

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

[Page 5 shows Board of Supervisors direction on July 15, 2008]

| | | | | |
|---|------------------------------|---|--|--|
| (1) DEPARTMENT Planning and Building | | (2) MEETING DATE July 15, 2008 | (3) CONTACT/PHONE Mike Wulkan, Supervising Planner (805) 781-5608 | |
| (4) SUBJECT A) Study session on proposed Growth Management Ordinance (GMO) changes and related growth management strategies; B) Request to authorize preparation of a new Countywide Rural Plan, with amendments to the Land Use Element, the Land Use Ordinance, the Coastal Zone Land Use Ordinance and Local Coastal Program. | | | | |
| (5) SUMMARY OF REQUEST This staff report contains two reports to your Board. The first, Report A, discusses direction for possible changes to the Growth Management Ordinance (GMO) and related growth management strategies. The second, Report B, describes staff's proposal for the Countywide Rural Plan, an amendment to the Land Use Element, the Land Use Ordinance, the Coastal Zone Land Use Ordinance and Local Coastal Program. | | | | |
| (6) RECOMMENDED ACTION A. Review <u>Report A: Growth Management Review</u> and direct staff to prepare specific proposals for ordinance and/or general plan amendments in response to the discussion, and return for authorization to proceed with amendment processes to implement the proposals. B. Review the proposal in <u>Report B: Request to authorize a Countywide Rural Plan</u> and authorize the processing of an amendment to the General Plan for the Countywide Rural Area Plan. | | | | |
| (7) FUNDING SOURCE(S) Department budget | (8) CURRENT YEAR COST N/A | (9) ANNUAL COST N/A | (10) BUDGETED? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> N/A | |
| (11) OTHER AGENCY/ADVISORY GROUP INVOLVEMENT (LIST): Agricultural Commissioner, Public Works, Air Pollution Control District, San Luis Obispo Council of Governments | | | | |
| (12) WILL REQUEST REQUIRE ADDITIONAL STAFF? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, How Many? _____ <input type="checkbox"/> Permanent _____ <input type="checkbox"/> Limited Term _____ <input type="checkbox"/> Contract _____ <input type="checkbox"/> Temporary Help _____ | | | | |
| (13) SUPERVISOR DISTRICT(S) <input type="checkbox"/> 1st, <input type="checkbox"/> 2nd, <input type="checkbox"/> 3rd, <input type="checkbox"/> 4th, <input type="checkbox"/> 5th, <input checked="" type="checkbox"/> All | | (14) LOCATION MAP <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A | | (15) Maddy Act Appointments Signed-off by Clerk of the Board |
| (16) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Hearing (Time Est. 5 min.- continue) <input type="checkbox"/> Presentation <input checked="" type="checkbox"/> Board Business (Time Est. _____) | | (17) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions (Orig + 4 copies) <input type="checkbox"/> Contracts (Orig + 4 copies) <input type="checkbox"/> Ordinances (Orig + 4 copies) <input checked="" type="checkbox"/> N/A | | |
| (18) NEED EXTRA EXECUTED COPIES? <input type="checkbox"/> Number: _____ <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A | | (19) APPROPRIATION TRANSFER REQUIRED? <input type="checkbox"/> Submitted <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A | | |
| (20) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) _____ | | (21) W-9 <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes | | (22) Agenda Item History <input checked="" type="checkbox"/> January 29, 2008 |
| (23) ADMINISTRATIVE OFFICE REVIEW | | | | |

DATE: JULY 15, 2008

TO: BOARD OF SUPERVISORS

FROM: JAMES CARUSO, SENIOR PLANNER,
MIKE WULKAN, SUPERVISING PLANNER

VIA: CHUCK STEVENSON, AICP, DIVISION MANAGER, LONG RANGE
PLANNING

SUBJECT: A) STUDY SESSION ON PROPOSED GROWTH MANAGEMENT ORDINANCE
(GMO) CHANGES AND RELATED GROWTH MANAGEMENT STRATEGIES

B) REQUEST TO AUTHORIZE PREPARATION OF A NEW COUNTYWIDE
RURAL PLAN, WITH AMENDMENTS TO THE LAND USE ELEMENT, THE
LAND USE ORDINANCE, THE COASTAL ZONE LAND USE ORDINANCE
AND LOCAL COASTAL PROGRAM
PLANNING AREAS: ALL; SUPERVISORIAL DISTRICTS: ALL

RECOMMENDATION

Staff recommends that your Board take the following actions:

- A. **Report A: Growth Management Review.** Review Report A and direct staff to prepare specific proposals for ordinance and/or general plan amendments in response to the discussion, and return for authorization to proceed with amendment processes to implement the proposals.
- B. **Report B: Request to authorize a Countywide Rural Plan.** Review the proposal in Report B and authorize the processing of an amendment to the General Plan for the Countywide Rural Area Plan.

DISCUSSION

Summary

This staff report contains two reports to your Board. The first, Report A, discusses direction for possible changes to the Growth Management Ordinance (GMO) and related growth management strategies. On January 29, 2008, your Board considered staff's status report regarding Board direction from May 2007, to study improvements in the GMO operational efficiency and its consistency with the Resource Management System (RMS).

The second, Report B, describes staff's proposal for the Countywide Rural Plan, an amendment to the Land Use Element, the Land Use Ordinance, the Coastal Zone Land Use Ordinance and Local Coastal Program of the County General Plan for the rural parts of the county. In 2007, staff discussed with your Board the concept for a new, consolidated land use plan for the rural parts of the county. On January 29, 2008, your Board reviewed the proposal in more detail, and this report elaborates further on the work that would be needed, how long it will take, and the estimated costs.

Recommendations and summaries for each proposal follow. Detailed discussions, as well as descriptions of agency involvement, financial considerations and results are contained in each report.

Summary Overview of Report A

Report A: Growth Management Ordinance (GMO) Changes and Related Growth Management Strategies

A. Previous Board Direction

On January 29, 2008, your Board considered staff's status report regarding Board direction provided in May 2007 to study improvements in the Growth Management Ordinance (GMO), its operational efficiency and its consistency with the Resource Management System (RMS). At the conclusion of the meeting, your Board directed staff to engage stakeholders (see Section B of this report) and return with more details on the proposed measures, including outlining the needed work, its costs and impacts (see Section E of this report).

B. Outreach

Over the past few months, staff has engaged stakeholders by providing information on growth management and smart or strategic growth to a variety of organizations and individuals. In addition, staff has met three times with representatives of the building and business and related industries, and twice each with representatives of agricultural organizations (including at least one member of Protect Our Property Rights - POPR) and environmental groups. There seemed to be support among the groups for the idea of shifting growth to or adjacent to cities or urban areas where resources can be provided. Another key theme was funding of infrastructure and services.

C. Growth Management Ordinance: Historical Background

In June 1989, a Board of Supervisors-appointed "Blue Ribbon" Growth Management Advisory Committee issued a consensus report that thoroughly researched and evaluated growth issues in the county and included a package of recommended actions. Those recommendations are relevant to today's discussion about growth management, as the planning issues confronting the county in 1989 were very similar to those facing us today.

Many of the Committee's recommended actions were implemented, including revising the Resource Management System to require more immediate mandatory actions, creating an annual growth cap through a building permit allocation system, adopting an Agriculture and Open Space Element of the County General Plan, and forming an Economic Development

Commission (Economic Advisory Committee). However, some of the Committee's recommendations were not adopted by the Board, and those might be worth updating and applying to certain areas of the county today. Your Board should consider directing staff to return with refinements to those recommendations. For example, preparing an Infrastructure Element of the General Plan makes sense and could complement other growth management and community planning efforts.

D. Growth and Resource Trends

Since the January 29, 2008 Board meeting, staff has conducted further research to better understand growth and resource trends in the county and their implications. We know that cities and towns in the county have seen substantial growth in the past two decades. While it is difficult in today's economic and fuel crisis conditions to accurately predict future growth in the county, statistical projections point to additional growth in the future. Some key implications of this growth are as follows:

- By 2025, the projected total county population (including the cities) could require over 28,000 more dwelling units, over 16,000 of which proportionally could be built in the unincorporated communities and rural areas.
- As urban areas approach buildout, resource and infrastructure shortfalls in those areas, together with the fact that it is easier and sometimes less costly to develop in rural areas, development pressure in rural and agricultural areas is likely to increase.
- A majority of the projected growth in the unincorporated areas through 2025--in both urban communities and rural and village areas---is expected to occur in areas that have existing and potential water supply concerns. In addition, costly freeway interchange improvements will be needed in some of those areas.
- Vehicle miles traveled (VMT) is increasing faster than population, which will exacerbate traffic congestion, adding to the need to make costly freeway interchange and road and improvements. Increasing VMT will also contribute to reduced air quality and increased energy use.
- The county needs to explore new ways of funding the increasing cost of improving our infrastructure, as it becomes increasingly difficult to match rising costs of improvements to available revenue.
- Continued residential growth in rural and agricultural areas such as the El Pomar-Estrella Planning Area, especially on smaller parcels, increases the likelihood of land use conflicts with agricultural operations, competition over declining levels of groundwater, and diminished rural character.
- Rural growth increases the county's cost of road maintenance and can increase the public's costs of fire protection.
- Far more opportunities will need to be provided for affordable housing choices for the county's workforce, including additional land zoned for multi-family housing.

E. Suggested Growth and Resource Management Strategies
[Items 1 – 3 to be reviewed by Board of Supervisors for amendments at subsequent hearing]

Summary Table

| Strategy | Time Frame | Estimated Cost |
|---|-------------------|-----------------------|
| 1. Provide and fund infrastructure for urban development | | |
| Strategies to be developed by staff in coordination with the Department of Public Works | | |
| 2. Resource Management System (RMS) and Related Changes | 1.5 years | \$32,560 |
| a. Recalculate lead times for responding to Levels of Severity in cooperation with the Public Works Department, community services districts and Caltrans | | |
| b. Institute mandatory actions to respond to Levels of Severity for all resources tracked by the RMS | | |
| c. Include highway interchanges in the RMS in consultation with Caltrans | | |
| d. Create incentives for water conservation and cooperative ground water basin management | | |
| e. Levy fees on rural development when such development affects urban services | | |
| 3. GMO strategies based on resource constraints | 1.5 years | \$20,280 |
| a. Define growth management areas as groundwater basins instead of communities | | |
| b. Set growth rates at low levels in areas of LOS I-III | | |
| 4. Incentives for strategic growth (in urban areas and cities) | 1.5 years | \$32,560 |
| a. Exempt qualifying strategic growth projects from the GMO | | |
| b. As an option to the above incentive, allocate a certain number of residential units for strategic growth through the GMO | | |
| c. Streamline the land use permit process for strategic growth projects in specified infill locations and expansion areas | | |
| d. Create incentives for strategic growth in urban areas before enacting regulations to limit rural growth | | |
| 5. Shift development from rural to urban areas | 1.5 years | \$32,560 |
| a. Establish a lower growth rate for rural residential development through the GMO | | |
| b. Establish an allocation for residential development in rural areas on parcels smaller than 20 acres through the GMO | | |
| c. Limit rural subdivisions not for agricultural purposes through the GMO, Land Use Ordinance and Real Property Division Ordinance using a point system | | |
| d. Increase the minimum parcel size in the Land Use Ordinance for new land divisions in the Residential and Rural Lands categories in rural areas | | |
| Total | 1.5 years | \$117,960 |

Report A

A. Previous Board Direction

On January 29, 2008, your Board considered staff's status report regarding Board direction in May 2007 to study improvements in the Growth Management Ordinance (GMO), and its operational efficiency and consistency with the Resource Management System (RMS). At the conclusion of the meeting, your Board directed staff to engage stakeholders and return with more details on the proposed measures, including outlining the needed work, its costs and impacts. The improvements your Board asked staff to study further from 2007 included the following:

1. Explore better integration of the RMS and the GMO to more closely link anticipated resource needs and shortages with financing alternatives and planning efforts.
2. Research the idea of adding housing exemptions to the GMO such as residential mixed use projects in commercially zoned areas where housing is secondary and subordinate to the primary commercial use (affordable housing and secondary dwellings are currently exempt from the GMO).
3. Research ways to encourage and help direct growth into urban areas where municipal facilities, jobs, schools, shopping and entertainment facilities are generally located. Research ways that growth management could be employed to slow the rate of breakdown of rural land that leads to intensification of rural development in less appropriate areas. Currently, there is little incentive to build within established urban areas and this leads to sprawl in rural and agricultural areas. Explore ways to better link the Growth Management Ordinance with smart growth principles.

In May 2007, your Board also directed staff to simplify the GMO and make other related administrative changes such as streamlining and computer system changes. Those items have already been completed or are pending in August.

The report for January 29, 2008 included a summary of current growth trends and their consequences. The report also contained a matrix or menu of possible shorter and longer-term measures to better link growth management with resources and smart growth principles, direct growth into urban areas, and slow inappropriate rural growth. These measures are discussed in detail in Section E of this report.

B. Outreach to Stakeholders

Over the past few months, staff has engaged stakeholders by disseminating information on growth management and smart or strategic growth to a variety of organizations and individuals (including information on the Department's web site). In addition, staff has met three times with representatives of the building and business and related industries, and twice each with representatives of agricultural organizations (including at least one member of Protect Our Property Rights - POPR) and environmental groups. Most of those meetings addressed both strategic growth and growth management issues.

Following are examples of some of the key issues raised and suggestions made regarding growth management strategies at the meetings with stakeholders:

Agricultural groups:

- Recognize incompatibility between non-agricultural rural residential development and agriculture
- Manage small-parcel development to limit potential effects on agriculture
- Shift projected unincorporated growth to cities
- Create new towns

Development/business groups:

- Cooperate with cities and special districts
- Streamline the development review process, creating more certainty and incentives for strategic growth
- Fund infrastructure and services, equitably between developers and the community at large
- Communicate benefits of smart growth communities to residents of the county.
- Establish incentives to develop within cities as part of the Growth Management program.
- Establish a sequence of growth management measures: offer incentives to enable strategic growth in urban areas prior to regulations to limit rural growth
- Focus growth where resources will not be impacted

Environmental groups:

- Define resources as the web of processes (eco-systems) that must be connected by maintaining growth within their limits.
- Use “true-cost pricing” that will include the costs of eco-system preservation when considering development that could convert or destroy natural habitats and systems.
- Fund the cost of buildings and operating facilities as well as infrastructure. Create a fund or bank for community plan implementation.
- Discourage zoning for jobs and sales taxes next to communities that object.
- Expand communities only if resources are available and scaled for the community.
- Use distance factors (“zone-based” pricing) when determining the costs of rural residential services and infrastructure.

C. Growth Management Ordinance Historical Background

The history of growth management in San Luis Obispo County has its origins in an important report authorized by the Board of Supervisors in 1988 and completed in June, 1989. It is believed that many people have come to associate “growth management” as only having to do with the annual 2.3 percent growth cap (less in Nipomo and Cambria) on the number of new residential building permits issued in the unincorporated areas of the county. This is not the case as several other growth control related measures were set forth in the recommendations contained in “Growth Management and Policies for the Future of San Luis Obispo County.” Some of these measures, noted below, were adopted by the Board of Supervisors and have contributed in positive ways to manage growth in the county. Because of these important early efforts to address growth, staff felt it was important to look back at the successes as well as some missed opportunities that could possibly be updated and revisited today.

In May 1988, the Board of Supervisors appointed a “Blue Ribbon” Growth Management Advisory Committee to study growth issues and recommend ways to manage future growth in San Luis Obispo County. The Committee represented a broad cross section of organizations

with interests in how the County might grow. The Committee deliberated for nearly ten months. Their report, issued on June 28, 1989, reflected a thorough research and evaluation of growth trends and issues in San Luis Obispo County, as well as possible solutions that other jurisdictions had found success with. This work resulted in consensus among committee members on a package of recommended actions. Since most current Board members may not recall this report and recommendations, we are providing some relevant highlights that may be of interest in your discussions to follow. Ironically, growth issues confronting the Blue Ribbon Committee in 1989 are similar, and in some cases more acute, than those facing planners and decision-makers today. The following "Problem Assessment, Consensus Goals and Recommendations" sections have been excerpted out of the original report. The full report is available from the Planning & Building Department in electronic format at no charge, or in hard copy at a slight charge.

PROBLEM ASSESSMENT

- A. Both existing and future infrastructure are inadequate to meet needs.
 - 1. Many sewer systems are at or near capacity or are in need of repair or replacement.
 - 2. In many areas of the County, the supply of water for current and future needs is insufficient. Water quality is also at risk.
 - 3. Inadequate roadways and traffic control systems have resulted in unacceptable levels of traffic congestion.
- B. Our air quality is in jeopardy, and in some areas has reached or exceeded state and federal standards.
- C. There is a serious shortage of affordable housing.
- D. There is a shortage of services necessary for a growing population such as health, safety, fire and police protection, and child care.
- E. Our residents are unable to live near their places of employment because of a growing jobs/housing imbalance.
- F. Lack of adequate government planning has resulted in crisis management, which is often costly and inefficient.
- G. The future viability of our production agricultural land is in jeopardy.

The Committee agreed upon future goals that helped focus them toward recommended solutions:

CONSENSUS GOALS FOR THE FUTURE OF SAN LUIS OBISPO COUNTY

1. The unique scenic beauty, rural character, healthful quality of life, open space and varied life styles should be preserved.
2. We should live in harmony with our environment, maximizing the use of recycling and renewable energy strategies to optimize retention of our resources.
3. There should always be an adequate supply of affordable housing.
4. We wish to maintain our high standards of excellence in the County's schools, recreation and cultural facilities, and government.
5. New growth should pay its share of the costs of growth, but growth should be resource limited, not resource driven.

As a result of their ten-month effort, the Committee came up with a number of recommendations for the Board of Supervisors to adopt. The Committee preferred that the Board implement all of the recommendations as a package.

The recommendations of the Growth Management Advisory Committee constitute a carefully balanced package of approaches for implementing a growth management strategy in San Luis Obispo County. In reaching a consensus, it was necessary to fashion a set of recommendations that addresses the concerns and needs of the individual interest groups represented on the Committee. To select one recommendation to the exclusion of others would violate the integrity of that consensus.

OBJECTIVES

1. Resources, infrastructure and services should be synchronized with new development.
2. There should be a cap on growth to ensure an environmentally sound, economically diverse and sustainable future for ourselves and our children.
3. There should be coordination among jurisdictions to ensure that impacts resulting from growth are mitigated proportionately and fairly.
4. The growth pattern for the 21st century should be directed with the intent of maintaining a jobs/housing balance and preservation of rural character.
5. There should be a growth management policy established that avoids the excesses of land speculation while both ensuring equity to landowners and meeting the interests of all our citizens.

RECOMMENDATIONS

1. The Board of Supervisors should undertake the steps necessary for form a County Regional Growth Management Authority. Its task would be to coordinate a regional approach to planning between and among jurisdictions, and resolve conflicts between jurisdictions in the event of disputes over land use policies and their cross-jurisdictional impacts.

As the first step, the Board should appoint and fund an Interim Advisory Committee to develop a charter for the Authority and begin the task of developing a consensus among jurisdictions in the County in designing and empowering that Authority. Membership on the Interim Advisory Committee should include representatives of the cities and reflect the diversity of community interest represented on the current Growth Management Advisory Committee.

2. The Resource Management System (RMS) of the County General Plan should be revised and strengthened to require that necessary, mandatory, remedial actions be taken at each phase in the process. These steps would include conservation measures, administrative actions on additional infrastructure construction, and reducing the rate of growth in the affected area depending on the level of severity attained.
3. The Board of Supervisors should adopt an interim ordinance that sets a maximum annual number of building permits for new residential units in the unincorporated area of the County sufficient to accommodate an annual household population increase of not more than 2.5% for fiscal year 1989-90. For following years, the 2.5% shall be considered a population cap and the annual growth rate shall be established in a public hearing conducted by the Board of Supervisors.
4. The Board should adopt an interim ordinance imposing a temporary moratorium on issuing building permits on lots in antiquated (substandard) subdivisions and on further approval of subdivision and parcel maps in rural area outside urban and village reserve lines pending a study and analysis of growth patterns in the County. The outcome of the study will be a settlement pattern strategy for determining where growth will occur and accompanying policies and incentives for implementing that strategy.

The Board should adopt an Agriculture and Open Space Element of the County General Plan distinguishing between production agricultural lands, and other open space and rural lands. The Plan implementation would be integrated into the settlement pattern strategy described above.

5. The Board of Supervisors should establish mechanisms for addressing affordable housing needs and the jobs/housing imbalance including establishment of a countywide housing authority. These mechanisms should be coordinated with the activities of the proposed County Regional Growth Management Authority and appropriate county agencies designated to implement the growth management strategies.
6. Within two years, the Board of Supervisors should adopt an Infrastructure Element of the County General Plan for each community under the County's jurisdiction and identify appropriate funding mechanisms to implement this element.
7. The Board of Supervisors should appoint an economic development commission to assess how we can improve the quality and variety of jobs available to our residents.

The Board of Supervisors should adopt a policy of encouraging use of local labor force for future residential and commercial development projects in order to provide job opportunities to County residents that will keep salaries and generated tax dollars in San Luis Obispo County.

RESULTS OF THE 1989 REPORT

Many of the recommended actions of the Committee were implemented, including:

- The Resource Management System was revised to require more immediate mandatory actions.
Staff comments: Revisions were made to require more immediate actions; however, the time frames estimated to correct or reduce each level of severity are usually not realistic in today's financial and regulatory environment. Planning and Public Works staff will be recommending additional lead times for each level of severity. Additionally, more immediate actions may be recommended once a level of severity is declared by the Board.
- An annual growth cap through a building permit allocation system (2.3% annual growth rate adopted) (Less in some communities),
Staff comments: While effective for stabilizing urban area growth in some towns, the limit on the number of permits that could be issued has only been reached once since it was implemented therefore its overall utility is questionable. The annual growth rate should be revisited to consider a lower overall rate that is closer to the state average (approx. 1.6% annual) and eliminate the allowance for higher local rates.
- An Agriculture and Open Space Element was adopted in 1998.
Staff comments: The Agriculture and Open Space Element was adopted into the General Plan in 1998 with aggressive implementation timelines. Two important policies have been implemented (AGP 21 and 24). However, staffing and budget constraints have prevented meeting the schedule of implementing other policies that would protect production agricultural lands. From a growth management perspective, continued proliferation of non-agricultural rural residential use will potentially interfere with production agriculture.
- An economic development commission was formed as the Economic Advisory Committee.

Staff comments: The mission and effectiveness of this committee will be enhanced by their participation in the Economic Strategic Plan currently being prepared by the Planning Department Housing and Economic Development Section.

However, several other recommendations were not implemented. Those included:

- Form a regional growth management authority and regional plan for growth
Staff Comments: Regional planning efforts have been on-going for the past several years. Currently, the cities, SLOCOG, APCD, and the Department of Planning and Building are working together on the Community 2050 Blueprint, a regional planning effort that will link transportation funding with a preferred smart growth scenario, which will not necessarily change existing land use categories.
- Adopt a temporary moratorium on building in antiquated subdivisions and on new rural subdivisions pending a study of growth patterns and where growth will occur with accompanying policies and incentives to implement that strategy.
Staff Comments: A "Settlement Strategy Report" was completed, however a moratorium on building in antiquated subdivisions and on new rural subdivisions to determine appropriate policies for the location of new growth did not occur. The Settlement Strategy Report led to the county's Transfer of Development Credits program which has had very limited effect in preventing rural sprawl. An assessment is needed of the cumulative effects of rural growth on resources, public cost for road maintenance, police, fire and emergency services, and threats to production agriculture as noted in this report. A majority of the county's antiquated subdivisions have been developed with homes.
- Establish mechanisms to address affordable housing needs and the jobs/housing imbalance including a countywide housing authority
Staff Comments: Consideration was given to a countywide housing authority by collaborating with the San Luis Obispo Housing Authority. However this idea was not acceptable to the SLO Housing Authority. Establishment of a separate housing authority for the county require significant new staffing costs and has therefore not been put forward during this time of budget constraints. This recommendation could be reconsidered in conjunction with the 2050 Blueprint effort or as part of the Housing Element updates required by all jurisdictions in the county to be completed no later than August, 2009.
- Prepare an Infrastructure Element of the General Plan for each community under County jurisdiction and funding to implement it.
Staff Comments: Community Plan updates now include infrastructure financing as part of the planning process. However, an Infrastructure Element to the General Plan would provide a more complete long-term assessment and plan for infrastructure needs of the urban and village communities and would identify realistic funding sources, timing and coordination with community service districts to obtain local funding approvals.

Some of the recommendations that were not fully implemented may also be worth updating and applying to certain areas of the county today. Your Board should consider these and possible direction to staff to return with refinements to these former recommendations. For example, preparing an Infrastructure Element of the General Plan would complement other growth management and community planning efforts.

D. Growth and Resource Trends and Implications

Cities and towns in the county have seen substantial growth in the past two decades, and substantial additional growth is projected in the future. As a result, this growth could outpace the financial capacity or ability to provide adequate water resources, municipal infrastructure and transportation system improvements. There are about 12,000 existing undeveloped lots throughout the rural areas of the county, plus many underlying lots created by old deeds that the county is unaware of until Certificates of Compliance are applied for. Many of the 12,000 existing parcels could be further subdivided under existing rules. In the absence of new growth strategies, substantial new development in the rural areas could harm the County's production agricultural and other resources, finances and rural qualities in the coming years.

Since the January 29, 2008 Board meeting, staff has conducted further research to better understand growth and resource trends in the county and their implications. The following discussion and data summarizes our findings.

1. Projected Population

- Total county population (including the cities) could increase by over 68,000 persons by the year 2025 (source: DOF and County Dept. of Planning and Building projections)

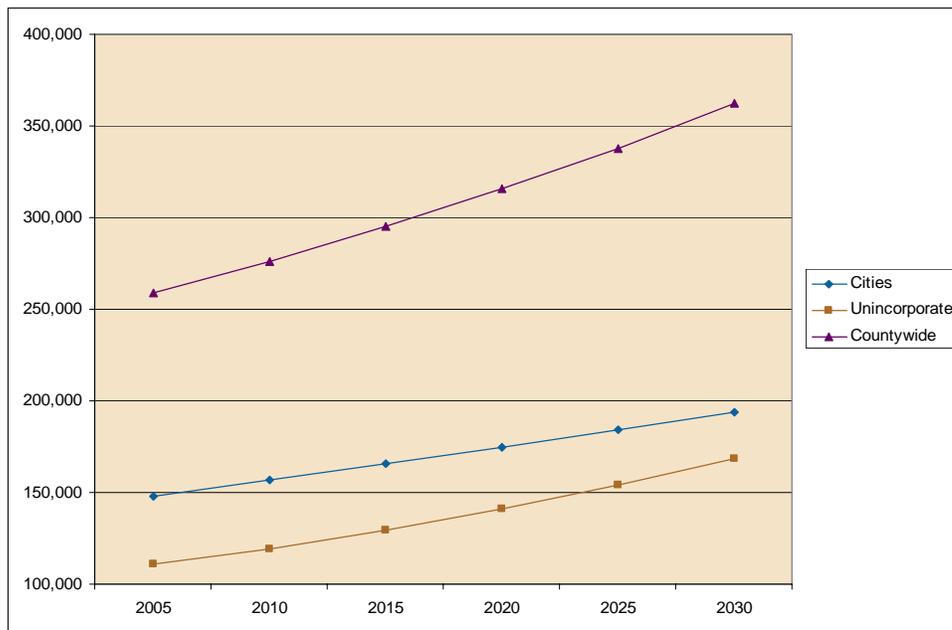


Figure 1: Projected Population

Implications:

- By 2025, the projected total county population (including the cities) could require over 28,000 dwelling units, over 16,000 of which proportionally would be built in the unincorporated communities and rural areas. If the historical 40 percent of residential permits continues to be located in rural areas, then of these 16,000 units, approximately 6,500 would be built outside communities.

- A substantial number of dwellings will need to be multi-family housing that is affordable for working people
- New residents will require jobs, goods and services, and that means that additional office, industrial and commercial development will be needed, as well as new housing.

2. Buildout of General Plans

- According to State projections, in 17 years (by the year 2025), the populations in all seven cities will be approaching or very close to their general plan buildout levels (80-100% of buildout). By that time, according to County projections, the populations in seven of 10 unincorporated urban communities will be approaching, at or in excess of their general plan buildout levels (greater than 80% of buildout).

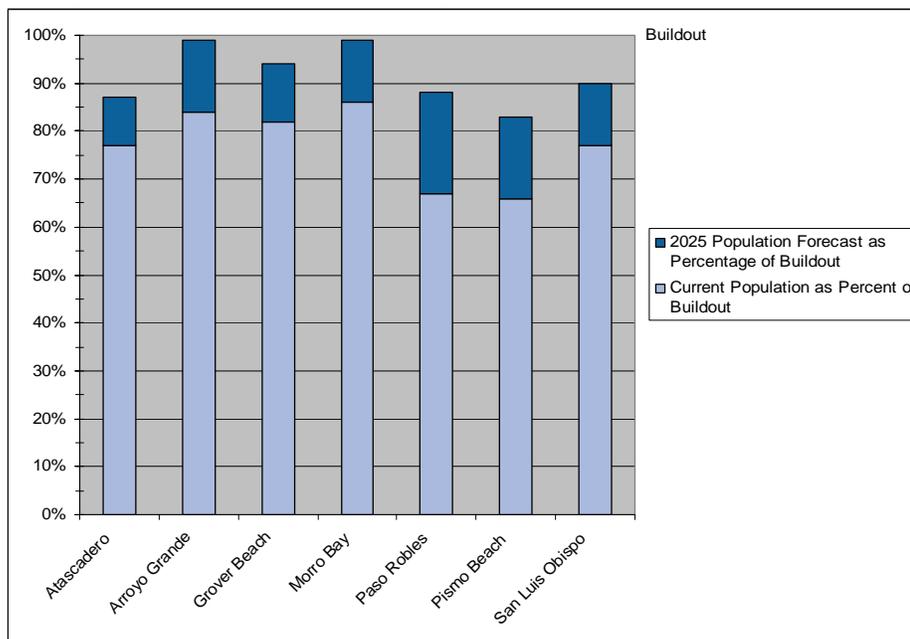


Figure 2: General Plan Build-out within Cities

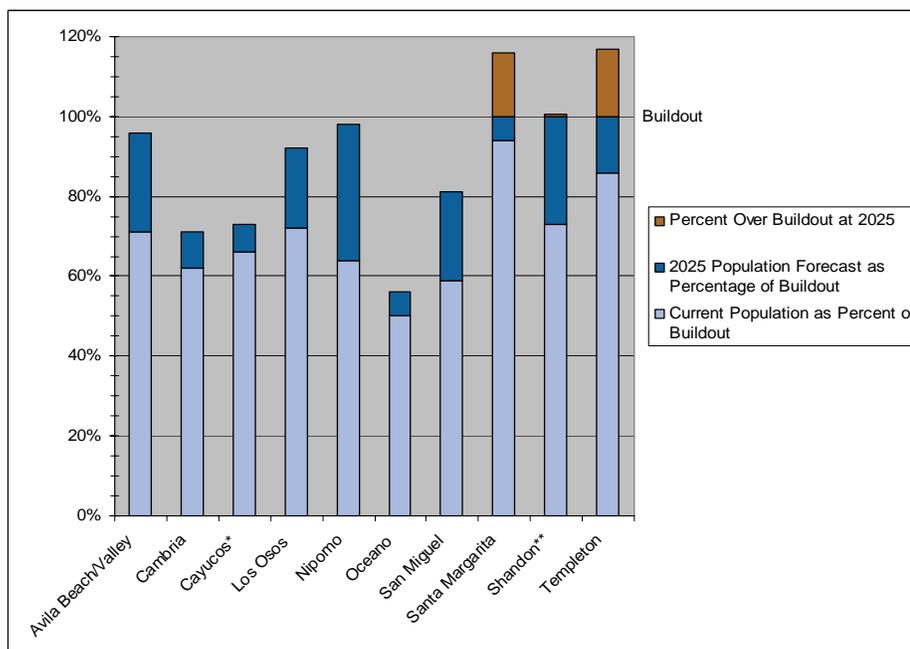


Figure 3: General Plan Build-out within Unincorporated Communities

- Land zoned for residential development within our unincorporated communities is often underutilized, meaning that it is developed less intensively than allowed by the general plan. An example is Residential Multi-Family-zoned properties developed with lower density residential development or even non-residential development such as mini-storage warehouses. Such development effectively precludes development of multi-family housing, at least for many years.

Implications:

- As communities approach buildout, pressure is likely to increase to develop outside of cities and towns--in rural and agricultural areas.
- If land is underutilized in our cities and urban areas, then the land available for development within those areas will be used up even more quickly. The result would be even more pressure to develop outside of those areas at an earlier time.

3. Resources, Infrastructure

- Some of our communities and rural areas have both long-term and short-term infrastructure and resource shortfalls. Resources such as water supply are potentially available to some areas, but are not being used
- Four of the county's six major groundwater basins meet the criteria for a Level of Severity III—the most critical level.

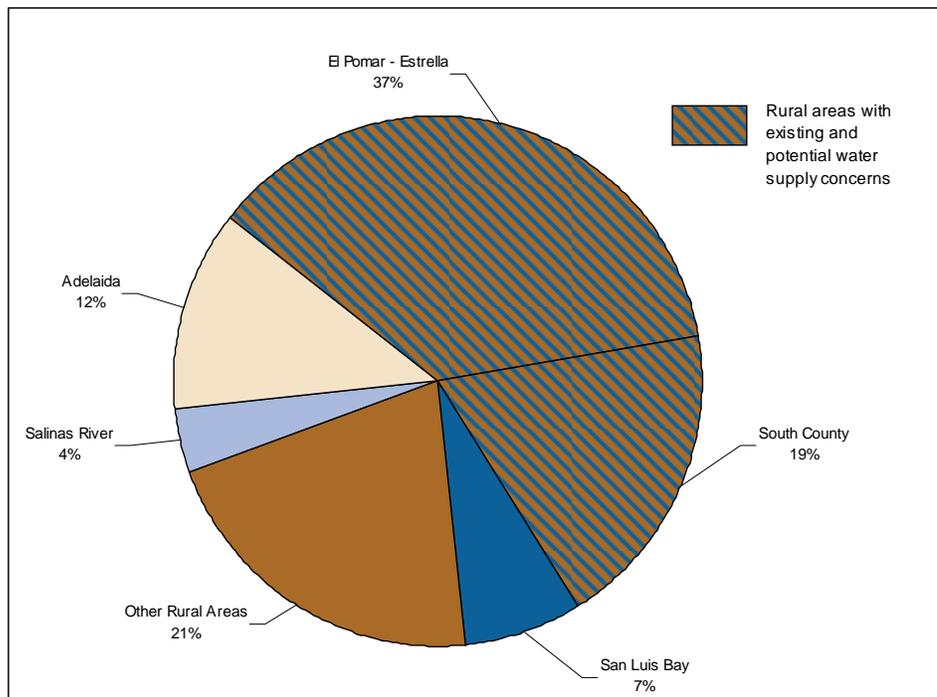


Figure 4: Rural Areas with Groundwater Supply Concerns

- Increased traffic congestion has resulted in the need to make major improvements to roads and highway interchanges in different parts of the county. Five of those projects are in the Nipomo area and vicinity. Additional interchange improvements could be needed, depending on the future level of development.
- According to the County Public Works Department, planned interchange and road projects over the next 25 years could cost about \$87 million in and around the Nipomo area alone
- Traffic on local roads is increasing substantially. On “routes of regional significance,” traffic increased by up to 80 percent between 1995 and 2006 (*2007 Transportation System Performance Indicators Report*, San Luis Obispo Council of Governments)
- Total vehicle miles traveled (VMT) on State highways and local roads in the county is increasing faster than population growth. According to Caltrans data, in the years 1995-2006, VMT on State highways and local roads in the county increased over 45 percent faster than population (a 23.4% increase in VMT compared to a 16 percent increase in population). In the future, this gap is projected to widen.

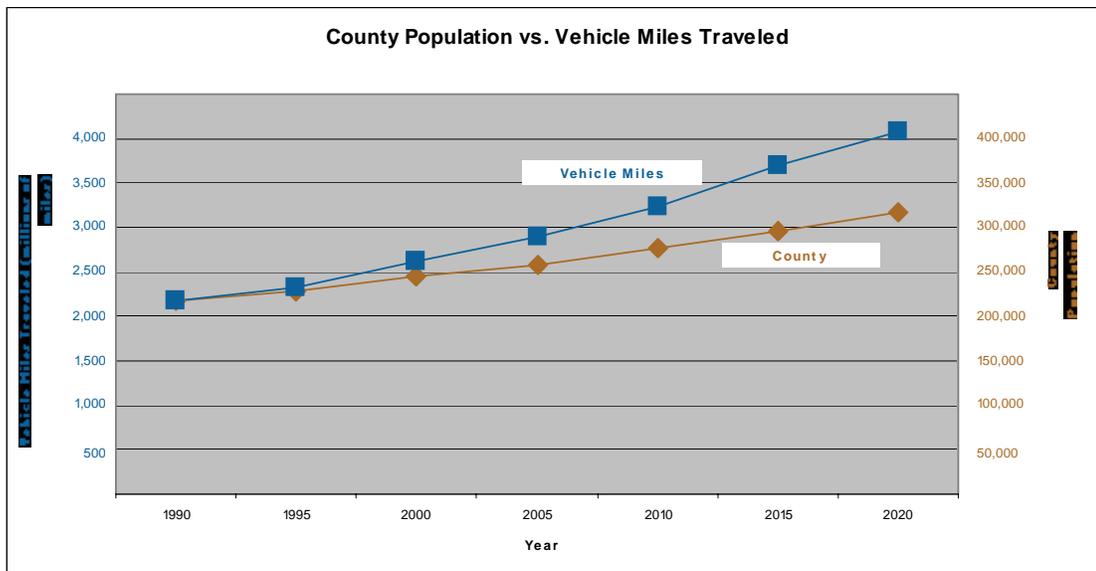


Figure 5: Increase in Population and Vehicle Miles Traveled

Implications:

- Funding for these projects needs to be identified, prioritized and secured. The county needs to explore new ways of funding the increasing cost of improving our infrastructure, as it becomes increasingly difficult to fund such improvements.
- Until resource deficiencies are corrected, the county should consider whether to direct development away from resource-poor areas

- A majority of the projected growth in the unincorporated areas through 2025--in both urban communities and rural and village areas---is expected to occur in areas that have existing and potential water supply concerns, such as the Nipomo Mesa area and the El Pomar-Estrella Planning Area. In addition, major traffic improvements will be needed in some of those areas, particularly in the Nipomo area, where several highway interchange and road projects are planned.
- As urban areas approach buildout, resource and infrastructure shortfalls in those areas, together with the fact that it is easier and sometimes less costly to develop in rural areas, is likely to increase development pressure in the rural and agricultural areas of the county.
- The trend of VMT increasing faster than population will exacerbate present and future traffic congestion, adding to the need to make major highway interchange and road and improvements. Increasing VMT will also contribute to reduced air quality and increased energy use. VMT can be reduced by promoting land use patterns that result in less vehicle travel.

4. Rural Growth

- Four out of ten (40%) homes built in the unincorporated areas of the county since 2001 were in rural areas.
- The rural parts of the South County Planning Area and the El Pomar-Estrella Planning Areas grew substantially since 2000, and are expected to continue doing so in the future.
- The El Pomar-Estrella Planning Area grew by nearly 25 percent since 2000, and the population could increase by up to 4,900 persons by 2025, an increase of over 55 percent from the current population.
- In the El Pomar-Estrella Planning Area, rapid development is occurring on small parcels, especially in nonconforming subdivisions. Since 2000, over 600 parcels have been developed with homes in those subdivisions--an increase of over one-third. Several of those nonconforming subdivisions are largely developed or "built out." To give further perspective on the pace of growth, consider that in 1977, about 80 percent of those subdivisions were farmed or grazed, and only a very small fraction of the over 3,500 potentially legal parcels were developed with homes.

Nonconforming Subdivisions: El Pomar - Estrella Planning Area Residential Development

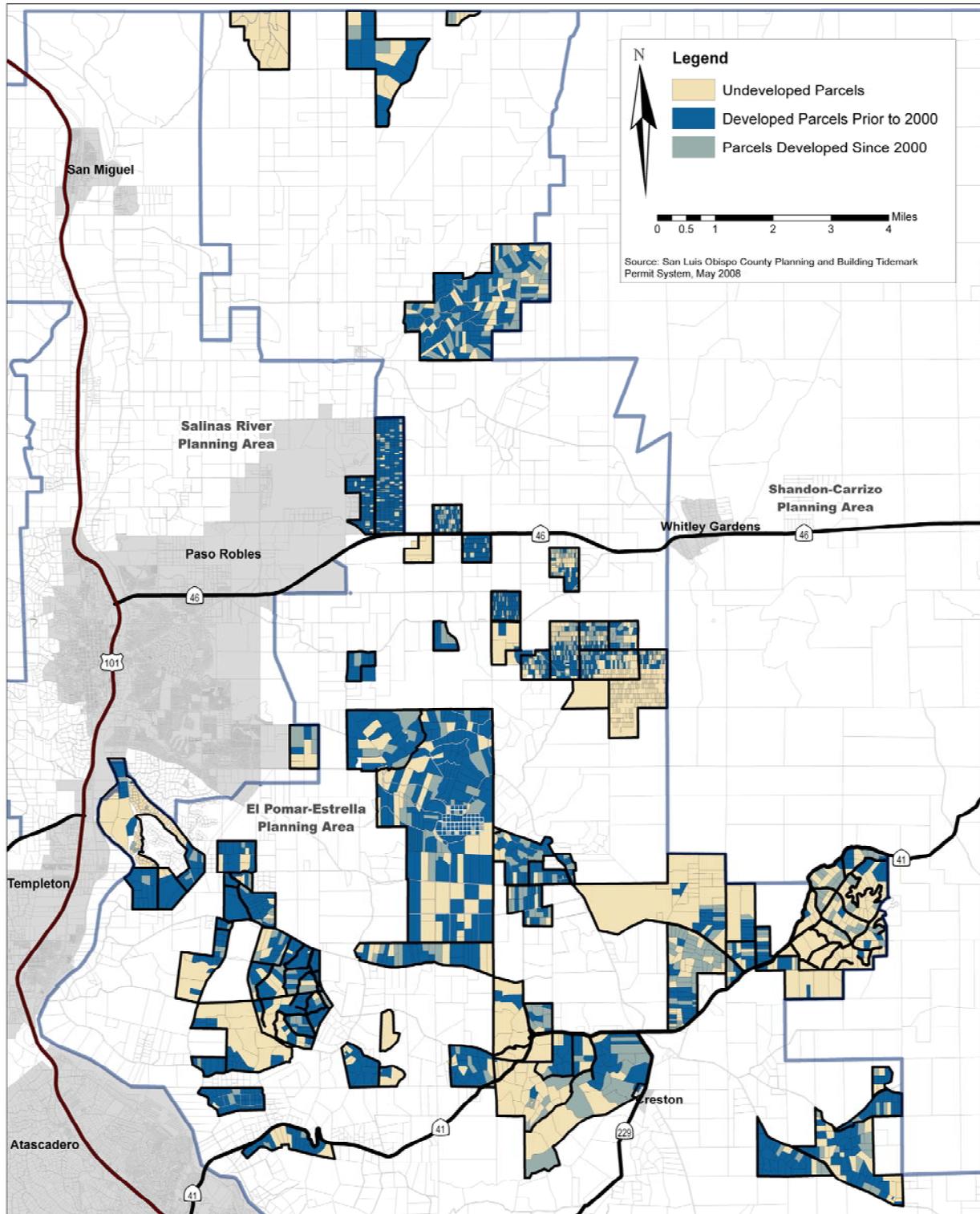


Figure 6: Rural Area Growth in Nonconforming Subdivisions in El Pomar-Estrella Planning Area

Implications:

- Continued growth in rural and agricultural areas such as the El Pomar-Estrella Planning Area, especially on smaller parcels, increases the likelihood of land use conflicts with agricultural operations, competition over declining levels of groundwater, and diminished rural character.
- Rural growth increases the county's cost of road maintenance, because rural and gravel roads are more expensive to maintain, according to the Public Works Department. The annual cost to maintain a paved county road is about \$23,000 per mile and there is not enough money available to perform full annual maintenance on all roads in the county.
- Rural growth, especially scattered development, can increase the public's costs of fire protection in several ways, for example, by:
 - affecting the way fires are fought to protect an increasing number of rural homes
 - requiring longer drives to the fire or incident and necessitating back-ups to be sent to rural stations from urban stations
 - requiring extra pumper trucks to respond to calls
 - replacing volunteers in rural stations with permanent staff
 - increasing the threat of wildland fires
(Source: Cal Fire staff)
- Continued growth in the rural areas will increase air pollution and energy usage, and will make it more difficult to meet targets for reducing greenhouse gas emissions.

5. Affordable Housing

Between Fiscal Years 2001-2002 and 2006-2007, about 18 percent of the total housing units completed were affordable to very low-, low- and moderate-income families, far below the housing need identified in the Regional Housing Needs Plan.

- Even with available subsidies and incentives, less than eight percent of the total housing units completed in Fiscal Year 2006-2007 constitute housing that was affordable to very low-, low- and moderate-income families.
- From 2000 to 2007, less than 600 multi-family units were completed in the unincorporated areas (less than 8% of the total units completed).

Housing Units in SLO County, 2001 - 2006

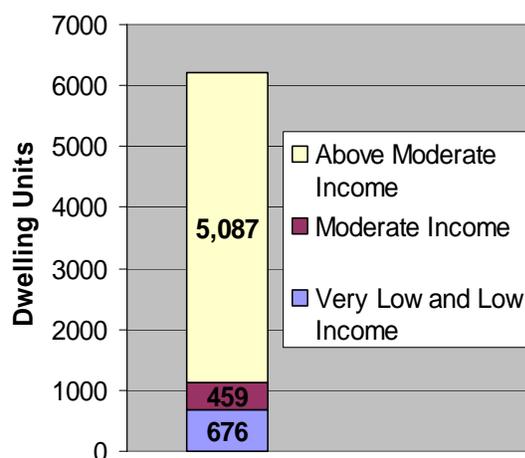


Figure 7: Housing Units in Income Groups

- The likely multi-family development potential on vacant and under-developed sites in the unincorporated areas is only about 1,000 units.

Implications:

- With the expected future increase in population, far more opportunities will need to be provided for affordable housing choices for the county's workforce. To make up for the lack of affordable housing, emphasis should be made to provide housing that is related to the range of incomes for most residents, especially for workforce households.
- Even if all of the likely vacant and underdeveloped multi-family zoned sites were developed with affordable housing choices, those units would represent a very small proportion of the total units that could be built by 2025—even smaller than the proportion of multi-family units completed in the past 8 years.

E. Suggested Growth and Resource Management Strategies

The consequences of growth and resource trends can be addressed by improving the Growth Management Ordinance (GMO) and the Resource Management System (RMS), together with implementing related growth management strategies and preparing a new Countywide Rural Plan (discussed in following Report B).

These improvements and strategies are discussed in the following sections, and are consistent with existing policies encouraging additional population growth to be directed towards urban areas and away from rural areas. The suggested improvements and strategies will also help implement new state laws regarding the need to significantly reduce greenhouse gas emissions. Additional measures are expected to be recommended as part of the Conservation/Open Space Element.

1. Provide and Fund Infrastructure for Urban Development

San Luis Obispo County has traditionally relied on federal or state grants, developer contributions and impact fees to facilitate construction of infrastructure to support new development. However, this approach has sometimes resulted in needed improvements being constructed after existing infrastructure capacities were exceeded. Resulting traffic congestion, flooding or other problems then increases local opposition to new development. Increasingly, single developers are finding that impact fees are exceeding the capacity of financing for their projects. And, as a result, projects cannot proceed. Also, some communities face existing resource and/or infrastructure deficiencies that may not be able to be addressed with new development fees or mitigations.

Land use policies intended to avoid environmental impacts and promote healthful, vibrant, urban communities will not be effective unless new infrastructure financing techniques and revenue sources are established to support both the infrastructure and workforce housing that is needed. New funding techniques appear to have good potential, but they will require public support, community leadership, and collaboration by many stakeholders, county departments, cities, special districts, and other agencies.

Providing and funding infrastructure will help implement the Land Use Element General Goal in Framework for Planning to “Provide additional public resources, services and facilities to serve existing communities in sufficient time to avoid overburdening existing resources, services and facilities.”

2. Resource Management System (RMS) and Related Changes

Your Board should consider directing staff to make the following changes to the RMS and to implement related measures:

a. *Recalculate lead times for responding to Levels of Severity in cooperation with the Public Works Department, community services districts and Caltrans.*

The RMS is described in the County General Plan, Chapter 4 of the Framework for Planning (Part I of the Land Use Element). The RMS contains “triggers” to implement certain conservation or construction actions. These triggers are designated as Levels of Severity (LOS) I, II and II and are tied to general time requirements to construct improvements or to enhance a declining resource. Due to construction lead times, lack of available resources and the increase in construction costs, these time frames have lost their relevance in the 28 years since the RMS was formulated.

The Framework for Planning’s RMS chapter should be amended to extend the time frames for the various steps in the LOS process. This would give decision makers and service providers a more realistic lead time to plan, design and construct facilities or to develop conservation plans to address resource shortfalls.

Our experience with the water situation in the Nipomo Mesa area illustrates the need to revise the time frames to respond to LOS. Under the existing RMS time frame provisions, supplemental water should have been available to the Nipomo mesa area by 1999 (seven years after the LOS II recommendation in 1992, which included a recommendation to obtain supplemental water). In spite of working diligently on the issue for at least five years, to our knowledge, the Nipomo Community Services District has yet to settle on a supplemental water project. In the meantime, proposed project costs have risen from \$9 million to over \$26 million for a pipeline from Santa Maria. A potential alternative project, desalination, has been estimated to cost \$100 million and take at least 10 years to design, permit and construct.

b. *Institute mandatory actions to respond to LOS for all resources tracked by the RMS using the authority the County already possesses.*

Mandatory actions for each LOS should be identified. In the case of water supply, the following mandatory actions could be undertaken:

- Increase water rates to spur conservation
- Retrofit interior water appliances
- Provide subsidies for turf removal or replacement
- Identify large water users and their conservation potential
- Give priority to multi-family development over one home per lot as they use much less water per capita than lower density projects

Development moratoria should be enacted when all other avenues have been exhausted. The problem with declaring a development moratorium is that it does not bring in new development fees to pay for new supplies.

c. *Include highway interchanges in the RMS in consultation with Caltrans.*

The current RMS does not address freeway interchange improvement projects. These projects are the most expensive road projects and can take substantial lead times to design, fund, permit, and construct. Currently, there are at least eight major freeway interchange projects in some phase of design along US Highway 101.

The status of each of the freeway interchange projects should be tracked in a manner similar to local road projects. LOS should be assigned according to the Level of Service of the interchange as determined by Caltrans.

d. *Create incentives to take part in water conservation and cooperative ground water basin management activities.*

Incentives for cooperative groundwater basin management and voluntarily conservation could include higher growth rates and wider range of allowable uses in these areas. Areas that participate in basin management activities could also be relieved of more stringent conservation measures.

e. *Levy fees on rural development when such development affects urban area services.*

An example of the need for fees on rural development is illustrated by the recent approval of several large rural subdivisions that were found to have substantial impacts on services of nearby cities. The impacted cities recognized the effect that these rural developments could have on their city services and finances. As a result, the County agreed to require development in these new projects to pay certain city impact fees to offset the effects of development on city services.

All applicable fees should be levied on new development in the rural areas if the new development will affect urban areas services. This would include new development on parcels created by rural subdivisions, as well as development on existing lots. Extending development related impact fees to rural areas will more accurately identify the public costs of new development regardless of where the new development is located.

Work plan summary:

Following is a summary of a work plan for the preceding RMS changes that could be accomplished within 18 months:

1. Joint meetings with the Public Works Department and Caltrans to explain the proposed RMS program changes and possible new direction.
2. Joint meetings with Community Service Districts to explain RMS program goals.
3. Meet with water purveyors in each targeted basin to explain the RMS program and to review their existing and proposed water rates, water use, and conservation measures.

4. Discuss possible incentives for water conservation and cooperative ground water basin management with water purveyors in each targeted basin
5. Review existing RMS program and identify range of additional mandatory RMS actions
6. Identify major freeway interchange improvements and estimated costs and timeframes, in consultation with the Public Works Department, SLOCOG and Caltrans
7. Meet with each of the cities to discuss the County's RMS program and goals.
8. Identify areas where city services are subsidizing rural development.
9. Work with cities to identify fees to be levied on rural development to mitigate the impacts on city services.
10. Public review process and hearings at the Planning Commission and Board of Supervisors.

Staffing and Costs:

| | | |
|----------------------------|--------------------------------------|-----------------------|
| Project Manager | 300 hours x \$56.00 = \$16,800 | (4.5 hours/wk/18 mos) |
| Intern | 100 hours x \$10.8 = \$ 1,080 | |
| <u>Supervising Planner</u> | <u>40 hours x \$60.00 = \$ 2,400</u> | |
| | \$20,280 | |

1st year costs: \$13,385

2nd year costs: \$ 6,895

The suggested work plan does not include any outside consultant services at this time. Instead, Planning and Building and Public Works Department staff should work cooperatively on the steps in the work plan.

If a specialized consultant is needed, it would most likely be a hydrogeologist or similar professional. A public outreach/education consultant could also be used, as these efforts will have an affect on water users in the various basins.

3. Growth Management Strategies Based on Resource Constraints

The current Growth Management Ordinance (GMO) was first adopted in 1991. Since that time, it has been used chiefly as a device to "meter-out" new development. The GMO is used countywide, allowing growth at market rates as long as the countywide rate is no more than 2.3 percent per year. The GMO has been used in only two communities (Nipomo Mesa and Cambria) in reaction to resource issues. However, the GMO should be used more effectively to address resource constraints and implement the Resource Management System and General Plan goals. By coupling community or rural area growth rates to resource availability, the GMO can lead to real improvements in the health of local water resources and timely construction of major circulation facilities.

Your Board should consider directing staff to make the following changes to the GMO, assuring consistency with smart growth principles and applicable general plan policies:

a. Use groundwater basins to define specific growth management areas.

b. Set lower growth rates in areas of LOS I-III.

These revisions, if properly written and implemented, would reduce development and water use in targeted groundwater basins, consistent with the following general goals of the Land Use Element:

- Provide for a sustainable rate of orderly development within the planned capacities of resources and services and the county's and citizens' financial ability to provide them
- Balance the capacity for growth allowed by the Land Use Element with the sustained availability of resources.
- Avoid the use of public resources, services and facilities beyond their renewable capacities, and monitor new development to ensure that its resource demands will not exceed existing and planned capacities or service levels.

Although the preceding GMO revisions would act to restrain growth in targeted areas, the long-term effects on growth and resources could be more severe if strained groundwater basins are allowed to be further depleted.

Work Plan Summary:

Following is a summary of a work plan for the preceding GMO changes that could be accomplished within 18 months:

1. Graphically describe groundwater basin boundaries or sub-area boundaries that can be assigned separate growth rates;
2. Review water use in targeted basins and in each service area and determine what growth management measures are appropriate for each area
3. Prepare amendments to the GMO, including maps

Staffing and costs:

| | | |
|----------------------|----------------------------------|-----------------------|
| Project Manager | 400 hours x \$56.00 = \$22,400 = | (6 hours/week/18 mos) |
| Intern | 200 hours x \$10.8 = \$ 2,160 | |
| Supervising Planner | 100 hours x \$60.00 = \$ 6,000 | |
| GIS | 50 hours x \$40.00 = \$ 2,000 | |
| Total 18 month costs | \$32,560 | |

1st year costs: \$21,490

2nd year costs: \$11,070

The preceding GMO revisions could be accomplished by Planning and Building Department staff, in consultation with staff from the Public Works Department.

If a specialized consultant is needed, it would most likely be a hydrogeologist or similar professional. A public outreach/education consultant could also be used, as these efforts will have an affect on water users in the various basins.

4. Incentives for Strategic growth.

More compact and transit-oriented development will have a major role in meeting the challenges of future growth. A new direction for the GMO should be a strategic growth priority toward development that is more resource-conserving and that will result in more

affordable housing, more efficient infrastructure, and more energy efficient and healthier communities than current trends that may lead to more intensive development in rural areas.

Your Board should consider creating incentives to encourage and facilitate strategic, or smart, growth in urban areas and cities, where sustainable resources are available. In terms of infrastructure and service costs smart growth developments are cost-efficient across most public facilities and services, such as water and sewer systems and public safety, and road maintenance (Sprawl Costs, Robert Burchell, Island Press, 2005). It would be increasingly beneficial to the County's fiscal position, as well as for the public, to provide incentives for strategic growth through infrastructure financing assistance, and growth management and General Plan policies to reduce the increasing costs of services and infrastructure.

Objectives for policy development:

- Any measures to facilitate strategic growth should be keyed to the adopted Smart Growth Principles (2005) with the perspective that suburban development (single-use, large-lot projects) should not be encouraged.
- The primary function for the Growth Management Ordinance would be to reward more affordable, efficient and pedestrian-friendly ("strategic growth") projects with assured allocations and priority processing.
- Incentives should also be created in non-GMO related policies to provide benefits such as certainty, timing and cost savings to projects.
- Important aspects to consider for incentives are linking them to optimal locations for strategic growth development and addressing concerns of community advisory councils and cities.

These and other issues, such as proximity to public transportation and adequate infrastructure, should also be addressed in devising other incentives. Combinations of assistance should be considered with this approach, such as targeting locations and creating ready infrastructure.

Strategies:

a. Exemptions for strategic growth projects

Exemptions could be given from the GMO allocation cap for qualifying strategic growth projects. The incentive for these projects would increase as conventional development comes closer to the cap. They would add their units to the number that is allocated for any kind of development.

- This additional development would still need to be monitored for its effects on resource, street and infrastructure capacities.
- From a sustainability standpoint, exemptions above the growth cap should only be applied where communities have capacity for growth in their resources and infrastructure. Capacity should be defined, such as where a Resource Management System Level II or III occurs.
- A conflict between limited resources and infrastructure, and the number of exempt projects, could arise if they increase demands beyond that intended by the GMO rate cap.

As an option, strategic growth projects could be included within the GMO allocations as follows:

b. *Allocations for strategic growth projects*

This approach would reserve or allocate a substantial amount of the potential residential units within the GMO growth caps for “strategic growth” projects that qualify using the optional features in the Department’s Priority Processing checklist.

- Including strategic growth development within the GMO allocations to “incentivize” the GMO itself while staying within the adopted growth caps and resource limits.
- A “supply” in the allocations would be created for “strategic growth” units, and applications could then benefit from a streamlined review using the existing system.

For either option **a** or **b**, the following kinds of projects, for example, could be studied for eligibility:

- Projects that qualify as “strategic growth” in the Department streamlining checklist.
- Residential multi-family projects (condos and apartments) that meet a minimum density (such as at least 15 dwellings per acre).
- Strategic growth projects that are located within low-impact areas, such as:
 - On parcels less than 10 percent slope and no significant drainage issues.
 - On parcels with no riparian or other wildlife corridors, significant cultural resources, or other resource constraints.
 - Parcels in or immediately adjacent to urban areas that are along transportation corridors with adequate capacity and transit.

c. *Streamlined permitting status for strategic growth projects*

The Department could work with communities to map appropriate locations for strategic growth projects, as urban infill and at urban edges. Infill and expansion areas along or near transportation corridors would be highlighted for faster permit review (streamlining). Reduced use permit levels could be adopted for qualifying projects.

- Important criteria would be the presence of infrastructure and services such as fire protection, resources such as water supply, adequate parcel size, street improvements and capacity, for instance.
- Community criteria probably would include acceptable density and uses and consistency with design plans and surrounding character.
- Land Use Category amendments might be necessary in some areas. Identifying parcels would introduce certainty by indicating that the County and local advisory councils support well-designed strategic growth projects within them.

d. *Consider incentives first or integrate with regulations on rural development*

This strategy is to create incentives for strategic growth in urban areas before or concurrent with regulations that may be enacted to allow less growth in rural areas (see the following section, “Shifting Development from Rural to Urban Areas”).

- If incentives function well, then regulations to address rural growth may be lessened or not necessary. For instance, if the preceding measures reduce rural residential development and increase urban strategic growth, then that success may be adequate.

- A different approach is that incentives rely closely to marketplace factors, such as land costs, interest rates and perceived consumer preferences (demand), with which to contend.
- Incentives will be measured for whether they contribute significantly in a shift from rural to urban locations and be more compact, affordable and walkable. Timing is a major consideration given challenges to conserve water, energy, and costly infrastructure and street capacities. An indicator of success would be a track record that shows over a few years that the recent 60%-urban to 40%-rural ratio of residential development decreases significantly.

If incentives do not produce strategic growth results, the GMO will continue allowing more consumptive suburban development over several more years.

Work Plan Summary:

A work plan for the preceding ordinance changes to provide incentives for strategic growth could be accomplished within 18 months:

1. Determine the most appropriate incentive approach, that is, exemptions or allocations.
2. Identify the appropriate kinds of strategic growth projects, and resource and infrastructure factors that limit development.
- 3 Prepare amendments to the GMO.

Staffing and costs:

| | | |
|----------------------|----------------------------------|-----------------------|
| Project Manager | 400 hours x \$56.00 = \$22,400 = | (6 hours/week/18 mos) |
| Intern | 200 hours x \$10.8 = \$ 2,160 | |
| Supervising Planner | 100 hours x \$60.00 = \$ 6,000 | |
| GIS | 50 hours x \$40.00 = \$ 2,000 | |
| Total 18 month costs | \$32,560 | |

1st year costs: \$21,490

2nd year costs: \$11,070

The preceding GMO revisions could be accomplished by Planning and Building Department staff, in consultation with other staff.

5. Shifting Development from Rural to Urban Areas

a. Establish a lower growth rate for rural residential development through the GMO.

Approximately 40 percent of all residential development within the unincorporated area has been in rural areas. Staff recommends that this percentage should be lower in rural areas in order to better facilitate smart growth principles, reduce public cost for public facilities and maintenance, address state mandates to reduce greenhouse gas emissions, reduce potential conflicts to agriculture and protect rural character from inappropriate development. In recent years, the cumulative effects of the total rural development are appearing in combination with declining resources for water supply, increased cost for public facilities and services, and increased vehicle miles traveled as

people drive more and longer distances to work and daily shopping. In the interest of providing adequate, efficient public services and facilities, conserving rural land and productive agriculture, the GMO should be amended to reduce the potential for non-agriculture-related land divisions and also allocate a lower annual number of allowable building permits for single family dwellings in rural areas.

Staff suggests that your Board consider a more appropriate target for rural area growth of 20 percent versus the current 40 percent amount. Based on the current maximum number of new homes allowed in the unincorporated areas, a 20 percent rural growth rate would allow approximately 200 building permits for new homes per year in the rural area.

- While this ratio would serve to slow down the rate of growth in rural areas, concurrent efforts should enable preferred growth to occur within and immediately adjacent to urban reserve lines and cities. For example, new financing and enhanced revenue approaches to provide needed infrastructure for urban area growth should be developed.
- Reducing the allowable number of building permits for new homes in the rural areas could be done in increments over a period of years. Efforts could also be made to consider increasing the minimum parcel sizes in certain land use categories and areas such as the Residential Rural category which presently has a 5 acre minimum size in many locations. A brief period for an adjustment in the real estate market would ease the shift to more urban building.
- Any efforts to reduce rural growth rate would include a more detailed assessment of the impacts that rural residential development is having on production agriculture, water supply, public roads, facilities and services.
- With this proposal comes the need to increase the awareness of the public to the advantages of small-scale urban living that could benefit our communities such as more affordable housing choices, job opportunities, better transportation choices, health benefits of walkable communities and closer proximity to shopping, schools, police, fire and emergency services. At recent focus meetings, leaders in both the real estate and development industries saw strategic growth as a preferred, major direction if cost factors such as infrastructure expenses can be solved. This amendment should be timed and presented in concert with the strategic growth amendments and the proposed Countywide Plan, to ease the transition to a new urban focus in growth management.

b. *Establish an allocation for residential development in rural areas on parcels smaller than 20 acres through the GMO.*

The GMO could be amended to allocate fewer residential permits annually for parcels that are less than 20 acres in size. This amendment could apply to land within the Agriculture, Rural Lands, Residential Rural and Residential Suburban land use categories. As noted above, rural development comprises about 40 percent of all unincorporated growth. A substantial portion of this growth occurs within the El Pomar-Estrella Planning Area but is not limited to these areas. Rural development in the El Pomar –Estrella, rural Salinas Valley, and portions of many other Planning Areas occur primarily within antiquated subdivisions (old tracts subdivided and recorded before improvements and infrastructure were required by law), even within the Agriculture category. For instance, between 1990 and 2008, approximately 641 new single family dwellings were built on parcels of less than 20 acres in the Agriculture category, or 72

percent of the total 885 residential permits in the Agriculture category within the El Pomar-Estrella Planning Area.

- The extent of rural residential development on parcels smaller than 20 acres would be further determined and assessed for its impacts to production agriculture. Potential impacts include conflicts between rural residential uses and production agriculture, noise, dust, pesticide application, and large truck traffic, despite the Right-to-Farm ordinance. The location of agriculture that is next to these developing rural residential parcels could be determined and threats identified that might include development pressure.
- Based on review of randomly selected rural residential areas, the primary use on many smaller parcels appears to be residential with little evidence of commercial agriculture or agriculture of any type. However, exemptions should be considered for small family farms or ranches with other small agricultural specialty operations.

c. *Limit rural subdivisions not for agricultural purposes through the GMO, Land Use Ordinance and Real Property Division Ordinance using a point system.*

The current GMO currently does not limit subdivisions. However, subdivisions of larger rural lands are the precursor to even more rural residential development than currently allowed. Currently, there are at least 12,000 vacant parcels within the rural areas, many of which could be further subdivided.

This strategy would modify the GMO and the Land Use and Real Property Division Ordinances perhaps through a point system with the following considerations. Subdivision for agricultural purposes would be exempt:

- A subdivision's proximity to existing and potential agriculture,
- Conversion of agricultural land from potential production,
- Conflicts with adjacent agricultural operations,
- Improvement or reduction in the number and layout of existing parcels, and
- Degree of impacts on resource-constrained areas.

d. *Increase the minimum parcel size in the Land Use Ordinance for new land divisions in the Residential Rural, Suburban and Rural Lands categories*

An amendment to the Land Use Ordinance could be considered to limit the size of new parcels within the Residential Rural, Rural Lands and Residential Suburban (in rural areas) categories (zones). These are often in the non-agricultural land use categories that produce the most rural residential development, typically in antiquated subdivisions.

- The cumulative potential development of these land use categories should be compared with the effect of a limitation to determine any significant difference.
- An increase in the minimum parcel size might need to be dramatic to be effective. For instance, the minimum parcel size range of 20 down to 5 acres in the Residential Rural category might be modified to just the top of the range. This would maintain more capability for small-scale agriculture than if five-acre parcels were permitted.
- An alternative would be to consider adding a subdivision requirement to the Land Use Ordinance for an applicant to purchase one or more Transfer of Development Credits (TDCs) for each proposed parcel in these land use categories. The 'sender' parcels of these purchases would be within the same land use categories and vicinity, for a 'no net gain' effect.

Work Plan Summary:

A work plan for the preceding ordinance changes could be accomplished within 18 months:

1. Provide a detailed study of the effects of the strategies and methods of implementation.
2. Prepare amendments to the GMO, including maps

Staffing and costs:

The ordinance revisions could be accomplished by Planning and Building Department staff, in consultation with other staff.

| | | |
|----------------------|--------------------------------------|-----------------------|
| Project Manager | 400 hours x \$56.00 = \$22,400 = | (6 hours/week/18 mos) |
| Intern | 200 hours x \$10.8 = \$ 2,160 | |
| Supervising Planner | 100 hours x \$60.00 = \$ 6,000 | |
| <u>GIS</u> | <u>50 hours x \$40.00 = \$ 2,000</u> | |
| Total 18 month costs | \$32,560 | |

1st year costs: \$21,490

2nd year costs: \$11,070

OTHER AGENCY INVOLVEMENT

Elements of the strategies discussed in this report have been discussed with the Air Pollution Control District, the Agricultural Commissioner's Office, the Public Works Department, and city planning directors.

FINANCIAL CONSIDERATIONS

The Department utilizes staff within current budget resources to prepare this and other related reports to advise your Board. While important, potential follow-up tasks will continue to take increasing amounts of time and for this reason will compete with the processing of other priority projects that your Board has directed to be done. The proposed work plans and costs are estimates that would need to be addressed through the annual budget process.

RESULTS

The staff recommendation will result in the preparation of detailed growth management strategies linking growth management with sustainable resources and smart growth principles, directing growth into urban areas where more efficient use of public facilities can occur, and slowing down of inappropriate rural development. These strategies will prepare decision-makers to respond to the need to shift land use and development patterns, consistent with existing policies. If successfully implemented, these strategies can help meet goals regarding greenhouse gas reduction, air quality protection, energy and water conservation, reduced vehicle miles traveled, and well-planned communities. Such communities with in-place infrastructure can result in less expensive public services, an adequate supply of housing that is more affordable, head-of-household jobs located near housing, reduced commuting, enhanced local economies, better air quality, healthier communities, and a higher quality of life.

REPORT B

COUNTYWIDE RURAL PLAN

REPORT B: COUNTYWIDE RURAL PLAN

DISCUSSION

The basic concept of the Countywide Rural Plan is to consolidate individual area plans (15 total) into a more unified rural area plan. Sub-regional planning policies and standards will remain to address North County, South County and coastal area distinctions. The Countywide Rural Plan will focus on policies that protect agriculture and important biological habitats, encourage growth in urban areas and at appropriate urban edges and include a more regional approach to growth, economic development, housing opportunities, resource protection, and better linkages between land use and transportation. In addition, watershed protection related to planning policies will take on a more significant role. Staff is prepared to proceed with this proposal, and is asking your Board to authorize processing of the needed amendments to the Land Use Element, the Land Use Ordinance, the Coastal Zone Land Use Ordinance and the Local Coastal Program.

Why do we need a new planning approach?

A Countywide Rural Plan for the unincorporated areas will simplify the County General Plan by reducing the number of overlapping and redundant policies and standards that are common in many of the area plans, reduce time and costs for updating plans, and enhance the readability of the General Plan. Although many individual area plans have been updated over the years, a comprehensive review and update of the Land use Element and its organization has not occurred since it was originally adopted in 1981. In practice, updating areas plans has taken much longer and more costly than was envisioned when the area plan concept was adopted. Staff also believes a new approach is needed to comprehensively address countywide growth and resource-related issues. The proposed update will focus on the rural areas of the county and recommend policies that address region-based issues such as the relationship of land use and circulation; protection of production agricultural lands, watersheds, important biological habitats; location of jobs and housing closer to each other; and other region-based issues that the current system does not or cannot address.

A Countywide Rural Plan will address the growth and resource trends, and infrastructure and housing needs described in the preceding report A. It will deal with land use and growth-related issues in a more strategic approach throughout the unincorporated area, taking into account resources and growth patterns within cities, unincorporated communities and rural areas. Of particular importance will be planning for appropriate urban expansion areas, employment and housing with resources and infrastructure in collaboration with cities, towns, special districts and other agencies. The plan will also consider new population centers such as new towns or redevelopment of existing rural settlements. At the same time, strategies will be developed and implemented to help reduce undesired rural growth, thereby avoiding the costs associated with such development. New strategies will protect in the long-term important agricultural, open space and natural resources and rural character that contribute largely to the quality of life residents enjoy and expect

By encouraging and facilitating appropriate well-designed development in urban areas, and limiting inappropriate rural development, the Countywide Rural Plan will also help minimize costs of such development with regard to resources, cost of public services, and quality of life. Following are examples of those costs:

- Depleted groundwater resources require expensive solutions.

- Lost and impacted agricultural land
- Increased costs for sheriff and fire protection,
- Increased costs for rural road maintenance
- Increased infrastructure costs
- Impacted and lost biological resources
- Increased vehicle miles traveled and resulting increased greenhouse gas emissions
- Increased energy consumption
- Diminished rural character and separation between communities
- Potentially impacted agriculturally-oriented and other tourism
- Loss of quality of life factors that most residents desire

Authority

Unlike the processing of land use permits, the first step when considering requested changes to the County General Plan or land use ordinances is for your Board to determine whether to initiate new legislation to change the rules. If you authorize this request for processing, the item will be scheduled for public hearings before the Planning Commission and your Board after the environmental review process and staff report is completed.

Major Issues

Regional growth issues and the current Land Use Element

The Land Use Element of the County General Plan was last comprehensively updated in 1981, and since then, several of the 15 area plans, as well as some community plans, have been updated. Nevertheless, little has been accomplished to address growth issues through regional coordination and cooperation between cities, towns, rural areas, government agencies, and community service providers. For example, increasing traffic congestion on Highway 101 and air quality concerns are closely related to the relationship between the locations of jobs and housing. This imbalance throughout the county has resulted in significant increases in vehicle miles traveled.

As the region continues to attract new residents, a regional approach is needed to address growth issues, as well as other regional needs. The Countywide Rural Plan is intended to address region-related needs such as:

- the distribution of the region's "fair share" of affordable housing units as required by State regulations
- shared constraints, especially water supply and major infrastructure deficiencies
- agriculture, open space and habitat protection, and rural development
- growth areas around cities and towns
- urban/rural interface

The consequences of growth, as well as the potential solutions, cross jurisdictional boundaries; therefore, comprehensive solutions might be found from a more regional perspective.

The county's many area plans (in the Land Use and Circulation Elements of the County General Plan), together with planning area standards in Land Use Ordinance, are updated individually and in isolation, often without enough consideration and analysis of how they fit into or impact

regional growth, land use patterns, environment, and economies. In addition, over time, the area plans, other parts of the General Plan and the Land Use Ordinance have become loaded with policies, standards and programs. Many overlap, and some are duplicative. As a result, this current system with many separate areas plans is difficult for the public to use and is costly to maintain.

General Plan considerations

The proposed Countywide Rural Plan, as envisioned, will help implement the Land Use Element General Goals in Framework for Planning. Following are some key topics for the plan:

- Balance the capacity for growth allowed by the Land Use Element with the sustained availability of resources.
- Maintain a distinction between urban and rural development by providing for rural uses outside of urban and village areas which are predominately agriculture, low-intensity recreation, residential and open space uses, which will preserve and enhance the pattern of identifiable communities.
- Identify important agricultural, natural and other rural areas between cities and communities and work with landowners to maintain their rural character.
- Design and maintain a sustainable land use pattern and population ~~capacity~~ that is consistent with the capacities of existing public services and facilities, and their programmed expansion where funding has been identified.
- Designate a pattern of strategically located commercial areas that are convenient to local residents and realistically related to market demand and the needs of the community.
- Provide new zoned areas within urban areas and at appropriate edge locations for industrial and commercial service enterprises that foster head of household jobs and that are located proximate to nearby housing opportunities.
- Integrate land use and transportation planning in coordination with cities to ensure that traffic and transportation demands can be safely and adequately accommodated.
- Work closely with cities to provide continuity between city and county land use planning and to achieve common land use goals through reciprocal agreements.

Concept of the Countywide Rural Plan

A Countywide Rural Plan is the Land Use Element for the unincorporated rural areas and would focus on promoting policies that protect agriculture and important biological habitats, encourage growth in urban areas and take a more regional approach to growth, land use and circulation. It will implement a long-term countywide vision for development, rather than focusing on individual planning areas in isolation. It will also take into consideration the regional implications of individual land use decisions. A Countywide Rural Plan will be coordinated with and implement the policies of the Conservation Element (now being updated), the Housing element (soon to be updated) and the smart growth principles now being incorporated into the County General Plan.

In addition, it will also build on the ongoing Community 2050 "Blueprint" Planning efforts being led by the San Luis Obispo Council of Governments to seek regional cooperation in planning future growth.

The Countywide Rural Plan will be an important part of the County General Plan, together with other countywide and coastal zone-wide policies in the Land Use Element. It will identify the county's policies on the preferred pattern of development, where growth should be directed, what infrastructure improvements will be needed, and how it will be accommodated. It will be the basis for implementing standards and programs for directing growth in the unincorporated parts of the county.

Since the Countywide Rural Plan will focus on rural areas only, the community plans for urban and village areas will remain in place as currently adopted. They will not be revised at the same time as the Countywide Rural Plan other than necessary reformatting to fit into the new general plan organization of documents (see a following section titled: "How would the Countywide Rural Plan be organized? How would the General Plan be reorganized?")

Key topics, major themes in the Countywide Rural Plan

The plan could include the following key topics:

Regional growth

In order to take a regional and comprehensive approach to future countywide growth, the Countywide Rural Plan will determine how projected population growth will be distributed and accommodated throughout the county over the next 20 years, and perhaps beyond that period. This will require consideration of regional issues such as natural and environmental resource limitations for long-term sustainable growth, circulation system and other infrastructure capabilities, regional housing and economic needs, and quality of life. Collaboration with cities, special districts and other agencies will be an essential part of this analysis and policy development.

Potential growth areas around cities and towns

How and where urban expansion occurs will be a key factor in helping to curtail sprawl, avoid leapfrog development and plan for orderly growth while protecting rural character and resources. Regional issues will need to be considered, and collaboration with cities, special districts and other agencies will be essential. In developing the Countywide Rural Plan, different approaches to avoiding undesired growth will be considered. These could include such ideas as urban growth boundaries, transfer of development from rural to urban areas in connection with annexations and general plan amendments, and plans that complement city and county plans for greenbelts and other buffer areas around communities.

Urban/rural interface

This subject deals with how urban development occurs at the edges of urban areas and how to maintain a distinction between urban and rural areas. The distinction between urban and rural is an essential part of what defines the character of this county, maintaining the identity of our communities and creating a sense of place. This topic could include identifying critical

“gateways” and rural separators between communities, together with policies to maintain urban edges.

Rural development policies

Rural development policies are essential in order to limit inappropriate rural development and to protect rural character and important agricultural, open space and natural resources. These policies will focus on areas beyond the urban/rural interface. The policies will emphasize limiting sprawl, directing growth to urban areas where adequate resources and infrastructure exist and protecting rural character by addressing land divisions, development and general plan amendments.

The policies and recommendations in the Countywide Rural Plan should be guided by and organized around the following major themes or topics:

- Sustainable resources: constraints and opportunities
- Infrastructure, including transportation
- Jobs/housing balance
- Economic considerations
- Rural character
- Habitat conservation/biological resources
- Regional cooperation

Organization of the Countywide Rural Plan; reorganization of the General Plan

The new Countywide Rural Plan could be organized into three sub-regions for the inland portion of the county and two sub-regions for the coastal portion, but integrated into a single coherent plan (see Figure 2). For example, the 11 inland planning areas could be consolidated into north, central and south county regions within the inland area. In the coastal area, the four planning areas could be consolidated into north and south coastal regions. The regions could be further defined according to watershed boundaries, which are important considerations in land use planning. Establishing large sub-regions will also make it easier to coordinate land use with major biological systems; i.e. ecosystems.

The proposed new sub-regions will include large areas of the county, especially the proposed sub-region covering the northern and eastern parts of the county, which would consolidate several existing planning areas. Although this sub-region includes diverse areas of the county, those rural areas do have many issues in common. In any case, the Countywide Rural Plan could be tailored to account for different conditions and needs in specific areas where needed through policies and programs. Likewise, the rural LUO planning area standards could be tailored for specific areas.

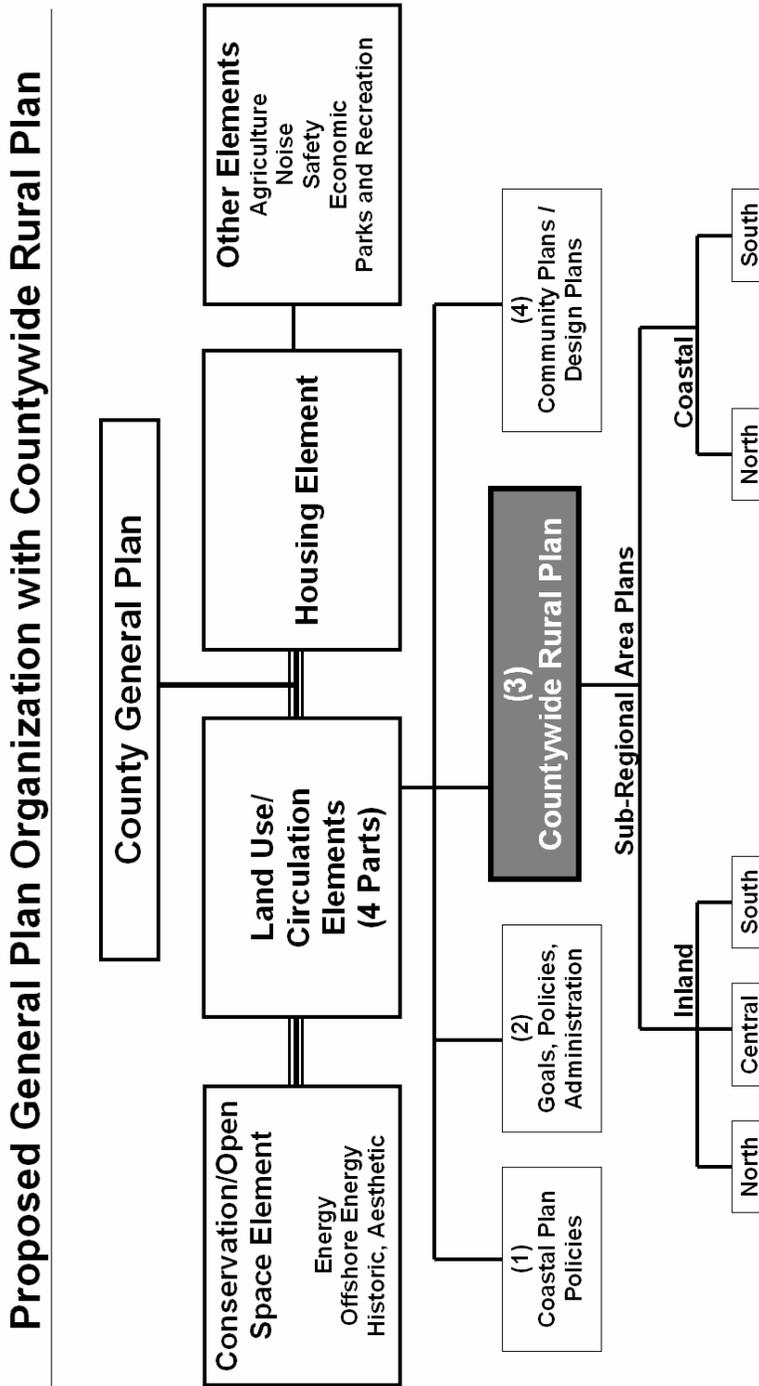
As part of the consolidation of planning areas, the existing area plans will be reorganized and streamlined. For example, we could eliminate or relocate non-essential descriptive text in the existing area plans and eliminate duplication among goals, policies and programs. In addition; the plan will include new policies that address key regional topics such as resources, transportation, jobs/housing balance, and sustainable economy. The result will be a more user-friendly and concise document. The plan should be organized around goals, policies and

programs that are formatted in a way that fits into a consistent format and numbering system for all general plan policies.

Countywide Rural Plan: Possible Sub-Regional Planning Areas



Figure 2
Proposed General Plan Organization with Countywide Rural Plan



The community plans for urban and village areas will not be revised as part of the Countywide Rural Plan effort, other than necessary reformatting. Following adoption of the Countywide Rural Plan, community plans will be updated to implement the relevant countywide plan policies.

Implementation of the Countywide Rural Plan

The Countywide Rural Plan would be implemented primarily through programs in the new, consolidated area or sub-regional plans, together with standards in the Land Use Ordinance. The Growth Management Ordinance, if ultimately revised along the lines that staff is now suggesting, could also play a key role in implementing Countywide Rural Plan policies.

In the inland areas of the county, development standards (planning area standards) are now included in the Land Use Ordinance and organized by planning area. Therefore, as part of the consolidation of planning areas into sub-regions, there will be a corresponding consolidation and reorganization of the inland rural planning area standards. This will also offer an opportunity to streamline and eliminate duplication among the various overlapping and similar planning area standards in the existing area plans. New standards could be considered in order to implement new regional policies of the Countywide Rural Plan.

In the coastal zone, the planning area standards are still contained in the four coastal area plans. In order to be consistent with the organization of the Countywide Rural Plan, those standards could be placed in the Coastal Zone Land Use Ordinance and organized by the new coastal sub-regions. Staff will evaluate the possibility of combining the Coastal Plan Policies--currently a separate document—into the Countywide Rural Plan and Coastal Zone Land Use Ordinance.

Work plan summary

Following is a summary of a work plan to start the plan preparation. The work plan outlines the process to prepare and bring the Countywide Rural Plan and EIR to hearings within three years. It also includes some key, specific tasks in order to give a better idea of the work that will be done.

Year 1: Consolidation and Research (staff only; no consultant)

1. Initiate program
2. Consolidate and revise planning areas, policies, programs, standards, text
 - a. Consolidate inland and coastal planning areas using watershed boundaries
 - b. Consolidate area plans
 - c. Revise area plan and other maps
 - d. Consolidate rural planning area (LUO) standards; organize by new sub-regional planning area
 - e. Organize urban and village area planning area (LUO) standards by new sub-regional planning area
 - f. Remove urban and village area policies, programs and text and combine with design plans into new document containing community plans (no substantive revisions)

- g. Identify duplicative rural area goals, policies and programs
- h. Identify unnecessary rural area plan text
- i. Begin research on regional sustainable resource capacities
- j. Begin research on realistic buildout capacities or urban areas

Years 2 and 3: Plan and Programmatic EIR preparation; hearings

1. Notice of Preparation/Request for Proposals
2. Contract with consultant
3. Public outreach, workshops (ongoing)
4. Coordination with cities, communities, special districts (ongoing)
5. Identify community and regional sustainable resource capacities (relates to RMS and biological inventory/ mapping project)
6. Determine realistic buildout capacities of urban areas based on vacant land inventory and development trends
7. Determine unincorporated area housing, employment and economic development needs (relates to Housing Element, Economic Strategy)
8. Determine infrastructure needs (relates to infrastructure planning and financing efforts)
9. Based on preceding steps, revise, establish regional policies, strategies and standards, including strategies to address rural development and maintain urban edges and community separation (also relates to Conservation and Open Space Element, smart growth principles)
10. Based on regional growth needs, identify potential expansion areas around cities, urban areas (extensive coordination with cities, communities, special districts)
11. Investigate establishing new towns and/or facilitating maturation of existing settlements into more complete villages or communities
12. Prepare draft Countywide Rural Plan with sub-regional area plans (public review)
13. Prepare LUO amendments
 - o revised and consolidated rural planning area (LUO) standards by new sub-regional planning areas
 - o urban and village planning area (LUO) standards reorganized by new sub-regional planning areas
14. Prepare LUE/LCP amendment: new community plans document
15. Prepare Draft EIR (public review)
16. Prepare Final EIR and response to comments
17. Planning Commission hearings
18. Board of Supervisors hearings

OTHER AGENCY INVOLVEMENT

The concept of a Countywide Rural Plan has been discussed with the Air Pollution Control District (APCD) the San Luis Obispo Council of Governments (SLOCOG) and city planning directors.

FINANCIAL CONSIDERATIONS

Staff will likely need the assistance of a consultant for a portion of plan preparation and for the Environmental Impact Report. The estimated cost for consultant assistance for the plan and preparation of an EIR will be about \$300,000, with about \$150,000 needed for EIR preparation and another \$150,000 needed for consultant assistance on the plan preparation and related tasks. However, the project could be broken into two or more discrete phases that are separately budgeted over two or more fiscal years. Approximately 50% of the costs would be recovered through the new building permit fee structure, which reflects costs involved in maintenance of the general plan.

RESULTS

This proposal will result in a new part of the Land Use Element of the County General Plan: a consolidated plan for the rural areas of the county that focuses on a regional approach to land use and growth. It will implement policies in the Conservation Element, Housing Element and further strategic growth principles in the general plan. This effort will result in a reorganized general plan, including a new Countywide Rural Plan divided into a few sub-regions, and separate community plans for the urban and village areas. This consolidated sub-regional plans will result in efficiencies when it comes to updating those plans in the future. The Countywide Rural Plan will be accompanied by consolidated, reorganized and streamlined planning area standards in the Land Use Ordinance and Coastal Zone Land Use Ordinance. Those ordinances could include revised and new standards. All of the new and reorganized documents should be concise, policy-oriented, and easy for the public to understand and use. If your Board is interested in pursuing this idea of a Countywide Rural Plan, work could begin as early as August 2008 and take about 36 months to complete and adopt.