</table>

City staff is committed to engaging with regional partners including the County, the six other cities, SLOCOG, and key public and private sector stakeholders to develop the Regional Infrastructure and Housing Plan and formulate recommendations for how to collaboratively carry out the goals set forth in the Regional Compact. These goals are consistent with the emerging priority issue of addressing housing needs in the City. Given this consistency, staff recommends that the Council adopt a Resolution (Attachment 1) approving the San Luis Obispo Countywide Regional Compact to address housing and infrastructure needs and authorize the Mayor to sign the Regional Compact on behalf of the City of Arroyo Grande.
ALTERNATIVES:
The following alternatives are provided for the Council’s consideration:
   1. Approve staff’s recommendation;
   2. Do not approve staff’s recommendation;
   3. Modify as appropriate and approve staff’s recommendation; or
   4. Provide direction to staff.

ADVANTAGES:
Approval of the Regional Compact will advance the City’s goals of cooperating with other
local governments to address the region’s housing needs, as stated in the City’s Housing
Element.

DISADVANTAGES:
No disadvantages have been identified.

ENVIRONMENTAL REVIEW:
Adoption of the Resolution approving the San Luis Obispo Countywide Regional Compact
to Address Housing and Infrastructure Needs is not a project that is likely to cause a
potentially significant impact on the environment, and, therefore, it is not subject to the
California Environmental Quality Act, per CEQA Guideline section 15061(b)(3).

PUBLIC NOTIFICATION AND COMMENTS:
The Agenda was posted at City Hall and on the City’s website in accordance with
Government Code Section 54954.2. At the time of report publication, no comments have
been received.

ATTACHMENT:
1. San Luis Obispo Countywide Regional Compact
RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE APPROVING THE SAN LUIS OBISPO COUNTYWIDE REGIONAL COMPACT TO ADDRESS HOUSING AND INFRASTRUCTURE NEEDS AND AUTHORIZING THE MAYOR TO SIGN THE COMPACT

WHEREAS, the San Luis Obispo County region 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 significant regional issues; and

WHEREAS, California Government Code Section 65584 requires the San Luis Obispo County region’s local land use agencies to plan for their Regional Housing Needs Allocation of 10,820 new housing units by the year 2028 and future allocations as determined by the California Department of Housing and Community Development; and

WHEREAS, the San Luis Obispo Countywide Regional Compact, prepared by leaders from each of the region’s local agencies, creates a united regional framework to unlock the potential to develop an adequate supply of housing and resilient infrastructure that support economic prosperity; and

WHEREAS, the regional goals set forth therein will help to protect and enhance our communities, build critical infrastructure, protect natural resources, and create a forward-thinking future for local communities in addition to underpinning the future Regional Infrastructure and Housing Plan, creating compatibility among the eight local land use agencies’ Housing Elements, and driving future recommendations for collaborative actions.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Arroyo Grande hereby approves the San Luis Obispo Countywide Regional Compact to address housing and infrastructure needs and authorizes the Mayor to sign said Compact, following approval of said Compact by the governing boards of the other agencies identified therein.

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

AYES:

NOES:

ABSENT:

the foregoing Resolution was passed and adopted this 10th day of March, 2020.
CAREN RAY RUSSOM, MAYOR

ATTEST:

KELLY WETMORE, CITY CLERK

APPROVED AS TO CONTENT:

JAMES A. BERGMAN, CITY MANAGER

APPROVED AS TO FORM:

TIMOTHY J. CARMEL, CITY ATTORNEY
People, water, transportation, connectivity, and housing form the foundation of San Luis Obispo County Region’s healthy, livable communities and thriving economic opportunity.

We are 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 our Region’s significant issues, such as limited water supply, disconnects between communities, climate impacts, pressure on agriculture and open space resources, and inadequate access to affordable housing.

To identify actions our agencies can take to solve these issues, we agree to develop our first Regional Infrastructure and Housing Strategic Action Plan. This regional effort examines infrastructure and housing needs countywide and integrates efforts to address critical shortages. Our organizations are signing this compact as a first, necessary step toward creating opportunities for our local workforce and families, while preserving the appeal and vitality of our Region.

Our agencies collectively embrace the following six shared regional goals and support aligning resources and policies to make progress towards acting on them. These regional goals will underpin the future Regional Infrastructure and Housing Strategic Action Plan, create compatibility among the eight local agencies’ Housing Elements, and drive future recommendations for collaborative actions.

| 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, services, and resources, adequate housing supply, business opportunities, and educational pathways. |
| Share prosperity | We believe that our Region should share the impacts and benefits of achieving enduring quality of life among all people, sectors and interests. |
| 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 for residents to live and work in the same community. |
| Value agricultural & 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. |
| Support equitable & diverse opportunities | We believe that our Region should support policies, actions and incentives that increase the diversity of housing available to people at all income levels. |
| 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. |

We believe that these regional goals will help to protect and enhance our communities, build critical infrastructure, protect natural resources and create a forward-thinking future for all of our communities. We believe in the importance of taking responsibility for leading our Region towards a brighter future. By signing this compact on this ___ day of _______ 2020, we commit to act as partners by aligning actions with these regional goals. By taking collaborative actions to further these goals, we believe that our Region will solve critical issues and become a statewide leader in sustaining vibrant communities.