

RESOLUTION NO.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE COMMITTING A NOT-TOO-EXCEED AMOUNT OF \$630,000, AUTHORIZING A BUDGET ADJUSTMENT FROM THE AFFORDABLE HOUSING TRUST FUND IN THAT AMOUNT, AND AUTHORIZING THE CITY MANAGER TO DEVELOP A GRANT AGREEMENT AND ANY ASSOCIATED DOCUMENTS, WITH THE HOUSING AUTHORITY OF SAN LUIS OBISPO FOR DESIGN, FUNDING, CONSTRUCTION, AND MANAGEMENT OF A 63-UNIT AFFORDABLE HOUSING PROJECT AT 700 OAK PARK BLVD, ARROYO GRANDE**

**WHEREAS**, the Planning Commission of the City of Arroyo Grande approved application Lot Merger 21-001 and Conditional Use Permit 21-001 to merge four parcels and construct sixty-three (63) multi-family residential units that will be affordable for low income households at 700 Oak Park Blvd (“project”); and

**WHEREAS**, the Affordable Housing Trust Fund is administered under the general supervision of the Community Development Director and pursuant to the regulations established by City Council, as established by Arroyo Grande Municipal Code Section 16.80.080; and

**WHEREAS**, on July 18, 2023, the Housing Authority of San Luis Obispo submitted a letter requesting a contribution from the City’s Affordable Housing Trust Fund to aid in the costs in constructing the project; and

**WHEREAS**, on July 25, 2023, Council approved a Development Review and Impact Fee Grant allocation from the Affordable Housing Trust Fund to support the development of the Housing Authority of San Luis Obispo (“HASLO”) affordable housing project at 700 Oak Park Blvd. in a not-to-exceed amount of \$448,370.37; and

**WHEREAS**, the City committed to including that allocated \$448,370.37 within the required Regulatory Agreement for the project, a document that is recorded against the property to ensure that all project units will remain affordable for at least 55 years from the date of occupancy; and

**WHEREAS**, the City’s previously approved \$448,370.37 is to cover costs associated with the project’s building permit, including plan review and inspections, development impact fees, utility connections, and State mandated fees for the project; and

**RESOLUTION NO.**  
**PAGE 2**

**WHEREAS**, on October 15, 2024, HASLO submitted a funding request for an additional \$630,000 from the City's Affordable Housing Fund to reduce its existing funding gap and maintain its planned closing and construction date for the project; and

**WHEREAS**, there is currently a statewide shortage in affordable housing options and rent prices continue to increase, the public has an interest in an increased supply of affordable housing, and the City may allocate these funds to facilitate the improvement of the City's affordable housing stock to provide new affordable units to the public; and

**WHEREAS**, rising rates and inflation continue to impact costs and the financial burdens of this project, and there is a public need for City's continued assistance for this project; and

**WHEREAS**, the proposed grant agreement of funds from the Affordable Housing Fund does not qualify as a "project" under CEQA because the action will not result in a direct or reasonably foreseeable indirect physical change in the environment. (State CEQA Guidelines section 15060, subd. (c)(2), (3).) Section 15378 of the State CEQA Guidelines defines a project as the whole of an action, which could potentially result in either a direct physical change, or reasonably foreseeable indirect physical change, in the environment. Here, the action of disbursing the funding will not in itself result in any construction or development, and it will not have any other effect that would physically change the environment. The action therefore does not qualify as a project subject to CEQA. The project itself was granted a categorical exemption when it was approved in 2021. This disbursement of funds will not affect this prior determination.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Arroyo Grande, as follows:

1. The foregoing recitals are true and correct and are incorporated herein.
2. That the City Council authorizes and approves the following:
  - a. A commitment by the City Council to offer and provide a grant from the City's Affordable Housing Trust Fund to HASLO for the design, funding, construction and management of the affordable housing project, located at 700 Oak Park Blvd. in a not-to-exceed amount of \$630,000.
  - b. A budget adjustment in a not-to-exceed amount of \$630,000 from the Affordable Housing Trust Fund, as a grant from the City to HASLO for the project.
  - c. Authorize the City Manager, in consultation with the City Attorney, to develop a grant agreement and any associated documents, in a not-too-

**RESOLUTION NO.**  
**PAGE 3**

exceed amount of \$630,000, that is consistent with applicable law.

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

**AYES:**

**NOES:**

**ABSENT:**

the foregoing Resolution was passed and adopted this 22<sup>nd</sup> day of October, 2024.

RESOLUTION NO.  
PAGE 4

---

CAREN RAY RUSSOM, MAYOR

ATTEST:

---

JESSICA MATSON, CITY CLERK

APPROVED AS TO CONTENT:

---

MATTHEW DOWNING, CITY MANAGER

APPROVED AS TO FORM:

---

ISAAC ROSEN, CITY ATTORNEY