
Title 29 Affordable Housing Fund: Fiscal Year 2021-2022 and 2022-2023 Report and Projects

**County of San Luis Obispo
Department of Social Services
Homeless Services Division**

DRAFT

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Table of Contents

Introduction 4
 Contents of the Annual Report..... 5
Summary of All Accounts 6
 Residential In-Lieu Fee Account..... 6
 Housing Impact Fee Account 7
Projects 7
 Summary of Title 29 Projects 7
 Summary of Funding for Fiscal Year 2022/23 Projects..... 12
 Summary of Funding for Fiscal Year 23/24 Projects 13
Refund Payments 15
Remaining Amounts for Future Projects 15

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Introduction

Title 29 of the County Code, Affordable Housing Fund (“AHF”), supports affordable housing by granting subsidies to eligible affordable housing projects. Section 29.05.010 requires an annual report to the Board of Supervisors on the status of activities undertaken. This Annual Report details the fees collected and the recommended allocations to assist in the County’s affordable housing goals.

On June 7, 2022, the Board of Supervisors of the County of San Luis Obispo adopted the following:

- Ordinance No. 3471 amending Title 22 of the County of San Luis Obispo code, the Land Use Ordinance, by repealing Section 22.12.040, Inclusionary Housing; and
- Ordinance No. 3472 amending Title 23 of the County of San Luis Obispo code, the Coastal Zone Land Use Ordinance by repealing Section 23.04.096, Inclusionary Housing; and
- Ordinance No. 3473, amending Title 29 of the San Luis Obispo County Code, the affordable housing fund, to discontinue the collection of inclusionary housing in-lieu and housing impact fees.

The provision of this Title remains in effect only to the extent that they allow the County to allocate and expend Affordable Housing Fund and Housing Impact Fee account balances that existed prior to June 7, 2022, when the Inclusionary Housing Ordinance was repealed.

Since 2009 when Title 29 took effect, the Board of Supervisors has reviewed the Annual Report. Since 2009, the Annual Report’s statement of income represented fees collected during the previous calendar year. Last year’s 2022 Title 29 Report included the statement of income from all fees collected from January 1, 2021 – June 30, 2021. Beginning with this 2023 Annual Title 29 Report, the Annual Report’s statement of income will include all fees collected during the county’s **fiscal year** from July 1, 2021, to June 30, 2022.

To ensure more timely reporting of Title 29 information, this report includes Fiscal Year 2022 data.

Contents of the Annual Report

This Annual Report includes the following information.

- Statement of income
- Expenses, disbursements, and uses of the Affordable Housing Fund
- Number of housing units constructed or assisted
- Types of units (rental or ownership), income levels, and location
- Amount of funds leveraged and amount of assistance provided
- Project status

The statement of income represents the combined total of the Residential In-Lieu fee (In-Lieu fee) and Commercial Housing Impact fee (Housing Impact fee) collected. This Annual Report identifies the In-Lieu fees and Housing Impact fees collected between July 1, 2021, and June 30, 2022.

Summary of All Accounts

The summary of All Accounts in the Affordable Housing Fund from July 1, 2022, to June 30, 2023, is summarized in Table 1.

Table 1: Summary of All Accounts ¹ Reporting Period 7/1/2022-6/30/2023

Fiscal Year	Beginning Balance	Funds Expended	Balance of Funds Committed ²	Unallocated	Funds Allocated in the 2023 Action Plan
2022-2023	\$542,982.00	\$6,855.00	\$787,068.66	\$0.00	\$137,999

¹ Includes In-Lieu Fees and Housing Impact Fees.

² Remaining balance from prior Action Plans

Residential In-Lieu Fee Account

The Inclusionary Housing In-Lieu fee is collected from residential development projects that opt to pay a fee rather than provide affordable housing. In March 2019, the Board of Supervisors changed the County’s in-lieu fee structure from a fixed rate to a tiered rate structure, based on square footage, as shown in Table 2, below. The collection of Inclusionary In-Lieu Fee was discontinued June 7, 2022.

Table 2: Inclusionary Housing In-Lieu Fee Structure – Effective July 1, 2019 – June 7, 2022.

Square-footage Range (Habitable Floor Area)	Fee Amount
0 – 2,200	Exempt
2,201 – 2,500	\$8 / SF
2,501 – 3,500	\$12 / SF
3,501 – 4,621	\$16 / SF
4,622 and over (total fee / total SF)	\$7 / SF (over total square footage)

Housing Impact Fee Account

The Housing Impact fee is collected from new commercial/industrial development projects. The Planning and Building Department collects the Housing Impact fees to support the construction of affordable housing units. Housing Impact fees cannot be used to support affordable rental assistance or individual home loan housing programs. The collection of the Housing Impact Fee was discontinued on June 7, 2022.

Projects

Summary of Title 29 Projects

Table 3 shows the status of the projects funded through Title 29 funds that are currently under construction, pending construction or completed during the reporting period July 1, 2021 - June 30, 2023. All projects meet Goal 1 of the 2020-2024 Consolidated Plan of the County of San Luis Obispo.

Table 3: Status of Projects Supported by Title 29 funds for Reporting Period 7/1/21-6/30/23.

Project Name/Beneficiaries	Estimated Completion Date	Amount Allocated & Purpose	Amount Drawn	Remaining Amount	Additional Funding Sources	Status
<p>Willow Walk Senior Apartments (formerly Nipomo Senior Apts) Housing Authority of SLO 40 extremely low to low-income senior households, 10% formerly homeless seniors</p>	<p>Completed 4/1/2022</p>	<p>AP 2020 \$59,032 Project-related costs</p>	<p>\$59,032</p>	<p>\$0</p>	<p>Section 8 Vouchers, Tax credits, HTF, CDBG, HOME and Title 29 funds.</p>	<p>Construction Complete. Fully Leased.</p>

Table 3 continued: Status of Projects Supported by Title 29 funds for Reporting Period 7/1/21-6/30/23.

Project Name/Beneficiaries	Estimated Completion Date	Amount Allocated & Purpose	Amount Drawn	Remaining Amount	Additional Funding Sources	Status
<p>Pismo Terrace (formerly 855 N 4th St. Pismo Beach, People’s Self-Help Housing 50 units consisting of 25 units for very-low-income families, 15 units for Transitional Aged Youth and 10 units for Homeless Individuals</p>	11/2023	<p>AP 2020 \$114,331</p> <p>AP 2021 \$115,638</p> <p>Project-related costs</p>	\$0	\$229,969	State HEAP/ HHAP/ No Place Like HOME funds, tax credits, over \$1M of City of PB funds and Title 29 funds.	<p>Under Construction</p> <p>Now Accepting Applications</p>
<p>Templeton Place II Templeton People’s Self-Help Housing 36 units for seniors 10 of these units are dedicated for homeless veterans.</p>	Summer 2023	<p>AP 2019 \$38,538</p> <p>AP 2020 \$112,723</p> <p>Hard costs</p>	\$0	\$151,261	Tax credits, Homeless Vets & Title 29 funds	<p>Construction Complete.</p> <p>Partially Leased.</p>

Table 3 continued: Status of Projects Supported by Title 29 funds for Reporting Period 7/1/21-6/30/23.

Project Name/Beneficiaries	Estimated Completion Date	Amount Allocated & Purpose	Amount Drawn	Remaining Amount	Additional Funding Sources	Status
<p>Vine St. Homes Paso Robles Habitat for Humanity 9 units for very low & low-income households</p>	<p>6/2025</p>	<p>AP 2018 \$30,198 AP 2021 \$185,221 AP 2022 \$233,144 AP 2023 \$137,999 Hard costs</p>	<p>\$8,213</p>	<p>\$578,349</p>	<p>Donations, volunteers, Title 29 funds, City of PR funds</p>	<p>Under Construction.</p>
<p>Halcyon Collective (formerly So. Halcyon Road Apartments) Arroyo Grande 20 units Housing Authority of SLO</p>	<p>Completed 5/31/2021</p>	<p>AP 2017 \$635,322</p>	<p>\$635,322</p>	<p>\$0</p>		<p>Construction Complete. Fully Leased</p>

Table 3 continued: Status of Projects Supported by Title 29 funds for Reporting Period 7/1/21-6/30/23.

Project Name/Beneficiaries	Estimated Completion Date	Amount Allocated & Purpose	Amount Drawn	Remaining Amount	Additional Funding Sources	Status
<p>Toscano Family Apartments San Luis Obispo Housing Authority of SLO</p> <p>38 units for extremely low to low-income households</p>	<p>Summer 2023</p>	<p>AP 2021 \$142,396 Project related costs</p>	<p>\$135,276</p>	<p>\$7,119</p>	<p>Tax credits, CDBG, Title 29 funds</p>	<p>Under Construction Now Leasing</p>
<p>Rockview at Sunset (Formerly the Morro Bay Family Apartments) Morro Bay</p> <p>SLO Housing Non-Profit</p> <p>35 units for extremely low to low-income</p>	<p>Summer 2023</p>	<p>AP 2021 \$7,216</p>	<p>\$6855</p>	<p>\$361</p>	<p>Tax credits, CDBG, Title 29 funds</p>	<p>Under Construction Now Leasing</p>

Table 3 continued: Status of Projects Supported by Title 29 funds for Reporting Period 7/1/21-6/30/23.

Project Name/Beneficiaries	Estimated Completion Date	Amount Allocated & Purpose	Amount Drawn	Remaining Amount	Additional Funding Sources	Status
Housing Trust Fund¹	N/A	AP 2021 \$100,000	\$100,000	\$0.00	Title 29 funds	N/A
Del Rio Ridge Atascadero Peoples' Self-Help Housing 42 units for extremely low to low-income households	N/A	AP 2022 \$233,144 Construction/Hard Costs	\$0.00	\$0.00 Reallocated on 11/8/2022	CDBG, HOME, HOME-ARP, Title 29, State: Veteran's Housing, City of Atascadero	Construction Not Started Additional Funding Required
Arroyo Terrace Arroyo Grande Affordable Housing Authority of SLO 63 units for low and very low-income rental homes	12/2026	AP 2022 \$55,088 Acquisition	\$0.00	\$55,088	Tax Credits, Title 29, Bank Loan, SLO County, County ARPA	Construction Not Started Additional Funding Required

¹ On July 16, 2020, the Board of Supervisors directed staff to use AHF funds to backfill a potential shortfall of funds for the HTF to qualify for the Local Housing Trust Fund (LHTF) state application requiring matching funds. The allocated amount identified in the Annual Report is \$100,000,

Table 3 continued: Status of Projects Supported by Title 29 funds for Reporting Period 7/1/21-6/30/23.

Project Name/Beneficiaries	Estimated Completion Date	Amount Allocated & Purpose	Amount Drawn	Remaining Amount	Additional Funding Sources	Status
<p>Shell Beach Senior Apts. (formerly called Pismo Beach Affordable Senior Housing) SLO Non-Profit Housing</p> <p>26 affordable senior households</p>	<p>6/2025</p>	<p>AP 2022 \$254,750</p> <p>Construction/Hard Costs</p>	<p>\$0.00</p>	<p>\$254,750</p>	<p>HOME, HOME-ARP, Title 29, Tax Credit, HASLO Loan, Bank Loan, Pismo Beach Inclusionary Housing Fund & Fee Waivers</p>	<p>Under Construction</p>

Projects for Fiscal Year 22/23

Summary of Funding for Fiscal Year 2022/23 Projects

On February 15, 2022, the Board of Supervisors allocated \$542,982 in Title 29 funds to three affordable housing projects (Table 4). Eligible projects shall have affordable housing units that are deed restricted or that conform to the County’s affordable housing standards (i.e., Land Use Ordinance Section 22.12.030 – Housing Affordability Standards or Coastal Zone Land Use Ordinance Section 23.04.094 – Housing Affordability Standards).

Title 29 requires funds be allocated to affordable housing projects located within the same housing market areas as the projects that paid the Title 29 fees. Refer to the Title 29 Market Area Map (see Figure 1).

Table 4: Projects Funded in Fiscal Year 2022/23

Project Name	Amount Allocated	Location and Funding Source
Del Rio Ridge (Peoples’ Self-Help Housing) *	\$233,144	Atascadero, North County funds
Arroyo Terrace (formerly AG Affordable Housing) (Housing Authority of SLO)	\$55,088	Arroyo Grande, South County funds
Pismo Beach Affordable Senior Housing (Housing Authority of SLO)	\$254,750	Pismo Beach, Central County funds
Total Fiscal Year 2022/23 funds	\$542,982	

*On November 8, 2022, the Board of Supervisors reallocated \$233,144 of Title 29 funds from People’s Self-Help Housing’s Del Rio Ridge Project to Habitat for Humanity’s Vine Street Project.

Projects for Fiscal Year 23/24

Summary of Funding for Fiscal Year 23/24 Projects

Per the 2023 Action Plan Notice of Funding Availability released on September 1, 2022, \$723,272.91 was identified in Title 29 Funding available for application. Eligible projects must include affordable housing units that are deed restricted or that conform to the County’s affordable housing standards (i.e., Land Use Ordinance Section 22.12.030 – Housing Affordability Standards or Coastal Zone Land Use Ordinance Section 23.04.094 – Housing Affordability Standards).

Title 29 requires funds to be allocated to affordable housing projects located within the same housing market areas

as the projects that paid the Title 29 fees. Refer to the Title 29 Market Area Map (see Figure 1).

On November 8, 2022, Board of Supervisors approved the allocation shown in Table 5 for the 2023 Program Year.

Table 5: Projects to be Funded in Fiscal Year 23/24

Project Name	Amount Allocated	Location and Funding Source
Vine St. Homes (Habitat for Humanity) Paso Robles	\$137,999*	North County funds
Total Fiscal Year 23/24	\$137,999	

*Per the 2023 Action Plan Notice of Funding Availability released on September 1st, 2022, \$723,272.91 was identified in Title 29 Funding available for application. With the repeal of the inclusionary housing ordinance and the amendment of Title 29 to eliminate in-lieu fees, there is a potential for refunds of in-lieu fees already paid on issued permits that haven't been completed. County Counsel offered expertise and a fiscal analysis was done of the fees paid by region and determined high-risk fees for potential future refunds based on where each permit was in the inspection process. After evaluation of the risk of refund, it was determined that additional Title 29 funds for 2023 would not be allocated this year. Risk levels of the permits identified for potential refund will be evaluated annually, prior to the release of the HUD entitlement NOFA, and funds that are low-risk or released will be included as funds available in a future NOFA.

Refund Payments

Certain circumstances require that unspent Title 29 funds be repaid to the original contributing developers. Title 29 Section 29.05.010.d requires that unspent funding shall be refunded whenever the County targets an affordable housing development and determines that adequate funding is available to complete the project, but the project is never completed. Funds may be transferred to other eligible projects, but unspent funds must be returned to the developer if those funds have not been used within five years of when the developer paid the Title 29 fees.

There are no refunds to report.

Remaining Amounts for Future Projects

Title 29 requires that the funds be allocated to affordable housing projects located within the same housing market areas as the projects that paid the Title 29 fees. Table 6 summarizes the remaining funding amounts available for each area of the county. The Open to All category includes Title 29 interest collected, which can be used in any area of the county. Prior to the release of the 2024 Notice of Funding Availability (NOFA), a risk analysis was completed to determine the amount of funds that can be safely allocated during the 2024 Program Year.

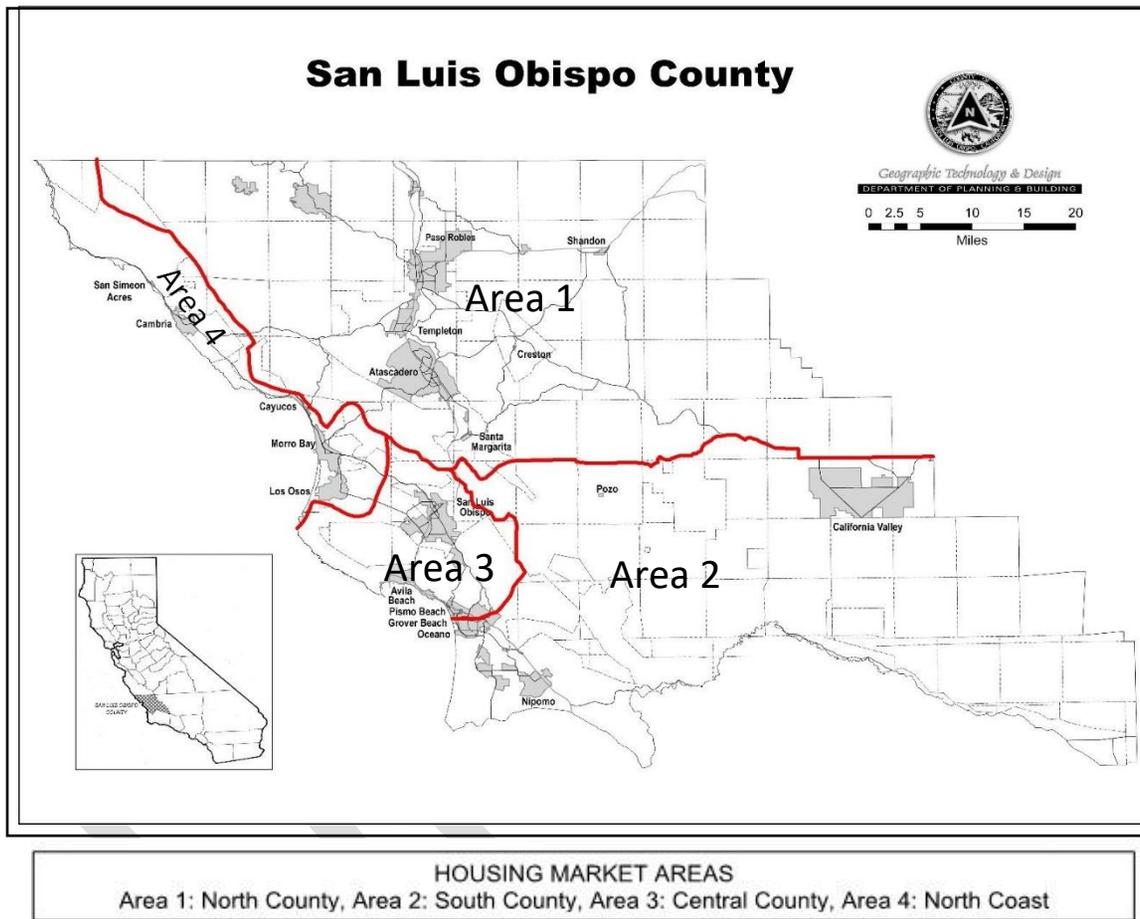
A financial risk assessment was completed by the Department of Planning and Building in August 2023. County Counsel has reviewed and concurred with the recommendations. Seven permits were considered as high risk (zero to one inspections) totaling \$25,248.42 at risk of refunds and eight permits were considered as medium risk (between three and nine inspections) totaling \$70,960.00 at risk of refunds. Staff analysis has determined that \$96,208.42 is at potential risk of refunds and should not be included in the 2024 Action Plan NOFA.

Table 6: Remaining Amounts for Future Projects

Fund Source	Beginning Balance FY22	FY23 Allocated Amount	Accrued Interest	High and Medium Risk Funds on Issued Permits	Remaining Available Amount
Open to All	\$10,926	\$0.00	\$32,668	\$0.00	\$43,594
North County	\$259,025	\$137,999	\$0.00	\$31,048	\$89,978
Central County	\$250,725	\$2,508*	\$0.00	\$19,576	\$228,641
South County	\$156,290	\$0.00	\$0.00	\$0.00	\$156,290
North Coast	\$46,308	\$0.00	\$0.00	\$45,584	\$724
Total Amounts	\$723,274	\$140,507	\$32,668	\$96,208	\$519,227

*\$2,508 reflects an adjustment for withdrawn construction permit application.

Figure 1: Housing Market Area Map



Area 1: North County – includes Santa Margarita, Atascadero, Creston, Templeton, Paso Robles, and Shandon

Area 2: South County – includes Oceano, Nipomo, Woodlands, Pozo, and California Valley

Area 3: Central County – includes San Luis Obispo, Avila Beach, and Arroyo Grande

Area 4: North Coast – includes Los Osos, Morro Bay, Cayucos, Cambria, and San Simeon