

PUBLIC REVIEW DRAFT

ORDINANCE NO. ____

AN ORDINANCE AMENDING TITLE 22 OF THE SAN LUIS OBISPO COUNTY CODE,
THE INLAND LAND USE ORDINANCE, TO ESTABLISH REGIONAL HOUSING INCENTIVES
TO SUPPORT AFFORDABLE HOUSING PRODUCTION
(COUNTY FILE NUMBER: LRP2024-00016)

The Board of Supervisors of the County of San Luis Obispo ordains as follows:

SECTION 1. The purpose and intent of this ordinance is to update Chapter 22.12 (Affordable Housing Incentives) in Title 22 of the San Luis Obispo County Code to establish a Regional Housing Incentive Program to support affordable housing production. Any interpretation of this Ordinance shall be consistent with this purpose and intent.

SECTION 2. County Code Chapter 22.12 is hereby amended as follows:

Chapter 22.12 – AFFORDABLE HOUSING INCENTIVES

22.12.010 – Purpose of Chapter.

This Chapter provides ~~standards and requirements~~ regulations for ~~State~~ density bonuses and ~~other~~ associated incentives, housing affordability, and ~~inclusionary housing~~ other incentives. These ~~provisions~~ regulations are intended to encourage developers to provide affordable housing while retaining good design and neighborhood character.

22.12.010– Regional Housing Incentives.

An application that satisfies the requirements of this Section shall be eligible to receive incentives to allow more intensive residential development than otherwise allowed by this Title. Incentives provided in accordance with this Section shall be in addition to the incentives available through the State Density Bonuses and Other Incentives Section (Section 22.12.020).

A. Applicability of Regional Housing Incentives.

1. **Incentives.** An application that satisfies the eligibility criteria of this Section may receive housing development incentives by adhering to applicable standards of this Section. Applicable standards are determined by applying the corresponding designated amount of 'Incentive Points'.
2. **General Applicability.** Where other standards of this Title, including those of Article 9 (Planning Area Standards) and Article 10 (Community Planning Standards), conflict with the standards of this Section, the provisions of this Section prevail, except:
 - a. **Environmental Resource Protections.** Where the standards of this Title are intended to protect environmental resources conflict with this Section, those standards shall prevail.

- b. **Combining Designations.** Where the standards of Chapters 22.14 (Combining Designation Standards) conflict with this Section, the standards of Chapter 22.14 prevail.
3. **Relationship to State Density Bonuses and Other Incentives (Section 22.12.020).** Density increases provided under this Section shall apply and be calculated as part of the base density prior to application of density bonuses.
- B. **Eligibility.** Applications shall satisfy all of the following criteria to be eligible for the incentives allowable by this Section.
1. **Urban Reserve Line.** The project site shall be located wholly within an Urban Reserve Line.
 2. **Residential Use.** The project shall be for multi-family dwellings.
 3. **Minimum Residential Density.** The project shall satisfy the minimum residential density requirements of Section 22.10.130.C (Residential Density – Multi-family dwellings).
- C. **Incentive Points.** Incentive points accrued for an application shall only apply to such application and shall not be transferred to other applications or project sites.
1. **Accrual of Incentive Points.** An applications may accrue incentive points by contributing to guaranteed affordable housing in one or more of the following ways:
 - a. **Constructing Very Low-Income Housing.** An applications shall accrue two (2) incentive points per very low-income dwelling unit constructed and provided on-site. Each very low-income dwelling unit shall be guaranteed to be affordable to very low-income households in accordance with Section 22.12.030 (Housing Affordability Standards).
 - (1) **Funding Limitations.** To qualify for incentive points, the very low-income dwelling units must not be funded through government-funded grants, tax credits, or other equivalent funding sources intended for affordable housing, unless 100% of the dwelling units in the project are guaranteed to be affordable in the very low-, low-, and/or moderate-income categories (not counting manager dwelling units).
 - (2) **Occupancy Timeline.** The on-site very low-income dwelling units shall be available for occupancy prior to or concurrently with final construction permit approval for occupancy of up to five on-site market-rate dwelling units.
 - b. **Contributing In-Lieu Fees to Regional Housing Fund.** An application may accrue incentive points by contributing to the Regional Housing Fund in accordance with Title xx.
 - (1) **Assessment of In-Lieu Fee.** A project subject to ministerial permit or discretionary approval shall be subject to the in-lieu fee in effect [A] at the time that the first construction or grading permit is applied for or [B] at the time of final map recordation, whichever occurs first.

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(2) **Payment of In-Lieu Fee.** In-lieu fee shall be paid in full [A] prior to issuance of the first construction or grading permit or [B] prior to recordation of the final map, whichever occurs first.

2. **Applying Incentive Points.** An application may apply accrued Incentive Points to determine the applicable standards based on the following table. Each accrued Incentive Point shall only be applied once.

Regional Housing Incentives							
Incentive Categories	Incentives	Applicable Standards by Incentive Category (Incentive Points Apply Separately for Each Incentive Category)					
		1 Incentive Point	2 Incentive Points	3 Incentive Points	4 Incentive Points	5 Incentive Points	6 Incentive Points
A	Waive standard requiring commercial use or affordable housing in OP, CR, and CS land use categories	No commercial use or affordable housing required in OP, CR, and CS land use categories					
B	Increase maximum residential density	2 additional units per acre	4 additional units per acre	6 additional units per acre	8 additional units per acre	10 additional units per acre	12 additional units per acre
	Increase maximum floor area	Low intensity: 80% Medium intensity: 110% High intensity: 150%	Low intensity: 100% Medium intensity: 150% High intensity: 200%	No max. floor area	No max. floor area	No max. floor area	No max. floor area
C	Reduce minimum off-street parking	No min. guest parking	No min. guest parking, 0.25 space/unit reduction	No min. guest parking, 0.50 space/unit reduction			
D	Increase maximum height	5 ft. increase	10 ft. increase	15 ft. increase	20 ft. increase		
	Reduce minimum setbacks for projects with residential use	10 ft. min. front setback and 5 ft. min. side and rear setbacks, unless this Title otherwise allows for a smaller setback	No min. front, side, and rear setbacks	No min. front, side, and rear setbacks	No min. front, side, and rear setbacks		
	Reduce minimum open area	5% reduction	10% reduction	10% reduction	10% reduction		

D. Application Requirements. The application shall include:

1. A description of how the project will accrue Incentive Points.
2. A statement detailing the selected incentives that accrued Incentive Points would apply to, and
3. Verification that the Incentive Points accrued will equal to or exceed the Incentive Points required for the selected incentives.

22.12.020 – **State** Density Bonuses and Other Incentives.

An application that satisfies the requirements of this section and State Density Bonus Law for a qualifying housing project may be eligible to receive a density bonus and other incentives, such as concessions and adjusted parking ratios. A housing project approved to receive a density

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bonus may establish additional housing units over the standard maximum residential density allowed by ordinance, including the standard maximum residential density set by Planning Area Standards. Qualifying housing projects may include, but are not limited to, housing projects that contain one of the following: (1) rental or ownership housing units or vacant lots restricted to very low, lower, or moderate income residents, (2) housing units for transitional foster youth, disabled veterans, or homeless persons, with rents restricted at very low income level, (3) housing units restricted to senior citizens, and 4) mixed-use development. The qualifying housing units shall be deed-restricted in accordance with the approval of the project.

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22.12.030 – Housing Affordability Standards.

An application that satisfies the requirements of this section and State Density Bonus Law for a qualifying housing project may be eligible to receive a density bonus and other incentives, such as concessions and adjusted parking ratios. A housing project approved to receive a density bonus may establish additional housing units over the standard maximum residential density allowed by ordinance, including the standard maximum residential density set by Planning Area Standards. Qualifying housing projects may include, but are not limited to, housing projects that contain one of the following: (1) rental or ownership housing units or vacant lots restricted to very low, lower, or moderate income residents, (2) housing units for transitional foster youth, disabled veterans, or homeless persons, with rents restricted at very low income level, (3) housing units restricted to senior citizens, and 4) mixed-use development. The qualifying housing units shall be deed-restricted in accordance with the approval of the project.

A. **Applicability.** Affordable housing units provided as a result of one or more of the following County actions shall be subject to the standards of this Section:

1. Approval of residential projects that qualify for incentives and/or a density bonus under Sections 22.12.010 and/or 22.12.0240 of the Land Use Ordinance, Title 22 of the County Code, or
2. Approval of an exemption from growth management provisions under Subsection 26.01.034b of the Growth Management Ordinance, Title 26 of the County Code, or
3. Provision of direct financial assistance in the form of a grant (not a loan) to the development of affordable housing.

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SECTION 3. That the Board of Supervisors has considered the General Rule Exemption with respect to the matter described above. The Board of Supervisors has, as a result of its consideration and the evidence presented at the hearings on said matter, determined that the proposed General Rule Exemption is appropriate and has been prepared and is hereby approved in accordance with the California Environmental Quality Act and the County's regulations implementing said Act. The Board of Supervisors, in adopting this ordinance, has taken into account and reviewed and considered the information contained in the General Rule Exemption approved for this project and all comments that were received during the public hearing process. On the basis of the General Rule Exemption, there is no substantial evidence that the adoption of this ordinance will have a significant effect on the environment.

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SECTION 4. If any section, subsection, clause, phrase, or portion of this ordinance is for any reason held to be invalid or unconstitutional by the decision of a court of competent jurisdiction, such decision shall not affect the validity or constitutionality of the remaining portion of this ordinance. The Board of Supervisors hereby declares that it would have passed this ordinance and each section, subsection, clause, phrase, or portion thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or portions be declared invalid or unconstitutional.

SECTION 5. This ordinance shall become effective thirty (30) days after its enactment by the Board of Supervisors.

SECTION 6. Within 15 days after adoption of this ordinance, a summary shall be published once in a newspaper of general circulation in the County of San Luis Obispo, State of California, together with the names of the members of the Board of Supervisors voting for and against the ordinance.

SECTION 7. In accordance with Government Code Section 25131, after reading the title of this ordinance, further reading of the ordinance in full is waived.

RECOMMENDED at a San Luis Obispo County Planning Commission meeting held on the 24th day of July, 2025 and PASSED and ADOPTED by the Board of Supervisors of the County of San Luis Obispo, State of California, on the 21st day of October, 2025, by the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAINING:

ATTEST:

Chairperson of the Board of Supervisors
County of San Luis Obispo
State of California

MATTHEW PONTES

Ex-Officio Clerk of the Board of Supervisors

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By: _____
Deputy Clerk

[SEAL]

Approved as to Legal Form and Effect:
JON ANSOLABEHERE
County Counsel

By: _____
Deputy County Counsel

Dated: May 20, 2025

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