

DRAFT **JULY 2023**



SAN LUIS OBISPO COUNTY

**REGIONAL HOUSING &
INFRASTRUCTURE PLAN**

The San Luis Obispo Council of Governments (SLOCOG) prepared the Regional Housing & Infrastructure Plan for the County of San Luis Obispo to fulfill the terms of the Senate Bill 2 grant program. SLOCOG would like to thank those who helped develop this strategic planning tool between 2022-2023.

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The Signatories of the 2020 Regional Housing Compact

County Board of Supervisors, 7 City Councils, and the SLOCOG Board



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HIP SUMMARY

The Regional Housing & Infrastructure Plan (HIP) is a planning toolkit created collaboratively by the seven Cities, County of San Luis Obispo, and SLOCOG in response to the region's growing housing and infrastructure shortage. The HIP inventories infrastructure barriers to housing, identifies available grant funding options to implement infrastructure needs, and develops foundational information for the future 2027 Regional Housing Needs Assessment (RHNA).

In 2018, the County of San Luis Obispo recognized the need to work regionally in solving the critical shortage of infrastructure resources and housing attainability in San Luis Obispo County. This challenge is larger than any one jurisdiction can solve alone. The HIP in no way removes land use authority from local jurisdictions; rather, it reflects each community's relevant, long-term plans in one regional tool to inform our region's future efforts in addressing the collective economic and social challenges associated with lack of housing supply.

In January 2019, the County Board of Supervisors approved the kickoff of this effort. Since inception, the HIP has been a phased approach with the goals of regional collaboration, strategic action planning, and aligning land use planning documents which were all agreed upon with the unanimous approval of the 2020 Regional Compact.

The Regional Compact (April 2020)

The County, seven cities, and San Luis Obispo Council of Governments (SLOCOG) approved the first major milestone of the phased regional strategy - the San Luis Obispo Countywide Regional Compact. The Regional Compact is an aspirational document that sets the tone and goals for future recommended plans and actions among the local agencies. It establishes a united regional framework to unlock the potential to develop an adequate supply of housing and resilient infrastructure that supports our economic prosperity. It recognizes that people, water, transportation, connectivity, and housing form the foundation of the San Luis Obispo Region's healthy, livable communities and thriving economic opportunity. In signing the Compact, agencies agreed to develop their "first Regional Infrastructure and Housing Strategic Action Plan." As stated in the 2020 Compact, the six "goals will underpin the future Regional Infrastructure and Housing Strategic Action Plan, create compatibility among the eight local agencies Housing Elements, and drive future recommendation for collaborative actions."

Housing Element Alignment (June 2020)

The County and the seven Cities were each required to update their jurisdiction's Housing Elements to reflect how local communities are planning for the State's 6th Cycle Regional Housing Needs Allocations through 2028. The Housing Elements were submitted to the Housing and Community Development (HCD) in December 2020. As part of the Housing Element update process, the regional approach section was developed to showcase the ongoing commitment of each agency to the HIP collaboration. This section presents a regional vision and policies focused specifically on fostering regional collaboration to plan and develop housing and supportive infrastructure. It was the first time all eight jurisdictions included a regional approach chapter in their required housing elements.

Regional Housing and Infrastructure Plan (2023)

Put on hold during the Pandemic, the HIP was revived in June 2022 with the establishment of a Memorandum of Understanding between the County of San Luis Obispo and SLOCOG. SLOCOG became the project manager of the effort. With Senate Bill 2 funding sunset in September 2023, the HIP began moving at an accelerated pace. The 2023 regional toolkit is comprised of seven components listed in Figure 1: HIP Toolkit. These components intertwine and build upon one another.

Figure 1: HIP Toolkit

HIP Components	Informs
Data and Project Inventory	Infrastructure barriers to housing
Housing Efficiency Analysis	Housing Efficient Areas in HIP
HIP Mapping	Living strategic analysis tool that show how housing and infrastructure interrelate
Affordable-by-Design Study	Menu of possible policies to increase housing attainability
Funding Strategies Assessment	Funding the region could pursue for HIP projects
Housing Highlights	Communication tool: Understanding the need for housing, affordability, and opportunities
Prioritization Considerations	Further refinement of the prioritization process and data

Agencies that supply or operate local infrastructure facilities identified 440 water, wastewater, and transportation infrastructure projects in the HIP project inventory. Of those, 18% (80 projects) were located within Housing Efficient Areas and identified as barriers to housing. About one quarter of the HIP projects are water related and the remaining are transportation improvements. The estimated total cost for all 80 HIP projects is over one billion dollars. This information can be seen via the interactive [HIP Mapping Tool](#).

BKF Engineering's HIP Funding Strategies Assessment evaluates the disparity between the cost estimate for each HIP identified project and the anticipated funding that could be obtained

through various financial mechanisms. The Funding Analysis involved several steps: a funding requirement determination, an evaluation of potential funding sources, an estimation of potential grant funding, and a funding gap calculation. With current grant funding sources, our region can optimistically be awarded around \$91 million dollars depending on a local jurisdiction's interest in pursuing funding for that project. That leaves a funding gap of about \$924 million dollars for infrastructure projects needed to support new housing development. More detail is available in Appendix B: Draft Funding Strategies Assessment.

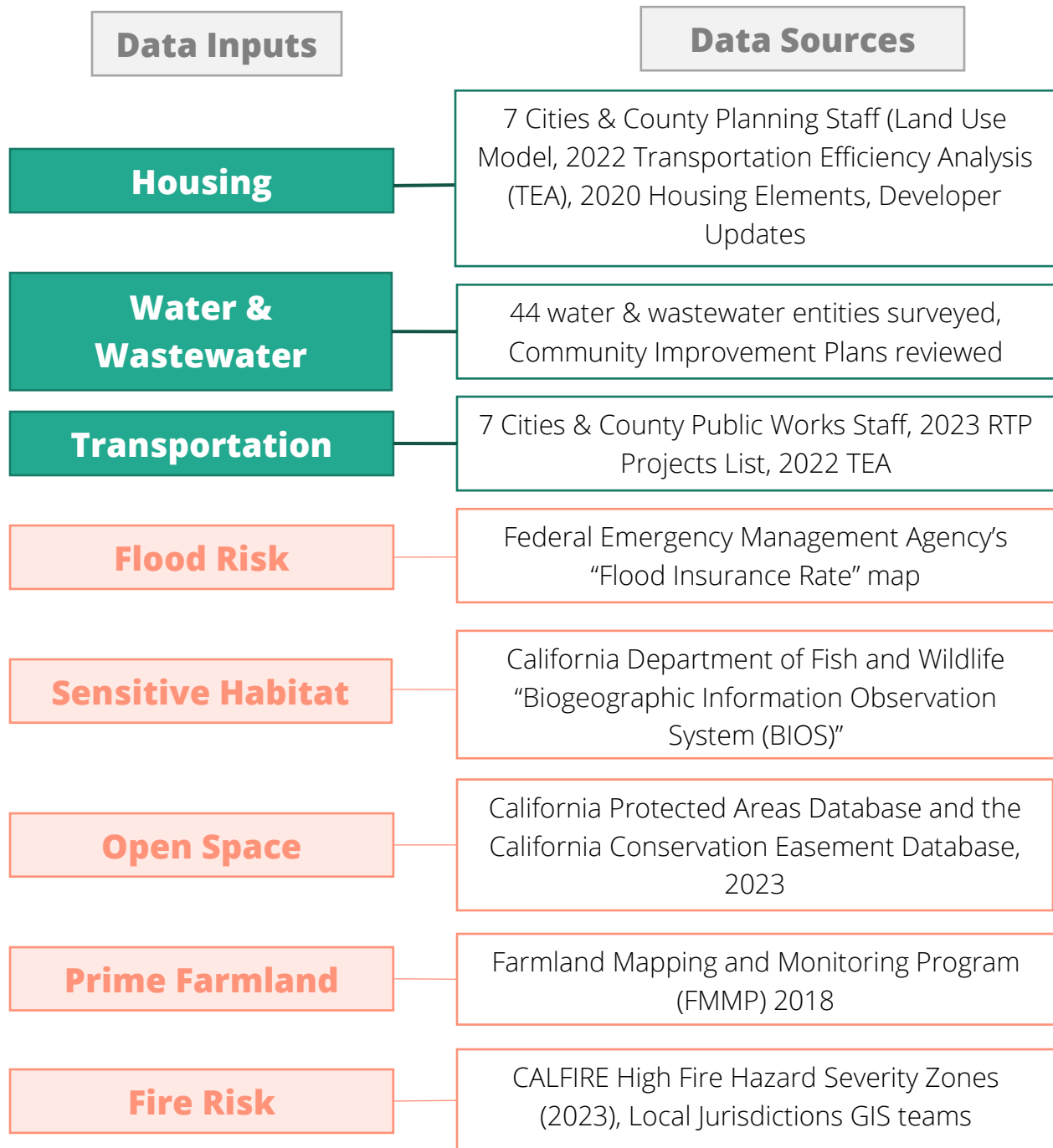
Our region also wanted to look at the concept of Affordable-by-Design (ABD) and evaluate housing affordability characteristics. The intention of ECONorthwest's ABD study was to identify if certain units (without financial assistance or deed restrictions) could be considered affordable as either low- or moderate-income units and if so, how to incentivize ABD development. The ABD Study collected rental and for-sale housing data, interviewed local housing developers, created a unit feasibility analysis, collected case study examples, and identified policies that could incentivize ABD units. The ABD Study revealed that the rental market may be able to produce ABD housing in at least some parts of the County and is likely within a range where regulatory changes could make a difference. However, a longer approach is needed on the for-sale side since the gap between market sales prices and the target sales prices for moderate-income households is likely too large to overcome through design and regulatory measures alone. More detail is available in Appendix A: Draft Affordable-by-Design Study.

There have been bright spots of success: thoughtful projects developed with engagement from the community, progress in streamlining processes and allowing new types of housing. There has been increased collaboration between cities as well as between public and private partners. Through these efforts, projects are shifting to balance community character and ranges of affordability. Created by REACH and Koble Collaborative, the HIP Housing Highlights provides a quick look at what is driving the effort, some highlights of progress, and the opportunities ahead. More detail is available in Appendix C: Draft Housing Highlights.

DATA AND PROJECT INVENTORY

The HIP analyzes the transportation, water, and wastewater infrastructure barriers to housing development. Figure 2 provides the source details on the data used in the HIP analysis.

Figure 2: Data Inventory Sources



Housing

Proposed residential developments within the seven cities and unincorporated county were collected from planning staff in 2021. This data includes specific plans, proposed residential

and mixed-use projects projected for to be built between now and 2045. Residential development that has been completed or near completion was removed from the HIP analysis.

Water & Wastewater

In early January 2023, SLOCOG staff contacted the 44 water and wastewater agencies found in the 2021 Regional Water Infrastructure Resiliency Plan. Five initial questions were asked to the agencies:

1. Is your agency fulfilling its water/wastewater service demand?
2. Do you have capacity to serve additional housing units?
3. Is your agency experiencing any infrastructure limitations or does it have any infrastructure needs?
4. Have they been planned for?
5. Is there a cost estimate for these improvements?

The data collected includes the findings of the 2021 Regional Water Infrastructure Resiliency Plan, agency responses, local capital improvement project lists, and information from the County of San Luis Obispo's Water Team. Water and wastewater service districts were used as water boundaries. Detailed GIS based data from these agencies is limited and water capacity data will be informed by the County's Master Water Report Update. However, infrastructure projects, estimated costs, and timing were all collected. In 2023, forty-five water and wastewater projects were collected from the agencies.

Transportation

Transportation infrastructure was studied in the Transportation Efficiency Analysis (TEA) which the SLOCOG Board approved in April 2022. The TEA identified transportation barriers to housing production which resulted in a list of transportation projects that were prioritized as either land use necessitated or land use beneficial. Land use necessitated projects were transportation projects required for new housing development. These projects are considered TEA priority projects because they are needed to accelerate housing development. Land use beneficial projects are transportation projects that are not required for housing development but improve the transportation efficiency of an area. Of the 350+ transportation investments contained within in the 2023 Regional Transportation Plan (RTP), 64 transportation investments were identified as TEA projects. The San Luis Obispo Regional Transit Authority (RTA) provided details on transit projects and additional improvements needed to best serve additional housing development. The transportation infrastructure list was further refined in the HIP analysis and prioritized differently.

Bonus Layers

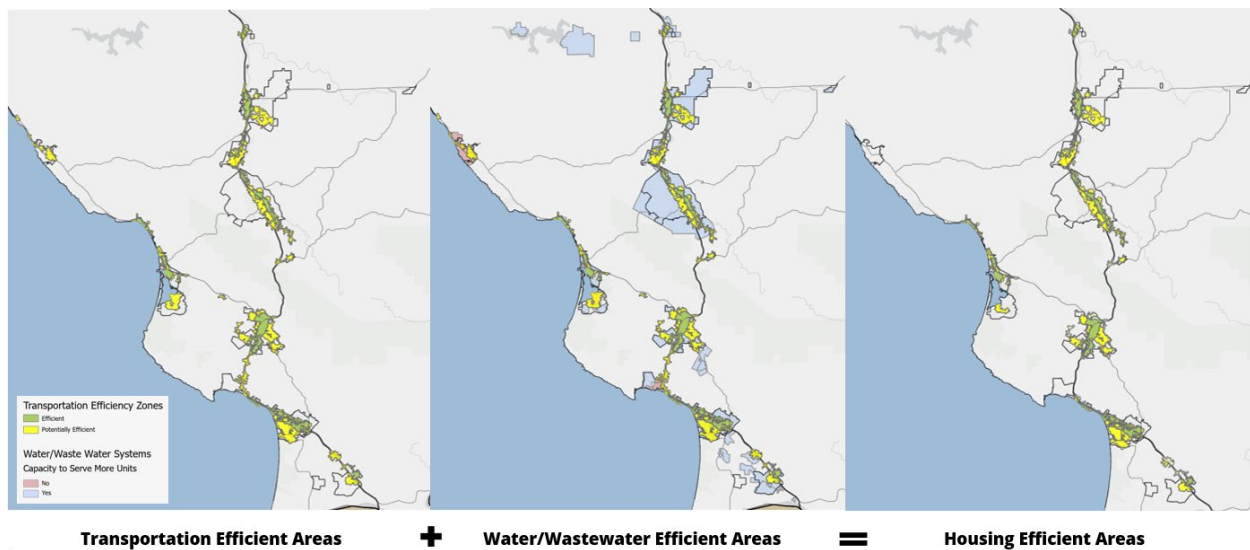
The HIP analysis provides the data that connects infrastructure and housing on a regional scale for the first time. The 2023 effort is also the first phase of the analysis. When planning for housing, land conditions are carefully considered. To provide a fuller picture, flood hazard,

sensitive habitat, open space, prime farmland, and fire hazard severity data were included as additional reference information. These were not used to remove infrastructure projects from the HIP list but are there to provide additional context.

HOUSING EFFICIENCY ANALYSIS

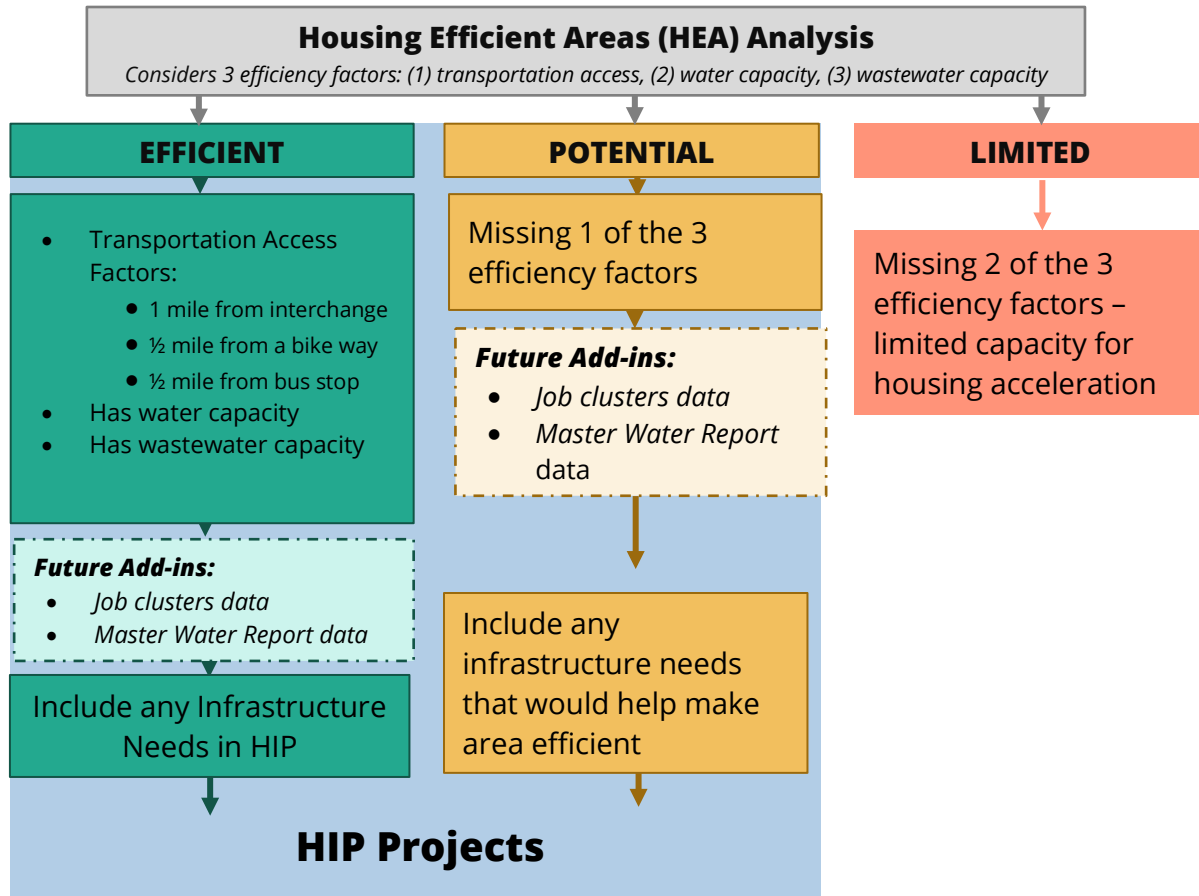
The Housing Infrastructure Analysis looks at three efficiency factors: transportation access, water capacity, and wastewater capacity. By combining the three efficiency factors, housing efficient areas were identified. This is graphically represented in Figure 3: HIP Mapping Process. Any infrastructure projects located in the “efficient” or “potential” mapped areas moved on to the prioritization phase. All areas and projects that were considered “limited” were removed from further analysis. The HIP in no way removes land use authority from local jurisdictions or changes zoning of an area. The Communities of Shandon, Avila Beach, and Cambria were removed from HIP analysis since they did not meet the efficiency criteria.

Figure 3: HIP Mapping Process



There were 440 infrastructure projects collected as part of the data inventory. Of those, 18% (80 projects) were located within a Housing Efficient Area. The 80 projects moved on to the prioritization phase. The flow of the analysis can be seen in Figure 4: HIP Analysis Process.

Figure 4: HIP Analysis Process



The draft HIP list contains 80 infrastructure projects with an estimated cost of more than one billion dollars in need. As seen in Figure 5: Draft HIP List Summary, one quarter of the needed infrastructure investments are water-related (supply & wastewater).

Figure 5: Draft HIP List Summary

	Estimate (\$ millions)	Projects
Total Estimate	\$ 1,015	80
WATER	\$ 396	21
TRANSPORTATION	\$ 618	59

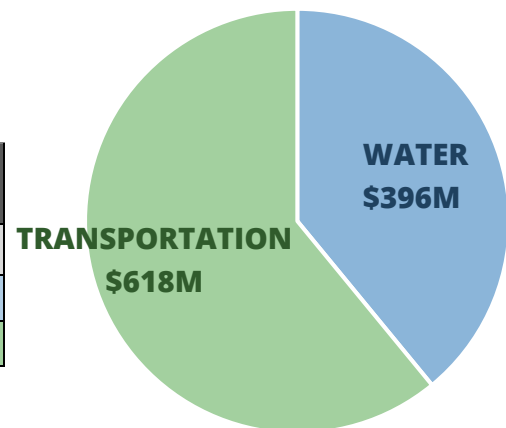


Figure 5: HIP Projects by Community breaks down the total number of HIP projects and the total estimated investment needed by community. Among the 80 total projects, three are listed as multijurisdictional projects including Central Coast Blue, the Regional Transit Authority Cashless Fare System Conversion, and the North County Transit Charging Facility. In Figure 6, these are listed as a separate row and are not included individually in the "HIP Projects" column for each community. However, multijurisdictional project costs are included in the community's total investment needed.

Figure 6: HIP Projects by Community

Community	HIP Projects	Total Estimated Investment Needed (\$ millions)
<i>Multijurisdictional*</i>	3	\$ 95
Arroyo Grande	1	\$ 136
Atascadero	4	\$ 112
Grover Beach	4	\$ 54
Morro Bay	1	\$ 22
Paso Robles	17	\$ 184
Pismo Beach		\$ 18
San Luis Obispo	26	\$ 267
County	22	\$ 172
Cayucos	2	\$ 8
Los Osos	3	\$ 15
Nipomo	6	\$ 34
Oceano	1	\$ 4
San Miguel	1	\$ 41
Santa Margarita	1	\$ 2
Templeton	7	\$ 66
Cal Poly	2	\$ 50
Total Projects	80	\$ 1,015

Ninety-nine percent of the region's population lives in four out of five subregions: North County, Central County, North Coast, and South County. The North and Central subregions have most of the HIP projects and combined make up an estimated 81% of the proposed new housing units in the entire region.

- North Coast (Los Osos, Morro Bay, and Cayucos)
- North County (Santa Margarita, Atascadero, Templeton, Paso Robles, San Miguel)
- South County (Pismo Beach, Grover Beach, Arroyo Grande, Oceano, Nipomo)
- Central County (San Luis Obispo)

*The Communities of Shandon, Avila Beach, and Cambria were removed from HIP analysis since they did not meet the efficiency criteria.

Figure 7: HIP Projects by Subregion

Subregion	Total Proposed Dwelling Units	HIP Projects	Total Estimated Investment Needed (\$ millions)
North County	6,540	31	\$ 405
Central County	6,171	29	\$ 319
North Coast	127	6	\$ 45
South County	2,876	13	\$ 246
			\$ 1,015

The complete HIP list can be viewed in Appendix D: HIP Project List.

HIP MAPPING TOOL

The [HIP Mapping Tool](#) is an interactive web app that supplements this plan. It was created to illustrate the HIP geographical analysis and support communication and collaboration. The web app includes three pages.

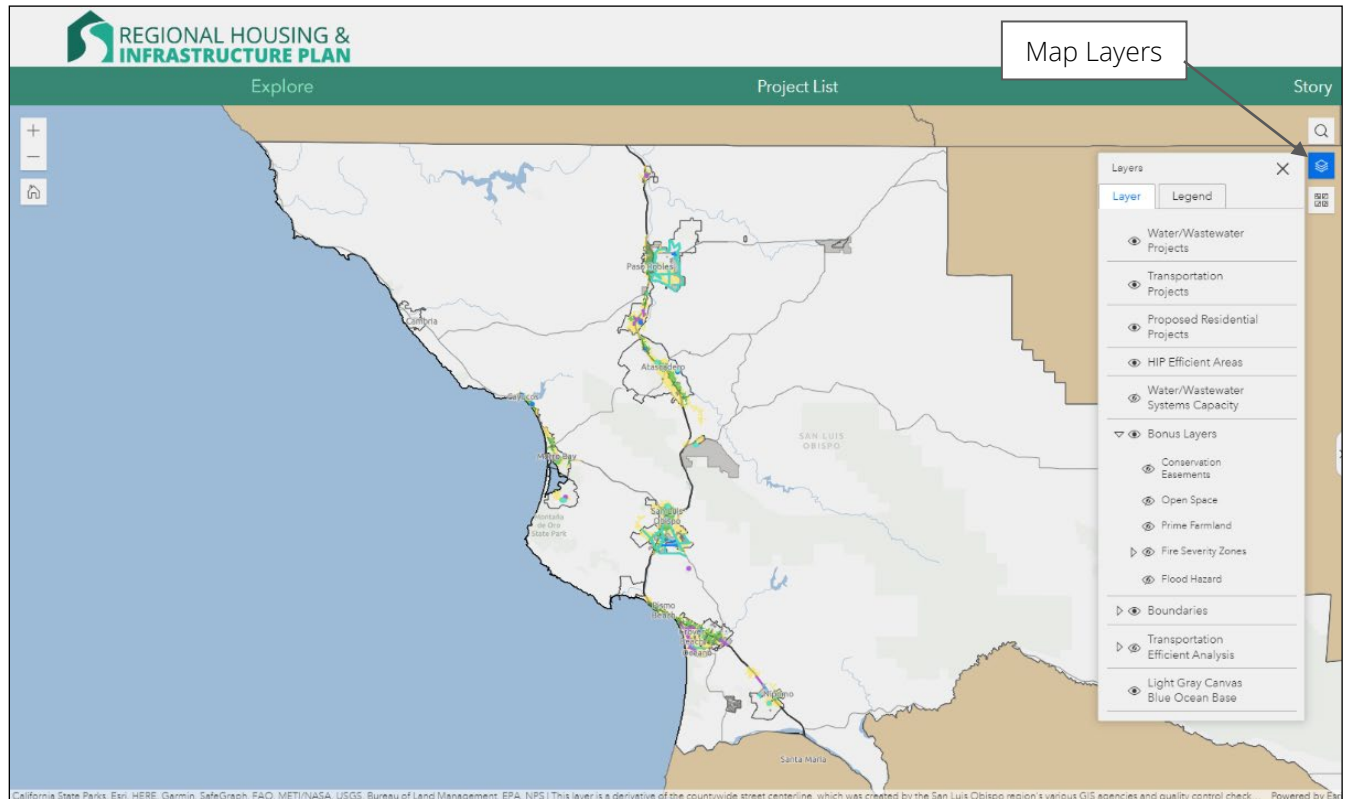
On the Explore page (shown below), users can pan/zoom around the Region to view and click on infrastructure projects. Transportation projects are symbolized with lines and open circles, and water/wastewater projects are symbolized with points. Bonus layers may be added to the map by clicking the map layers icon and opening the "bonus layers" group. Residential projects, symbolized by grey polygons, may also be selected to learn more information.

On the Project List page, users can sort infrastructure projects by water and transportation. Both lists are collapsible. When a project is selected on the list, the map will zoom to the project. The user may also click on the project on the map to view a pop-up showing the name, description, and estimated cost.

On the "Story" page of the tool, users may scroll through the HIP Storymap. It includes a quick summary of the HIP, the four-step geographic analysis, a timeline, and a link to the draft plan.

This tool was created using ArcGIS Experience Builder, ArcGIS Pro, ArcGIS Online, and ArcGIS Storymaps. It is in the draft stages and will continue to be developed along with the HIP.

Figure 8: HIP Mapping Tool



AFFORDABLE-BY-DESIGN STUDY

Our region also wanted to look at the concept of Affordable-by-Design (ABD) and evaluate housing affordability characteristics. The intention of ECONorthwest's ABD study was to see if certain units (without financial assistance or deed restrictions) could be considered affordable as either low- or moderate-income units and if so, how to incentivize ABD development. The ABD Study collected rental and for-sale housing data, interviewed local housing developers, created a unit feasibility analysis, collected case study examples, and identified policies that could incentivize ABD units. The ABD Study revealed that the rental market may be able to produce ABD housing in at least some parts of the County and is likely within a range where regulatory changes could make a difference. However, a longer approach is needed on the for-sale side since the gap between market sales prices and the target sales prices for moderate-income households is likely too large to overcome through design and regulatory measures alone. More detail is available in Appendix A: Draft Affordable-by-Design Study.

FUNDING STRATEGIES ASSESSMENT

BKF Engineering's HIP Funding Strategies Assessment evaluates the disparity between the cost estimate for each HIP identified project and the anticipated funding that could be obtained through various financial mechanisms. The Funding Analysis involved several steps: a funding requirement determination, an evaluation of potential funding sources, an estimation of potential grant funding, and a funding gap calculation. With current grant funding sources, our region can optimistically be awarded around \$91 million dollars depending on a local jurisdiction's interest in pursuing funding for that project. That leaves a funding gap of about \$924 million dollars for infrastructure projects needed for housing development. More detail is available in Appendix B: Draft Funding Strategies Assessment.

HOUSING HIGHLIGHTS

There have been bright spots of success: thoughtful projects developed with engagement from the community, progress in streamlining processes and allowing new types of housing. There has been increased collaboration between cities as well as between public and private partners. Through these efforts, projects are shifting to balance community character and ranges of affordability. Created by REACH and Koble Collaborative, the HIP Housing Highlights provides a quick look at what is driving the effort, some highlights of progress, and the opportunities ahead. More detail is available in Appendix C: Draft Housing Highlights.

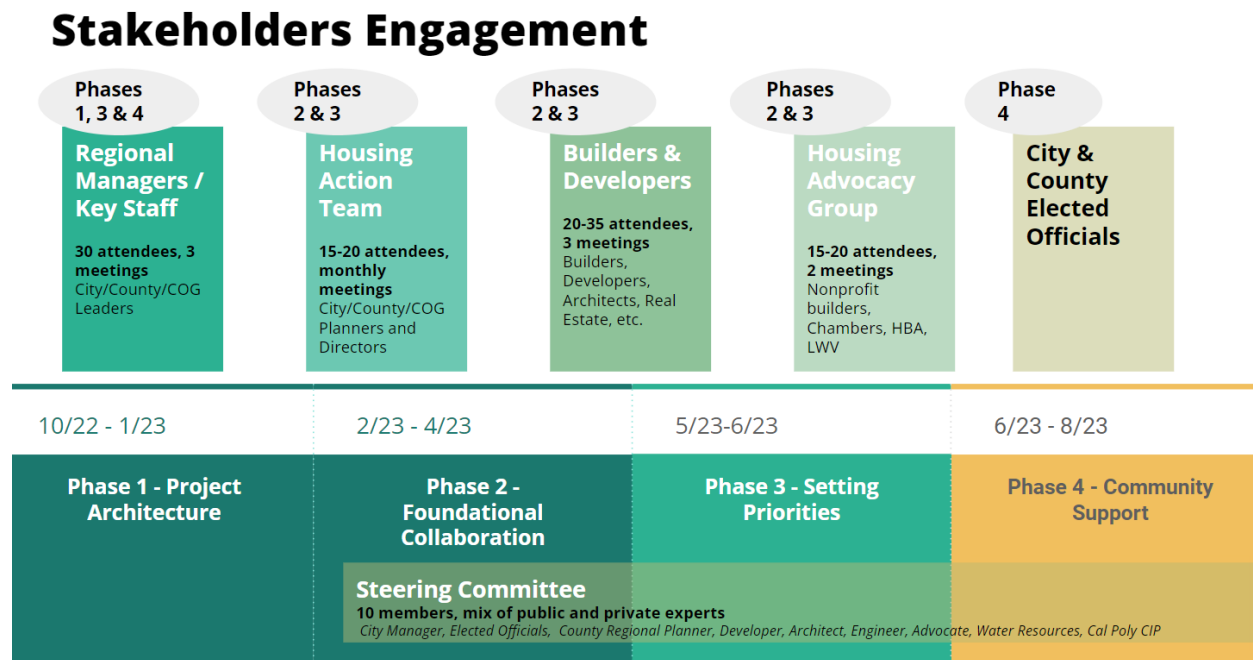
STAKEHOLDER ENGAGEMENT STRATEGY

The HIP engagement strategy established four outreach objectives:

- Foster ongoing collaboration and buy-in among private and public stakeholders.
- Remind government/elected officials of the Regional Compact and the motives behind it to lay groundwork for their commitment to the 2023 regional HIP.
- Build public sentiment in support of solutions and regional planning efforts related to HIP.
- Support effective coordination with and communication among SLOCOG, HIP consultants and the Comprehensive Economic Development Strategy (CEDS) teams.

The San Luis Obispo region has strategic goals for the future of housing and infrastructure, but they can only be achieved through the decisions and actions of organizations and stakeholders. The stakeholder meetings are designed to have honest conversations about what each organization can and needs to do to realize those goals. Figure 9 depicts the timeline and amount of engagement that done during the 2023 HIP.

Figure 9: HIP Stakeholder Engagement



The following list are the key stakeholder groups engaged – totaling approximately 150 individuals that participated during the HIP development process in January - July 2023:

Regional Managers/ Key Staff: A key driving force behind developing this plan has been regional leadership, including eight City Managers, County Administrative Officer, SLOCOG Executive Director (and key directors from their organizations).

Building & Development Cluster: Leaders in the building and development industry that convene quarterly with the goal of regional coordination focused on aligning housing and infrastructure needs to create a strong local economy.

Housing Advocacy Group: Organizations and individuals that have significant influence in the community, with representation from the non-profit builders, local chambers of commerce and various advocate organizations.

Housing Action Team: Existing work group made up of planning/ community development staff from Cities, County, and SLOCOG.

Community Stakeholders: The broader community was engaged through public updates to SLOCOG Board as well as through presentations to their Councils and Boards through June-August 2023.

HIP Steering Committee: Formed to oversee the vision for the HIP Outreach Strategy and to bring leaders in each of these areas together, aligning and integrating the various interests that will lead to action on the region's priorities.

Elected Officials: Two City Council Members with knowledge of regional differences bring the various perspectives and concerns voiced by their respective constituents for this Steering Committee. The full 40 elected officials within the region will have an opportunity to hear about the plan through public updates to SLOCOG Board as well as through presentations of the recommended HIP to their Councils and Boards in Summer 2023.

Figure 10: City Council & County Board of Supervisor HIP Schedule

June 27, 2023	City of Morro Bay Council
July 11, 2023	City of San Luis Obispo Council
July 11, 2023	City of Atascadero Council
July 18, 2023	City of Paso Robles Council
July 18, 2023	City of Pismo Beach Council
July 24, 2023	City of Grover Beach Council
July 25, 2023	City of Arroyo Grande Council
August 8, 2023	County Board of Supervisors

At the time of this release (July 14), staff presented the HIP to three City Councils. To-date, Councils have offered rich feedback related to the approach and overall regional strategy. However, to not over accentuate a few Councils' comments prior to the remaining Council presentations, key input themes will be presented during the August 2 SLOCOG Board Meeting.

PRIORITIZATION CONSIDERATIONS

Infrastructure Prioritization

Based on input from stakeholders in February & March 2023, the HIP infrastructure projects were prioritized to maximize ability to accelerate housing within housing efficient areas, considering three factors: (1) if project is needed for new housing; (2) benefit/cost (investment cost per additional potential housing units served); and (3) barriers to development. Barriers to development include instances such as a building moratorium. These barriers are outside the controls of the HIP and slow housing development. The prioritization process can be seen in Figure 11: Prioritization Factors.

Infrastructure projects were divided into two lists, water and transportation, and then prioritized. It was concluded that transportation projects, in general, could be built at various stages of housing development. Whereas housing cannot be built without adequate water distribution and collection infrastructure. Each list was sorted by highest benefit/cost and the total funding need for the list was divided by three. The premise of the 2023 HIP is to accelerate housing development, so the vetted prioritization factors relate solely to the total amount of proposed housing. In the future, other factors like jobs-housing balance and proposed housing unit type could be considered.

Figure 11: Prioritization Factors

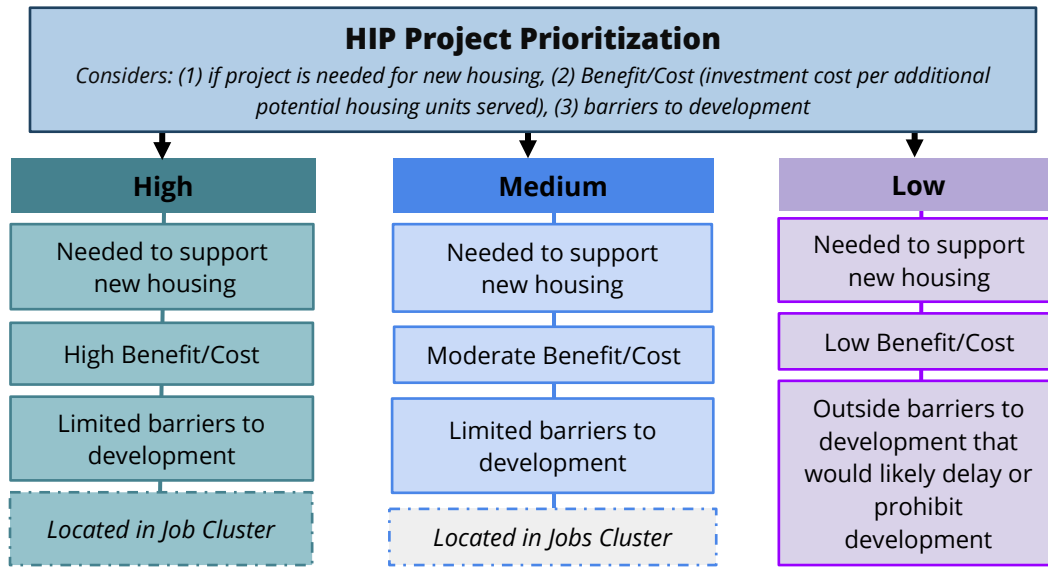


Figure 12 provides a summary of prioritization exercise using the 80 HIP projects. These factors were vetted multiple times but as a living document, there is room for continued refinement of the process and data. Currently, there is no funding specifically tied to the 2023 HIP so prioritizing further was unnecessary. However, the identification of the 80 HIP projects (from 440) is a critical first step in linking the region's efficient housing areas to critical infrastructure projects.

Figure 12: Results from Prioritization Exercise

	<i>Estimate (\$ Millions)</i>	<i>Projects</i>
Estimate for all HIP Projects	\$ 1,014	80
High	\$ 348	54
Medium	\$ 385	10
Low	\$ 281	16

Future Data Considerations

Creating balanced communities is one of the six 2020 Regional Housing Compact goals. The 2023 Sustainable Communities Strategy defines a jobs-housing balanced community as:

A community where residents can both live and work. With jobs and housing in close proximity, vehicle trips and commute times reduce and active transportation and transit use increase. These balanced communities also provide a broad mix of housing options to accommodate households with a range of incomes.

As a proactive measure, the jobs-housing balance of communities was analyzed using live/work percentages. A live/work percentage is the total number of employees living and working in the city or community boundaries divided by the total workers living in that boundary. In future iterations of the HIP, jobs-housing balance could be integrated through the live/work percentage and additional job cluster data as mentioned in Figure 4: HIP Analysis Process and Figure 13: Future Data Considerations by Community.

Figure 13: Future Data Considerations by Community

Community	Number of Total Proposed Dwelling Units	% of Multi- family units proposed	Live Work Percentage
Arroyo Grande	600	18%	14%
Atascadero	722	75%	21%
Grover Beach	624	81%	9%
Morro Bay	120	47%	21%
Paso Robles	4,959	42%	28%
Pismo Beach	297	30%	12%
San Luis Obispo	6,171	58%	41%
County	2,221	25%	
<i>Cayucos</i>	7	0%	13%
<i>Los Osos</i>	-	0%	11%
<i>Nipomo</i>	1,351	34%	9%
<i>Oceano</i>	4	100%	4%
<i>San Miguel</i>	152	0%	3%
<i>Santa Margarita</i>	514	10%	2%
<i>Templeton</i>	193	19%	12%
Total	15,714		

Source: Longitudinal Employer-Household Dynamics (LEHD) 2019, SLOCOG GIS 2021

Figure 13 and Figure 14 are for reference purposes only. This information is included since it relates to goals found in the 2020 Regional Housing Compact, HIP stakeholder interest, and or relates to the 2023 Affordable-by-Design Study. The 2023 Affordable-By-Design Study has

shown that units within the multi-family category are more aligned units in the low- and moderately priced income categories.

Figure 14: Future Data Considerations by Subregion

<i>Subregion</i>	<i>Number of Total Proposed Dwelling Units</i>	<i>% of Multi-family units proposed</i>	<i>Live Work Percentage</i>
<i>North County</i>	<i>6,540</i>	<i>42%</i>	<i>40%</i>
<i>Central County</i>	<i>6,171</i>	<i>58%</i>	<i>44%</i>
<i>North Coast</i>	<i>127</i>	<i>44%</i>	<i>27%</i>
<i>South County</i>	<i>2,876</i>	<i>41%</i>	<i>27%</i>

Source: Longitudinal Employer-Household Dynamics (LEHD) 2019, SLOCOG GIS

CONCLUSION

The 2023 HIP is the first planning tool of its kind, and it is intended to be a living document. For the last five years, collaboration has continued to build, and these incremental steps have allowed the region to make progress in addressing the monumental challenges of the housing and infrastructure shortage. Nothing in the HIP mandates any of the Cities, County, or SLOCOG to take certain actions, but rather offers analysis to inform decisions and tools to support our communities moving forward. It is understood that each community is unique and must consider what works for their community while considering how to be a good regional partner. The 2023 HIP moves the region one step further in a larger and ongoing regional collaborative effort to develop an adequate supply of housing, create resilient infrastructure, and support our economic prosperity.

APPENDIX

Appendix A: Draft Affordable-by-Design Study

Appendix B: Draft Funding Strategies Assessment

Appendix C: Draft Housing Highlights

Appendix D: 2023 HIP Projects

Appendix E: Regional Compact & Housing Element Regional Chapter



ECONorthwest

**REGIONAL HOUSING &
INFRASTRUCTURE PLAN**



Working With the Market:

Understanding and Supporting
Affordable-by-Design Housing
in San Luis Obispo County

Prepared for
San Luis Obispo Council of Governments

July 12, 2023 | *PUBLIC REVIEW DRAFT*

Acknowledgements

ECONorthwest prepared this report for the San Luis Obispo Council of Governments (SLOCOG). ECONorthwest and SLOCOG thank those who helped develop the Affordable-by-Design Study.

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- Phil Dunsmore, Atascadero
- Rafael Castillo, Grover Beach
- Teresa McClish, City of SLO

Local Housing Industry Experts that provided input

- Abbott | Reed Inc.
- Z Villages Management and Development
- Coastal Community Builders
- Ambient Communities
- Midland Pacific Homes
- People's Self-Help Housing
- Housing Authority of SLO (HASLO)
- Paso Robles Housing Authority
- North San Luis Obispo County Association of Realtors
- California Association of Realtors Region 31
- Compass Real Estate
- San Luis Obispo County Housing Trust Fund
- Habitat for Humanity
- Home Builders Association
- YIMBY
- SLO Chamber of Commerce
- South County Chamber of Commerce
- Morro Bay Chamber of Commerce
- Paso Robles Chamber of Commerce
- League of Women Voters
- Kovesdi Consulting
- Covelop
- Specialty Construction
- Wallace Group
- The HRM Corp.
- Ten Over Studio
- People's Self-Help Housing
- RRM Design Group
- Vivian Hanover Ventures Real Estate
- California Polytechnic University
- First American Title Company, San Luis Obispo
- Omni Design Group
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EXECUTIVE SUMMARY

Purpose

This study, prepared for the San Luis Obispo Council of Governments (SLOCOG) by ECONorthwest, considers what types of housing could be “affordable-by-design” (ABD) in San Luis Obispo County and how jurisdictions in the county could support this type of development. ABD housing is defined for this study as housing that is affordable to low- or moderate-income households (earning less than 120% of area median income [AMI]) without subsidies or price/rent restrictions. ABD housing is one potential component of an overall strategy to meet jurisdictions’ regional housing need allocation (RHNA) targets; this study does not address other strategies to meet housing needs for low- or moderate-income households or to meet housing needs for other income categories.

What housing is, or could be, affordable-by-design in San Luis Obispo County?

Based on a review of housing market data from CoStar and Redfin, ECONorthwest identified recent developments within San Luis Obispo (SLO) County that appear to meet the ABD criteria for this study. Few recent market-rate developments (built within the last five years) in SLO County appear to have rents or sales prices that are affordable to households earning less than 120% of AMI.

- **Rental housing examples:** The available data suggests a few newer apartment buildings may meet the affordability criteria for some or all units.¹ Among these example apartments, many of the unit types that met the affordability criteria were for smaller units (e.g., relatively small studios and one-bedroom units). In some cases, larger units within the same development did not meet affordability criteria even when smaller units did. The example developments all were three-story walk-up apartments, but other three-story apartment developments built around the same time did not meet the affordability criteria.
- **For-sale housing examples:** The only recently built for-sale housing identified as meeting ABD criteria in SLO County were newer manufactured homes in manufactured home parks.² Although there have been some recent for-sale housing developments that were intended and marketed as “affordable by design,” their sales prices exceeded the limit set by SLO County for moderate income households.

¹ Due to data limitations, some of the identified examples may reflect lower average rents due to rent-restricted units provided to meet inclusionary housing requirements.

² After accounting for the space rent that these homes would pay in a manufactured home park, even these examples may not all meet affordability criteria for moderate-income households.

ECONorthwest also interviewed several local housing developers. These interviews helped identify barriers to developing ABD housing in SLO County. Several interviewees, upon reviewing the target sales prices, noted that it would be difficult or impossible to meet the sales price targets with any type of new market-rate for-sale housing in SLO County.

ECONorthwest also looked to other regions in California and the United States for examples of market-rate housing developments that offered lower rents or sales prices than typical for that market. This search yielded several examples of developments with small units, simple design and construction, and/or lower-cost locations that allowed them to achieve lower prices or rents than most new construction in their area.

Based on the local and national market research and input from local developers, ECONorthwest selected three illustrative example developments most likely to meet ABD criteria in SLO County for further analysis of how affordability and development feasibility could vary in different parts of SLO County:

- A 3-story walk-up apartment with typical unit sizes (roughly 880 sq. ft. per unit on average) and typical site layout for the region
- A more compact 3-story walk-up apartment with smaller unit sizes (roughly 620 sq. ft. per unit on average), less parking, and less landscaping/setbacks
- A 4-story microunit development with very small units (roughly 300 sq. ft. per unit on average) and no parking

Given local market conditions and developer input, the for-sale examples from other regions were unlikely to be viable or affordable in SLO County and were not further analyzed.

This analysis suggested that microunits can help achieve affordability for moderate-income households in the most expensive parts of the county and could be viable to develop in dense, walkable areas where potential renters would be willing to forego owning a car or having convenient parking. Compact walk-up apartments appear to offer a balance that could be both affordable and potentially feasible in some parts of the county. In lower-cost parts of the county, market rents may be affordable to moderate-income households even for larger units but may not be high enough to cover the cost of new construction. Overall, the rental market may be able to produce ABD housing in at least some parts of the County and is likely within a range where regulatory changes could make a difference. However, on the for-sale side, the gap between market sales prices and the target sales prices for moderate-income households is likely too large to overcome through design and regulatory measures alone.

How can jurisdictions in San Luis Obispo County support affordable-by-design housing?

For jurisdictions that identify ABD housing as a way to meet part of their RHNA obligations and local housing needs, there are a variety of ways to facilitate this type of development without providing direct financial subsidy or imposing rent/price limits. Based on stakeholder feedback, ECONorthwest and SLOCOG identified six policy areas for further evaluation:

1. Objective Design Standards
2. Ministerial Approvals and Streamlined Approval Processes
3. Density Limits and Parking Requirements
4. Zoning Vacant Land for Multifamily Housing
5. Aligning Infrastructure Investments with Land for Multifamily Housing
6. Adjusting Impact Fee Policies or Rate Structures to Incentivize ABD Housing

Based on current planning practices among the SLOCOG jurisdictions and research on how other jurisdictions outside SLOCOG have approached these policy areas, ECONorthwest developed recommendations for SLOCOG jurisdictions to consider in support of ABD housing within each of these six policy areas:

Objective Design Standards

- **Adopt simple objective design standards (ODS):** Avoid overly detailed requirements when adopting ODS, and provide flexibility where possible (e.g., through a menu-based approach).
- **Simplify minor adjustments:** Offer a process for minor deviations from the ODS that can still be reviewed by staff.

Ministerial Approvals and Streamlined Approval Processes

- **Expand eligibility for Ministerial Approvals:** For jurisdictions that currently limit availability of ministerial approvals based on the number of units, this threshold could be increased (e.g., to 150 units) or eliminated for multifamily developments in medium and high-density residential zones.
- **Have staff review projects using ODS:** Even if the review is not considered truly ministerial, avoiding having a body accustomed to doing discretionary reviews serve as the approval body for projects subject to ODS could help streamline the process and avoid raising concerns that cannot be addressed.

Density Limits and Parking Requirements

- **Adjust density limits in high-density residential and mixed-use zones:** This could take several different forms:
 - For density limits expressed in dwelling units per acre, increase the maximum density allowed by-right. Allowing at least 35 units per acre will generally allow for three-story walk-up apartment development, which may meet ABD criteria. Higher densities may be appropriate for downtown areas and mixed-use development.
 - Use floor area ratio (FAR) or other physical form limits (e.g., height) to regulate the amount of development. This can serve as an incentive for building smaller units.
 - Use fractional density or a density bonus to encourage smaller units.
- **Reduce or eliminate parking minimum requirements for smaller units:** Require less than one space per unit for small units and/or exempt microunits in downtown or mixed-use areas from parking requirements.

Zoning Vacant Land for Multifamily Housing

- **Zone vacant buildable sites large enough to accommodate multifamily development:** Zone buildable sites to allow by-right at an appropriate density. Ideally, this would include sites over an acre with access to infrastructure.

Align Infrastructure Investments with Land for Multifamily Housing

- **Use the ongoing HIP process to prioritize infrastructure investments:** Use the HIP process and prioritize investments that can unlock multifamily development in appropriate areas.

Adjusting Impact Fee Policies or Rate Structures to Incentivize ABD Housing

- **Scale by unit size:** Wherever reasonable, adjust impact fees by unit size to reflect lower impacts from smaller units. This could also mean increasing fees for larger units so that the change is revenue neutral.
- **Defer collection:** Allow deferral of the impact fee until occupancy for multifamily development regardless of whether it includes affordable units.
- **Adjust for infill locations:** Set fee rates lower where infrastructure needs are lower due to proximity to existing facilities. This can offset some of the higher cost of building in close-in, more developed areas.

These recommendations should be considered alongside other housing strategies to meet local housing needs and RHNA targets based on each jurisdiction's needs, market conditions, and existing policy context.

INTRODUCTION

The intention of the Affordable-by-Design (ABD) Study is to determine whether certain types of market-rate housing units are likely to be affordable to low- or moderate-income households in San Luis Obispo County “by design” and what jurisdictions in San Luis Obispo County can do to support this type of housing. Identifying physical characteristics that are commonly associated with the targeted level(s) of affordability could allow the jurisdictions to count these developments toward RHNA requirements in annual reports to Housing and Community Development (HCD) and align local policies to support this type of housing production.

For the purposes of this study, “affordable by design” is defined as new housing that is not income or rent restricted, but where typical market rents or sales prices would be affordable to low or moderate-income households (earning 50-120% of San Luis Obispo County’s AMI). The study encompasses the seven incorporated Cities and unincorporated San Luis Obispo (SLO) County.

The study included the following components:

Part 1: Understanding ABD Housing in San Luis Obispo County

- Identify common physical characteristics for ABD housing based on a review of market data and development examples from SLO County as well as other regions.
- Market and financial feasibility analysis to determine whether housing built with the identified physical characteristics would meet ABD criteria and be financially feasible for a market-rate developer to build in the different parts of the county.

Part 2: Supporting ABD housing in San Luis Obispo County

- Identification of barriers to ABD development and a range of potential policy measures that could help support ABD housing based on interviews with local housing developers and ECONorthwest’s analysis.
- Stakeholder feedback on the study’s findings and on priorities for policy measures to explore further through this study, resulting in selection of six policy measures for further evaluation.
- Additional analysis of the selected policy measures, including a survey of current planning practices among the SLOCOG jurisdictions related to these policies and research on how other jurisdictions outside SLOCOG have implemented the selected policy measures.
- Draft recommendations for SLOCOG jurisdictions to consider in support of ABD housing.

The balance of this report summarizes the results of this analysis and the recommended policy measures for consideration.

PART 1: UNDERSTANDING ABD HOUSING IN SLO COUNTY

Identifying Examples and Characteristics of ABD Housing

Rent and Sales Price Limits for ABD Housing in SLO County

San Luis Obispo County's published rent and sale price limits by income level define the rent and price range affordable at this income level (see Figure 1).³

Figure 1: San Luis Obispo County's Rent and Sale Price Limits (May 2022)

Source: San Luis Obispo County Department of Planning and Building, Affordable Housing Standards, May 2022⁴

Maximum rents: (see footnotes)

Unit Size (Bedrooms)	Acutely Low	Extremely Low Income	Very Low Income	Low Income	Moderate Income	Workforce
Studio	\$287	\$573	\$956	\$1,147	\$2,102	\$2,867
1	\$328	\$655	\$1,092	\$1,310	\$2,402	\$3,276
2	\$369	\$737	\$1,229	\$1,475	\$2,703	\$3,686
3	\$410	\$819	\$1,365	\$1,638	\$3,003	\$4,095
4	\$442	\$885	\$1,474	\$1,769	\$3,244	\$4,423

Note 1: The maximum rent limits shown above do not include adjustments for utilities. Refer to the utility allowance bulletin posted on the website of the Housing Authority of the City of San Luis Obispo.

Note 2: Rent limits are updated when the State issues its annual update to median incomes, generally in April of each year.

Sample maximum sales prices: (see footnotes)

Unit Size (Bedrooms)	Acutely Low	Extremely Low Income	Very Low Income	Low Income	Moderate Income	Workforce
Studio	17,000	\$54,000	\$100,000	\$151,000	\$292,000	\$406,000
1	23,000	\$64,000	\$120,000	\$175,000	\$337,000	\$466,000
2	28,000	\$75,000	\$137,000	\$199,000	\$381,000	\$527,000
3	33,000	\$85,000	\$154,000	\$224,000	\$426,000	\$587,000
4	37,000	\$93,000	\$168,000	\$243,000	\$461,000	\$636,000

Note 1: Homeowner association due (HOA) assumption per month is 150.00

Note 2: Mortgage financing assumed at a fixed rate for 30 years (HSH Associates) is 6.43%

Note 3: Prices shown are preliminary estimates and may be revised. Round to the nearest 1000th.

³ The City of San Luis Obispo has its own way of calculating maximum sale prices for its inclusionary housing program, which results in somewhat higher maximum sales prices. However, for consistency across the County, this analysis uses the County's price limits.

⁴ "Affordable Housing Standards." San Luis Obispo County Department of Planning and Building, June 1, 2022. [https://www.slocounty.ca.gov/Departments/Planning-Building/Forms-Documents/Housing-Forms-and-Documents/Informational-Documents/Affordable-Housing-Standard-\(Post-2009\).pdf](https://www.slocounty.ca.gov/Departments/Planning-Building/Forms-Documents/Housing-Forms-and-Documents/Informational-Documents/Affordable-Housing-Standard-(Post-2009).pdf).

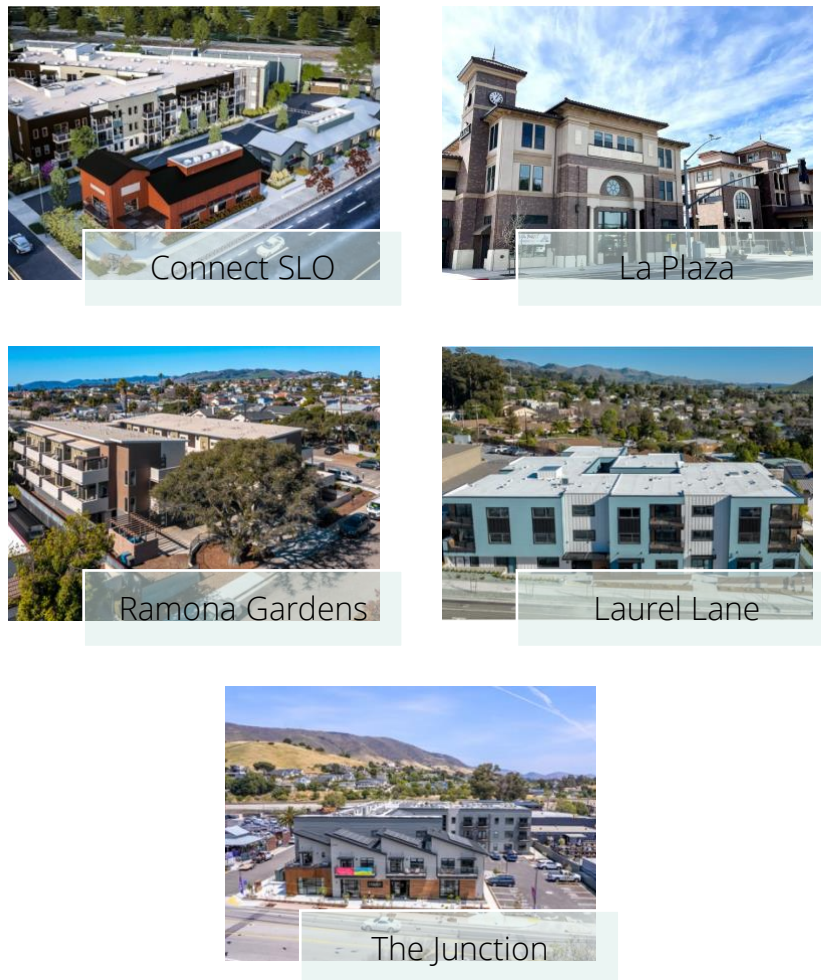
Examples of ABD Rental Housing

Rental Housing Examples from SLO County

ECONorthwest used data from CoStar, a proprietary market data service, to identify recently constructed (within the last five years) market-rate multifamily rental housing in SLO County where rents appear to meet the rent limits shown in Figure 1 by unit type (number of bedrooms). This search yielded five properties where at least some unit sizes appear to meet moderate-income rent limits.⁵ Properties were included as examples even if some unit sizes did not meet affordability criteria. These example properties are shown in Figure 2 below, and their characteristics are summarized in Figure 3.

Figure 2: Examples of Rental Housing in SLO County that May Meet or Partially Meet ABD Criteria

Source: CoStar



⁵ Note that CoStar reports rents on average by unit type and does not separate rents for affordable units from those for market-rate units within mixed-income buildings.

Figure 3: Characteristics of Rental Housing Examples in SLO County that May Meet or Partially Meet ABD Criteria

Source: ECONorthwest analysis of CoStar data, February 2023.

	Connect SLO	La Plaza	Laurel Lane	Ramona Gardens	The Junction
Jurisdiction	San Luis Obispo	Atascadero	San Luis Obispo	Grover Beach	San Luis Obispo
Land Area (AC)	Not Available	1.83	Not Available	0.51	1.58
# Units	78	42	22	19	69
# Stories	3	3	3	3	3
Studio Affordability	Above Moderate	Moderate	N/A	Moderate	Above Moderate
Studio Unit Count	45	1	0	1	43
Studio Unit Size	477 sf	534 sf	N/A	400 sf	531 sf
1 BR Affordability	Moderate*	Moderate	Low/Moderate*	Moderate	Moderate*
1 BR Unit Count	26	27	1	4	17
1 BR Unit Size	664 sf	721 sf	514 sf	800 sf	568 sf
2 BR Affordability	Above Moderate	Above Moderate	Moderate*	Moderate	Above Moderate
2 BR Unit Count	7	12	3	14	9
2 BR Unit Size	1,032 sf	1,537 sf	877 sf	800 sf	799 sf
3 BR Affordability	N/A	Above Moderate	Above Moderate	N/A	N/A
3 BR Unit Count	0	2	18	0	0
3 BR Unit Size	N/A	2,808 sf	1,288 sf	N/A	N/A

*CoStar does not isolate market rents in mixed-income buildings. Reported average rents may be artificially low due to some units being below market rate, particularly where inclusionary housing regulations apply.

This analysis suggests that some new apartments offer units that are affordable at moderate-income rents in at least some parts of the County. In communities with inclusionary housing policies, this may be skewed by mixed-income buildings. Among these examples, one-bedroom units were most likely to be affordable and no three-bedroom units met affordability criteria.

This suggests that even for developments that do include some units affordable to moderate-income households, the largest units are unlikely to meet affordability targets.

A review of the physical characteristics of these developments shows that design plays a role in making them affordable, but it does not guarantee affordability. Most of the examples are three-story buildings, and most have small average unit sizes; however, many other apartments built in the County are also three stories and not all small units are affordable to moderate-income households.

ABD Rental Housing from Other Regions

ECONorthwest looked at examples of other types of rental housing recently developed in other housing markets for housing types that could potentially meet ABD criteria if built in SLO County. The primary type of housing that consistently achieved moderate-income affordability (or below) in similar housing markets is microunits. These typically have:

- Unit sizes between 150 and 350 sq. ft. with individual kitchenettes and shared kitchens⁶
- No vehicle parking but onsite bike storage
- Generally four or more stories, high density, with minimal setbacks/landscaping
- Highly walkable and desirable locations

Figure 4: Examples of Microunit Developments

Image credits: Alcove PDX (<https://pdxalcove.com>); Stenberg Hart

(<https://www.stenberghart.com/design/projects/mccadden-place-micro-units/>)



⁶ Because of the shared kitchens, groups of four to eight microunits are often regulated as a single-dwelling unit under the zoning codes where these developments have been permitted.

Examples of ABD For-Sale Housing

ABD For-Sale Housing Examples from SLO County

ECONorthwest used sales transaction data from Redfin to identify sales within the last year of recently constructed housing units that sold for less than the sales price threshold listed in Figure 1. Only manufactured housing in manufactured home parks met these target price points (see examples in Figure 5).⁷

Figure 5: Examples of ABD For-Sale Housing in SLO County

Source: Redfin



A few small detached homes (such as the examples shown in Figure 6) came close to meeting the County's affordability standards and would meet the County's workforce housing price limits, but they exceeded the County's moderate-income sales price limits.

Figure 6: Examples of Small Detached Homes Close to ABD Sales Limits

Source: Redfin



⁷ Because these manufactured homes must pay space rent for the manufactured home park, when this space rent is accounted for, even these units may not be affordable for moderate-income households.

ABD For-Sale Housing from Other Regions

Looking at examples from other regions, ECONorthwest identified three types of for-sale housing that tended to offer the lowest price points in other relatively high-cost housing markets. These include the following:

- **Very small detached units** (roughly 350-800 sq. ft.) with shared yards and clustered parking. The smallest units may be affordable at close to 120% of AMI in that market, but the most comparable units in SLO County exceed the target price. It is possible that the smallest detached units (e.g., under 800 sq. ft.) could meet the affordability targets in some cases.

Figure 7: Examples of Very Small Detached Units from Other Markets

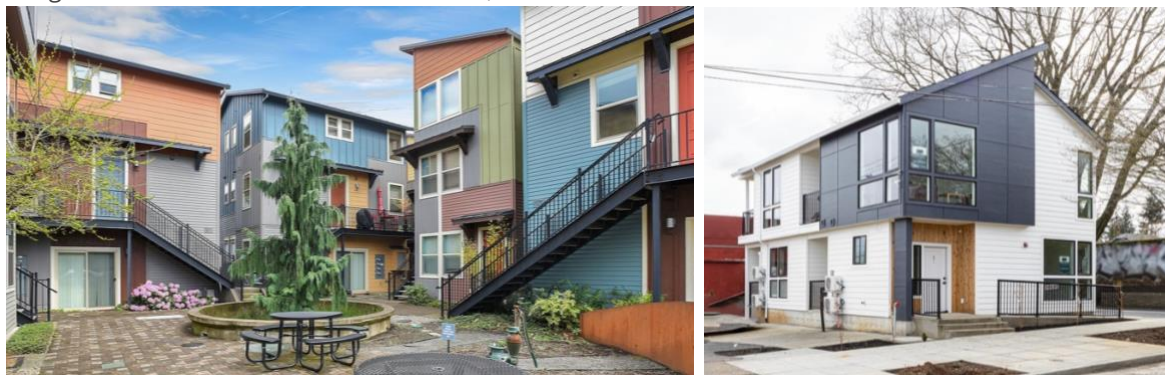
Image credits: Redfin⁸; Connect Architecture⁹; South Park Cottages¹⁰



- **Small condo units** (roughly 325-600 sq. ft.) with little or no onsite parking. These can be affordable for moderate-income households in portions of some high-cost regions, but may not be viable in SLO County's market given the small size and lack of parking.

Figure 8: Examples of Small Condo Units from Other Markets

Image Credits: Portland's Best Real Estate¹¹; Redfin¹²



⁸ <https://www.redfin.com/OR/Bend/61301-Benham-Rd-97702/unit-1/home/167021238>

⁹ <https://www.connectarchitecture.us/posh-pockets>

¹⁰ <https://southparkcottages.com/>

¹¹ <https://www.portlandsbestrealestate.com/division-43-studio-condo>

¹² <https://www.redfin.com/OR/Portland/7360-N-Atlantic-Ave-97217/unit-3/home/185141446>

- **Simple condo development** with simple design, medium-sized units (roughly 600-1000 sq. ft.), little or no onsite parking, and few shared amenities. These units can be affordable to moderate-income households in portions of some high-cost regions but may not be viable in SLO County's market given high development costs.

Figure 9: Examples of Simple Condo Developments from Other Markets

Image Credits: Redfin¹³



- **Small town house units** (roughly 1,000-1,600 sq. ft.). These can be affordable to moderate-income households in portions of some high-cost regions, but comparable units in SLO County exceed the target price.

Figure 10: Examples of Small Town House Units from Other Markets

Image Credits: Redfin¹⁴



¹³ <https://www.redfin.com/CO/Federal-Heights/1401-W-85th-Ave-80260/unit-B101/home/176995897>;
<https://www.redfin.com/OR/Portland/1801-N-Rosa-Parks-Way-97217/unit-303/home/172577477>;
<https://www.redfin.com/OR/Portland/5025-N-Minnesota-Ave-97217/unit-102/home/185246763>

¹⁴ <https://www.redfin.com/CO/Denver/2206-E-38th-Ave-80205/home/185222737>;
<https://www.redfin.com/OR/Portland/7308-NE-11th-Ave-97211/home/185109359>

- **Smaller single-family detached homes** (“starter homes”) that are typically three-bedroom units roughly 1,200-1,500 sq. ft. These can be affordable to moderate-income households in moderate-cost areas (e.g., California’s Central Valley), but comparable units in SLO County exceed the target price.

Figure 11: Examples of Small Single-Family Detached Homes from Other Markets

Image Credits: Redfin¹⁵



Based on developer interviews and review of market data from SLO County, none of the examples of ABD for-sale housing from other markets seemed likely to be viable as a way to deliver ABD for-sale housing in SLO County, and they were not further evaluated.

Overall, the data suggests that SLO County market conditions are unlikely to support new for-sale housing at prices affordable to moderate-income households, with the possible exception of manufactured housing in parks. A few developments have attempted to produce ABD for-sale housing, but even with very small homes, prices are still too high for the moderate-income target price range. In addition, even if jurisdictions were to change policies, factors that make for-sale housing more affordable in other areas may not translate to the SLO County market (e.g., lower land cost, no parking, few amenities, microunits).

¹⁵ <https://www.redfin.com/CA/King-City/611-Cecily-St-93930/home/167240703>;
<https://www.redfin.com/CA/Shafter/9710-Amberdale-Way-93263/home/178358767>

Market and Development Feasibility Analysis

Potential ABD Housing Types Selected for Analysis

Based on the review of ABD examples from SLO County and other market areas, ECONorthwest selected three development “prototypes” that typify the physical characteristics that showed potential viability and affordability to moderate-income households in the San Luis Obispo market:

- A 3-story walk-up apartment with typical unit sizes and site layout for the region
- A more compact 3-story walk-up apartment with smaller unit sizes, less parking, and less landscaping/setbacks
- A 4-story microunit development with very small units and no parking

Additional characteristics and physical features assumed for these prototypes are listed in Figure 12.

Figure 12: ABD Prototype Assumptions

Source: ECONorthwest

Description	3-story walk-up - standard	3-story walk-up - compact	4-story microunits
Site Size (sf)	65,340	65,340	8,000
# of Units	51	91	71
Density (DU/Ac)	34.0	60.7	386.6
Parking location	surface	surface	none
Parking ratio	1.54	1.00	0.00
Unit Mix (% of units)			
Studio	5%	30%	100%
1-bed	40%	40%	0%
2-bed	50%	30%	0%
3-bed	10%	0%	0%
Unit Size (net sf)			
Studio	500	425	300
1-bed	675	575	
2-bed	1,000	875	
3-bed	1,350		
Average Unit Size	880	620	300

Note: This analysis treats each microunit as its own unit, although under many codes they would not be considered stand-alone units because of their shared kitchens.

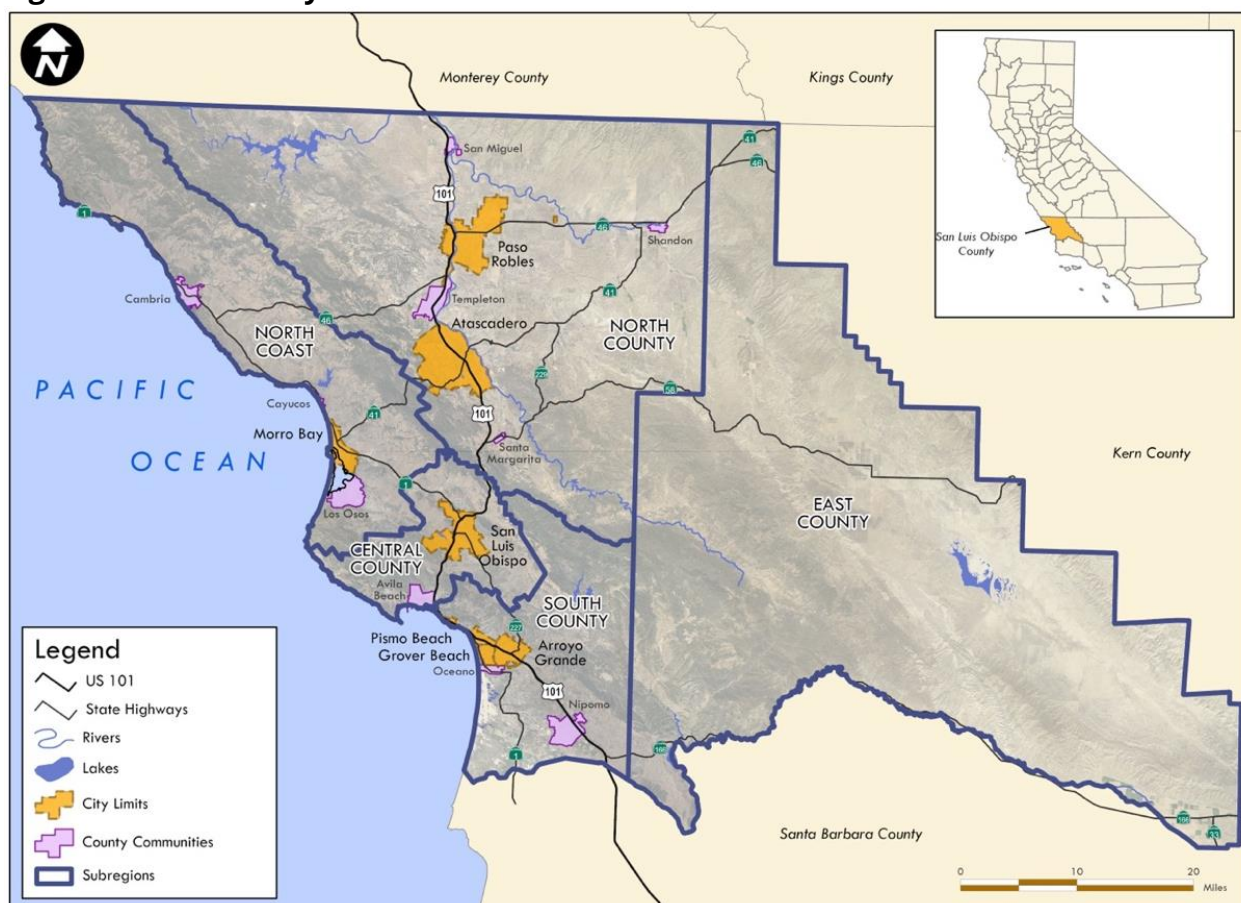
Market Conditions

While the affordability targets and AMI are set countywide, the market conditions vary across the county. The analysis addresses this by dividing the county into different market areas for purposes of the analysis (see Figure 13). The analysis focuses on four market areas:

- North Coast (Los Osos, Morro Bay, Cayucos, Cambria, San Simeon)
- North County (Santa Margarita, Atascadero, Templeton, Paso Robles, San Miguel)
- South County (Pismo Beach, Grover Beach, Arroyo Grande, Oceano, Nipomo)
- Central County (San Luis Obispo, Avila Beach)

East County is not included in the analysis because there is little development or development opportunity in that area.

Figure 13: SLO County Market Areas



ECONorthwest estimated the market rents in each market area for each prototype based on the most comparable developments and adjusted to reflect differences between market areas and prototypes. The estimated market rents for each area are listed in Figure 14, along with the relevant moderate-income rent limit by unit type.

Figure 14: Estimated Market Rents by Market Area and Prototype

Source: ECONorthwest analysis based on CoStar data; San Luis Obispo County Department of Planning and Building, Affordable Housing Standards, May 2022¹⁶

Region - Bedroom Size	3-story walk- up - standard	3-story walk- up - compact	4-story microunits	Moderate- Income Rent Limit
Central County	\$2,750	\$2,327	\$1,470	\$0
Studio	\$2,250	\$2,083	\$1,470	\$2,047
1-bed	\$2,430	\$2,156	-	\$2,329
2-bed	\$2,950	\$2,800	-	\$2,597
3-bed	\$3,375	-	-	\$2,877
North Coast	\$1,925	\$1,513	\$956	\$0
Studio	\$1,575	\$1,354	\$956	\$2,047
1-bed	\$1,701	\$1,402	-	\$2,329
2-bed	\$2,065	\$1,820	-	\$2,597
3-bed	\$2,363	-	-	\$2,877
North County	\$2,465	\$1,972	\$1,176	\$0
Studio	\$1,800	\$1,594	\$1,176	\$2,047
1-bed	\$2,147	\$1,898	-	\$2,329
2-bed	\$2,650	\$2,450	-	\$2,597
3-bed	\$3,240	-	-	\$2,877
South County	\$2,289	\$1,747	\$956	\$0
Studio	\$1,450	\$1,275	\$956	\$2,047
1-bed	\$1,856	\$1,639	-	\$2,329
2-bed	\$2,600	\$2,363	-	\$2,597
3-bed	\$3,038	-	-	\$2,877

Note: market rents reflect 2023 market conditions with an estimated 3% annual escalation prior to opening.

These rents are shown graphically in comparison to the moderate-income threshold in Figure 15.

¹⁶ "Affordable Housing Standards." San Luis Obispo County Department of Planning and Building, June 1, 2022. [https://www.slocounty.ca.gov/Departments/Planning-Building/Forms-Documents/Housing-Forms-and-Documents/Informational-Documents/Affordable-Housing-Standard-\(Post-2009\).pdf](https://www.slocounty.ca.gov/Departments/Planning-Building/Forms-Documents/Housing-Forms-and-Documents/Informational-Documents/Affordable-Housing-Standard-(Post-2009).pdf)

Figure 15: Estimated Market Rents by Market Area and Prototype Compared to Moderate-Income Rent Limit

Source: ECONorthwest analysis based on CoStar data; San Luis Obispo County Department of Planning and Building, Affordable Housing Standards, May 2022¹⁷

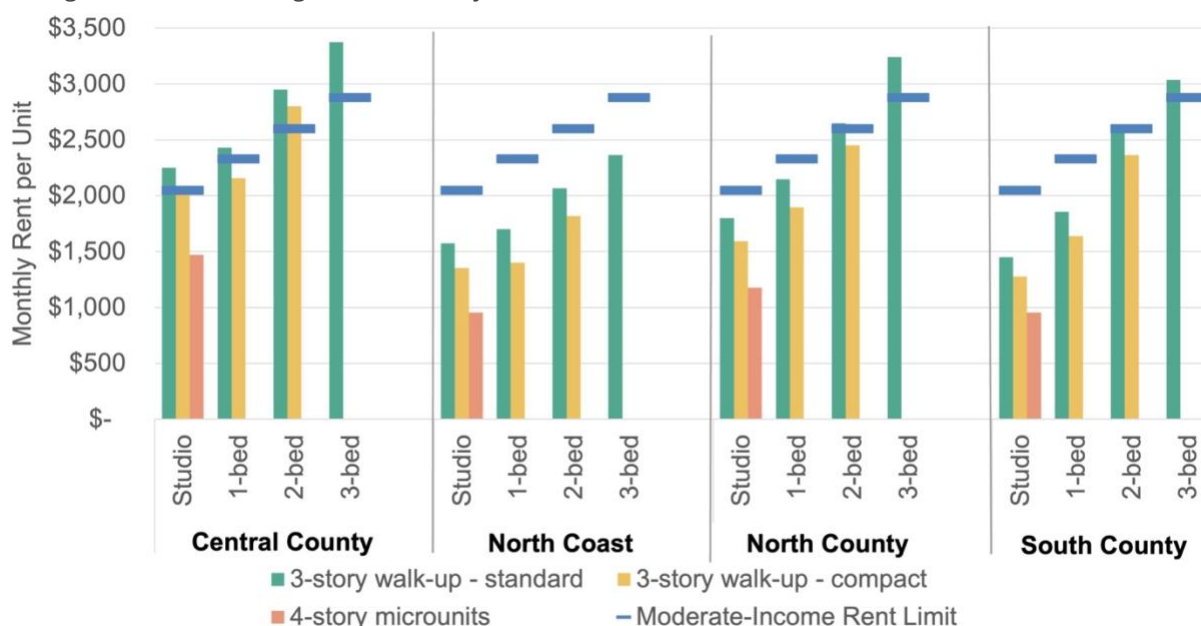


Figure 15 displays the expected rents for each potential ABD housing type against the rent limits for moderate housing. If a bar is above the blue line, that means the monthly rent is predicted to be above the moderate-income rent limit. This highlights that while many of the prototypes are estimated to offer market rents below the moderate-income threshold, this may not be the case for all prototypes/unit sizes in all market areas.

Development Feasibility Analysis

ECONorthwest’s financial feasibility analysis uses a metric called “return on cost” (ROC), which reflects the income potential of the completed development divided by the total cost of development.¹⁸ This ratio is often used as an initial indicator of development feasibility for rental developments, as it provides a preliminary indication of whether the completed property will provide competitive financial returns that could attract investors and meet loan underwriting requirements. Because both lenders and investors will expect higher returns for riskier investments, market areas that have stronger demand fundamentals will likely have a lower threshold for ROC to make development viable. Thus, the target ROC is assumed to be

¹⁷ “Affordable Housing Standards.” San Luis Obispo County Department of Planning and Building, June 1, 2022. [https://www.slocounty.ca.gov/Departments/Planning-Building/Forms-Documents/Housing-Forms-and-Documents/Informational-Documents/Affordable-Housing-Standard-\(Post-2009\).pdf](https://www.slocounty.ca.gov/Departments/Planning-Building/Forms-Documents/Housing-Forms-and-Documents/Informational-Documents/Affordable-Housing-Standard-(Post-2009).pdf)

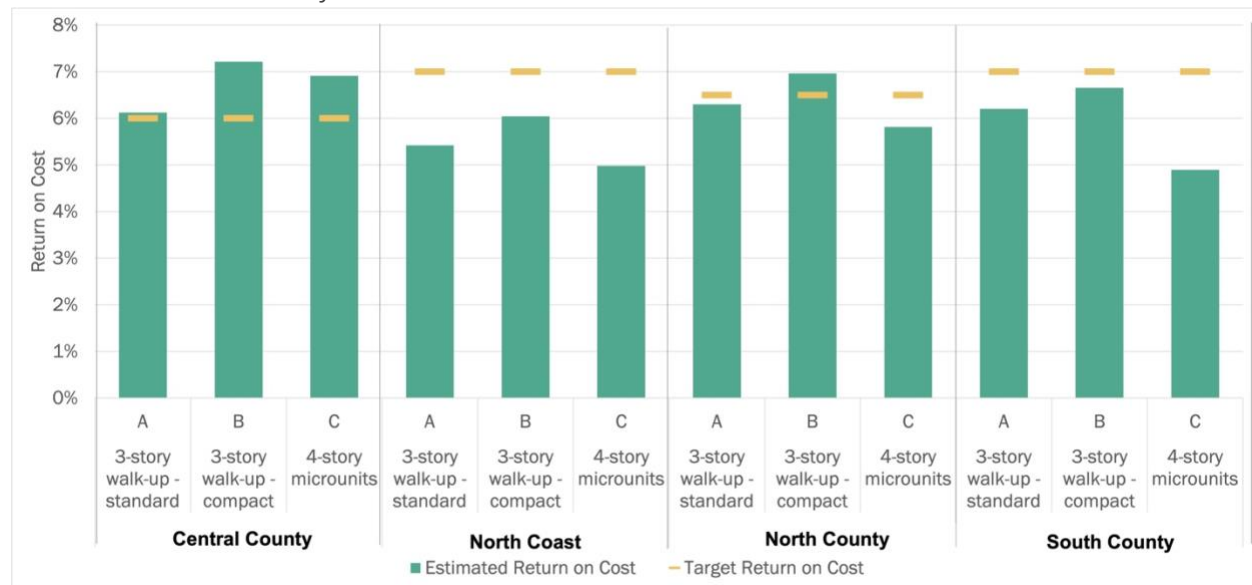
¹⁸ Net operating income (NOI), the revenue after accounting for vacancy and operating expenses.

higher in smaller markets (North County and South County) than in Central County (North County is estimated to fall between these bookends).

ECONorthwest used cost information calibrated based on interviews with local developers and research on average local fee amounts in SLO County to estimate development costs by prototype.

Figure 16: Estimated Return on Cost by Prototype and Market Area

























Source: ECONorthwest analysis








Because costs and market conditions can vary substantially between sites even within the same market area and for the same prototype, these results should be taken as a general indication of the relative feasibility of different prototypes, not as an absolute indication that a given prototype will consistently be feasible or infeasible in a given area. To account for the inherent uncertainties associated with this type of generalized analysis, ECONorthwest summarized the results based on how likely they indicate a given prototype is to meet affordability and feasibility criteria. The most feasible housing types and locations are 4-story microunits in Central County and compact 3-story walk-ups in North County, as shown in Figure 17.

Figure 17: Summary of Affordability and Feasibility Results by Prototype and Market Area

Source: ECONorthwest analysis

Central County	Affordability	Feasibility
3-story walk-up - standard		
3-story walk-up - compact		
4-story microunits		
North Coast	Affordability	Feasibility
3-story walk-up - standard		
3-story walk-up - compact		
4-story microunits		
North County	Affordability	Feasibility
3-story walk-up - standard		
3-story walk-up - compact		
4-story microunits		
South County	Affordability	Feasibility
3-story walk-up - standard		
3-story walk-up - compact		
4-story microunits		

Key:

-  Very Likely to Meet Criteria
-  Likely to Meet Criteria
-  May Meet Criteria
-  Unlikely to Meet Criteria
-  Very Unlikely to Meet Criteria

Conclusions on Market and Development Conditions for ABD Housing in SLO County

The key takeaways from this analysis are summarized below by market area.

Central County	North Coast	North County	South County
<ul style="list-style-type: none"> Smaller units help achieve affordability Market likely to support feasibility 	<ul style="list-style-type: none"> Market rents provide affordability Feasibility is difficult 	<ul style="list-style-type: none"> Market rents likely affordable except for largest units Market likely to support except for the smallest units 	<ul style="list-style-type: none"> Market rents likely affordable except for largest units Market support is borderline

Overall, it appears that the rental market is close to being able to achieve ABD housing production in at least some parts of the County and is likely within a range where regulatory changes could make a difference. While ABD housing may not require subsidy, it may not be able to absorb inclusionary zoning requirements at the targeted moderate-income rents. Affordability through smaller unit sizes may not meet needs of larger households, and market rents may not stay within target affordability range over time, but delivering more lower-cost units to the market can help maintain the affordability of market-rate housing over time, and smaller households may benefit from greater availability of small units.

In the for-sale housing market, prices are too far above the moderate-income affordability level for the market to deliver new ABD for-sale housing with regulatory changes alone. Increasing housing production overall can help bring supply and demand into balance and potentially make ABD achievable over the longer term.

PART 2: SUPPORTING ABD HOUSING IN SLO COUNTY

Barriers to ABD Housing

To understand how to support ABD housing, it is essential to understand what makes it possible for the market to produce lower-cost housing and how the public sector can influence this. These factors are illustrated in Figure 18 and Figure 19.

Figure 18: Factors that Allow the Market to Produce Lower-Cost Housing

Source: ECONorthwest

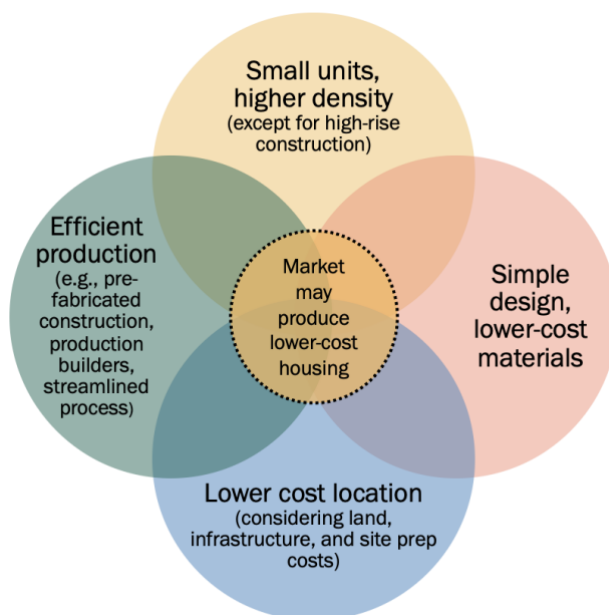
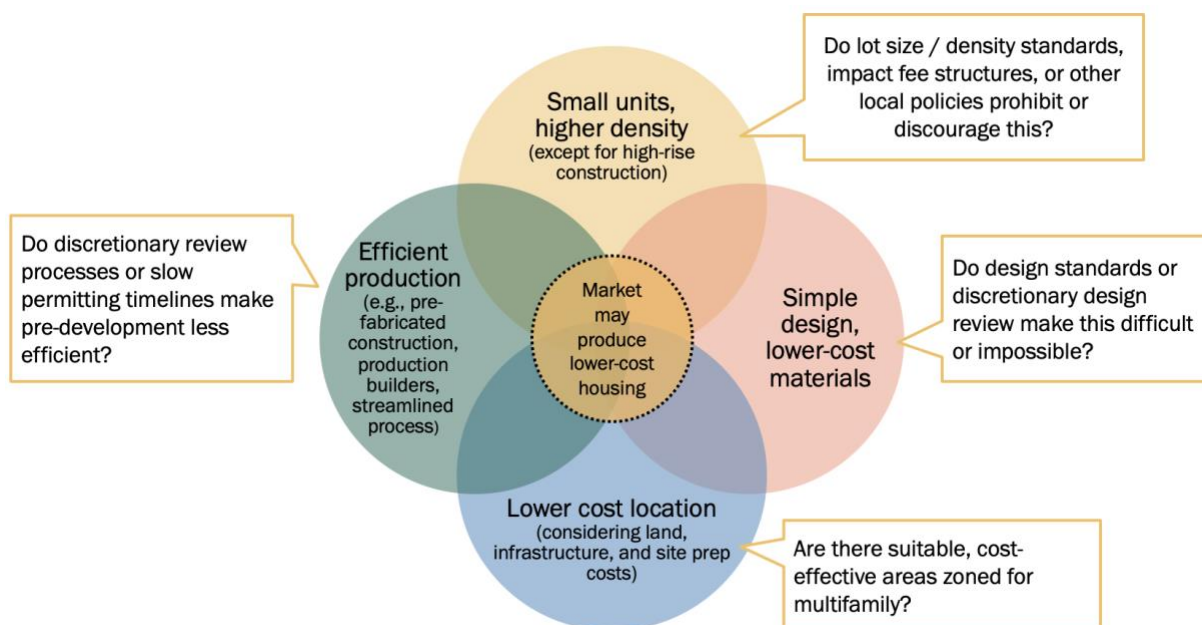


Figure 19: Public Sector Influence on Market's Ability to Produce Lower-Cost Housing

Source: ECONorthwest



In sum, it takes a confluence of multiple factors for the market to produce lower-cost housing, and local regulations and fees can have an impact on the market's ability to achieve those factors.

Looking specifically at SLO County, ECONorthwest's interviews with local housing developers, market research, and development feasibility analysis suggested the following barriers to ABD housing:

Market Barriers

- Land cost
- Demand for high-end housing
- Construction costs
- Demand for parking

Regulatory Barriers

- Discretionary review
- Density caps
- Minimum unit sizes
- Parking requirements that exceed market demand
- Impact fees, inclusionary zoning
- Required infrastructure improvements

Potential Policy Measures to Support ABD Housing

Overview

ECONorthwest identified a range of potential policy measures jurisdictions could consider to support development of ABD housing. These generally fall under the following categories:

- Streamline development review and permitting.
- Align development standards to support ABD housing.
- Allow ABD housing in cost-effective locations.
- Adjust impact fee rates and policies to incentivize ABD housing.

Based on feedback from multiple different stakeholder groups, including home builders, market-rate housing developers, affordable housing providers, other housing advocates, and local planners, SLOCOG and ECONorthwest identified the following six measures for additional research and evaluation:

7. Objective Design Standards
8. Ministerial Approvals and Streamlined Approval Processes
9. Density Limits
10. Zoning Vacant Land for Multifamily Housing
11. Aligning Infrastructure Investments with Land for Multifamily Housing
12. Adjusting Impact Fee Policies or Rate Structures to Incentivize ABD Housing

Having identified these measures as priorities, ECONorthwest distributed a survey to the planning departments of the eight jurisdictions in SLOCOG—Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Paso Robles, Pismo Beach, City of San Luis Obispo, and County of San Luis Obispo—to gather information on how they currently address these topics. The results of the survey are incorporated into the sections that follow.

Finally, to illustrate how other jurisdictions have approached some of the policy measures highlighted to support ABD housing, ECONorthwest collected information on practices by jurisdictions in California and other states that were recognized as “prohousing.” These examples are also integrated into the following sections.

State Housing Laws and ABD Housing

Many state housing laws aim to remove barriers to developing affordable housing; however, these do not necessarily apply to ABD housing. Figure 20 summarizes how key state laws and recent bills relate to ABD housing as defined for this study.

Figure 20: Summary of State Housing Law Applicability to ABD Housing

Source: ECONorthwest research and state laws as noted below

Legislation	Relevant Eligibility Criteria (ABD Eligible?)	Benefits for Qualifying Housing Developments
SB 35 (2018)	ABD not eligible <ul style="list-style-type: none"> At least 10% or 50% of units must be affordable depending on which income categories jurisdictions have failed to produce. Affordable units must be for less than 80% AMI only, requires lasting affordability restrictions. Jurisdictions that have not met RHNA targets (applies to most SLOCOG jurisdictions) 	<ul style="list-style-type: none"> Ministerial approvals Objective design standards (ODS)
	ABD potentially eligible <ul style="list-style-type: none"> Housing for very low, low-, or moderate-income households qualifies for additional protections. One option is if 100% of units are affordable to moderate-income (80-120% of AMI) or middle-income (<150% of AMI) households; units for moderate-income households must be affordable at 100% of AMI. Lasting affordability requirements apply only to units for very low or low-income households 	<ul style="list-style-type: none"> Locks in regulations and fees when a preliminary application is submitted. Burden of proof is on the jurisdiction if denying the application; limited basis for denial if application complies with objective standards. Maximum review timelines
AB 2345 (2020) and the Density Bonus Law	ABD not eligible <ul style="list-style-type: none"> Multiple affordability criteria: for-sale housing can qualify if at least 10% of units are affordable to moderate-income (80-120% of AMI) households. Requires lasting affordability restrictions (at least 45 years) 	<ul style="list-style-type: none"> Increased density, reduced setbacks, other zoning modifications

In sum, ABD housing may be eligible for increased protections from being denied or having density reduced under the HAA if it meets the requirements for moderate-income housing, but

it would not qualify for ministerial approvals, ODS, or zoning concessions under SB 35 or the density bonus law.

Objective Design Standards

Description

Objective design standards (ODS) are defined in California State Law as standards which “involve no personal or subjective judgment by a public official and are uniformly verifiable by reference to an external and uniform benchmark.”

While basic development standards such as lot size requirements are typically objective, many jurisdictions apply design requirements to new housing development that introduce subjectivity, considering compatibility with surrounding structures or otherwise leaving room for interpretation of whether a development has met the requirements through ambiguous language. ODS are often related to building design elements, such as window size and location, roof lines, building articulation, etc. Having objective design standards can streamline the process of getting planning approvals by establishing a common set of expectations for developers and allowing development to avoid lengthy discretionary review processes.

While SB 35 does not apply to ABD housing, as noted above, jurisdictions could potentially offer ABD housing the option to use the same ODS applicable to SB 35–eligible development. HCD published an objective design standards tool kit for California jurisdictions in 2021 with guidance and examples.¹⁹

Current Practice for SLOCOG Jurisdictions

Only the City of San Luis Obispo and Grover Beach have adopted specific ODS. In the limited time since these standards were adopted, they have been used a few times in Grover Beach but have not yet been used successfully in the City of San Luis Obispo. Grover Beach allows “modification to standards” to respond to site conditions, which may make it easier for development to comply with most of the standards while seeking flexibility where needed. San Luis Obispo County uses only objective basic development and site design standards and does not have building design standards; therefore, all development uses objective development standards. Three additional jurisdictions—Atascadero, Paso Robles, and Morro Bay—are in the process of developing standards. A table of current ODS practices among SLOCOG members is included in Figure 21 below.

¹⁹ California HCD, “Approaches and Considerations for Objective Design Standards,” January 2021, <https://hcd.ca.gov/app.box.com/s/baznxdyweq6a8txcrb22li0gogqodzz6>

Figure 21: Summary of Responses from SLOCOG Jurisdictions regarding Objective Design Standards

Source: ECONorthwest based on survey of SLOCOG jurisdictions

Jurisdiction	ODS Status	Eligibility for ODS	Topics Addressed	Usage of ODS
Atascadero	In progress	All multifamily and mixed-use developments	TBD	N/A
City of San Luis Obispo	Adopted (2021)	SB-35 projects only	Specific building & site design standards (materials, window trim, building length, window placement, roof design, articulation, landscaping)	None to date
County of San Luis Obispo	Adopted	Not limited	Basic development & site design standards (no building design standards)	All projects
Pismo Beach	Not Available	N/A	N/A	N/A
Paso Robles	In progress	TBD	TBD	N/A
Morro Bay	In progress	TBD	TBD	N/A
Arroyo Grande	Not Available	N/A	N/A	N/A
Grover Beach	Adopted (2022)	All single-family, multifamily, and mixed-use developments	Site & structure design (façade articulation, entrances, ground floor height, transparency, building orientation, blank walls, building materials, upper-story windows, parking and access, pedestrian circulation, etc.) Modifications to standards allowed	A few high-density projects

Other Examples

Sacramento, CA

Sacramento, CA, received the first Prohousing Designation from the California Department of Housing and Community Development in February 2022 for its housing reform efforts. These included establishing objective design standards for infill development of projects with two units or more, including additional dwelling units attached to single-unit housing.

Citrus Heights, CA

Citrus Heights was awarded a Prohousing designation from the State of CA for their use of objective design standards to spur development in their city. The designation was awarded for the city's efforts to develop the Sunrise Tomorrow Specific Plan, a plan to convert a 100-acre

mall property to a mixed-use residential property.²⁰ The plan zoned for new uses on the site, including multifamily residential, retail, and hotels, tripling the amount of development allowed on the site and providing the opportunity for 2,200 new units in a city that is 98% built out. The plan also introduced objective design standards for the Sunrise Tomorrow Specific Plan area, which will streamline future development.²¹ The city is currently experiencing challenges encouraging development on the site because it is owned by six different companies, but it is continuing to work with developers and the community to improve the site.

Oregon Model Development Codes

In Oregon, all “needed housing” (effectively all housing development that is designed to fulfill a housing need rather than a resort or short-term rental purpose) must have the option to be reviewed against only clear and objective standards. Oregon’s Department of Land Conservation and Development (DLCD) publishes a model development code for small cities to facilitate compliance with this and other state requirements and smart growth principles. The model code includes “Community Design Standards” that address building orientation and design as well as site design factors such as access and circulation, parking, and landscaping. The residential building design standards provide clear and objective standards to address building orientation, articulation, inclusion of certain design features (using a menu approach), and an option to require house plan variety in new subdivisions. While the model code was last updated in 2012, it may provide a useful example for smaller cities considering ODS.²² Oregon’s middle housing model codes, published in 2020, also include clear and objective design standards applicable to middle housing.²³

Eugene, OR

A study of multifamily development in Eugene, Oregon, evaluated whether public opposition expressed in a discretionary review process had an impact on development outcomes. It found that although the City allows most multifamily development by-right, 12% of multifamily development projects during the period analyzed (2010-2016) required a land use application. The land use applications ranged from minor adjustments to site plan reviews to planned development applications. Applications most sought adjustments to building orientation and

²⁰ Murillo, Alicia. “Six California Cities Earn State Prohousing Designation.” hcd.ca.gov. California Department of Housing and Community Development, December 15, 2022. <https://www.hcd.ca.gov/about-hcd/newsroom/six-california-cities-earn-state-prohousing-designation>.

²¹ citrusheights.net. “Sunrise Mall Specific Plan.” City of Citrus Heights, CA. Accessed June 20, 2023. <https://www.citrusheights.net/1009/Sunrise-Mall-Specific-Plan>.

²² Oregon Department of Land Conservation and Development, *Oregon Model Development Code and User's Guide for Small Cities*, 3rd Edition (2012), <https://www.oregon.gov/lcd/tgm/pages/model-code.aspx>

²³ Oregon Department of Land Conservation and Development, *Large Cities Middle Housing Model Code*, December 2020, <https://www.oregon.gov/lcd/UP/Documents/OAR660046%20EXHIBIT%20B%20-%20Large%20Cities%20Middle%20Housing%20Model%20Code%2020201209.pdf>

entrance standards, parking standards, building massing and façade standards, and access/circulation standards. While opponents of the projects raised concerns, including traffic increases, pedestrian safety, and neighborhood character, there was no evidence that these concerns resulted in changes to the development or design for the projects evaluated in the study. The study concluded that offering more flexibility on the standards that most caused challenges could reduce the need for land use applications.²⁴

Preliminary Recommendations

- **Adopt simple ODS:** Avoid overly detailed requirements when adopting ODS and provide flexibility where possible (e.g., through a menu-based approach).
- **Simplify minor adjustments:** Offer a process for minor deviations from the ODS that can still be reviewed by staff.

Ministerial Approvals and Streamlined Approval Processes

Description

Ministerial approvals refer to nondiscretionary staff-level approval of development projects. Robust ministerial approval processes provide a faster process and lower fees for development review. California's SB 35 requires cities and counties which have failed to meet their RHNA obligations to allow developments that include a certain percentage of affordable units and meet other criteria to proceed through a ministerial review process.²⁵

²⁴ Seth Thompson, "Public Opposition to Increased Housing Density in Eugene, Oregon: How Opposition to Multifamily Housing Impacts the Built Environment," University of Oregon Department of Planning, Public Policy, and Management, Masters of Community and Regional Planning, 2018 Professional Project, June 2018. https://scholarsbank.uoregon.edu/xmlui/bitstream/handle/1794/25087/SThompson_ExitProj_Final.pdf?sequence=1&isAllowed=y

²⁵ At least 50% of the proposed residential units should be affordable to households at 80% of AMI.

The project must net two or more new residential units.

The project must be zoned in the proper parcel and two-thirds of the project must be residential.

The location of the project may not be within a coastal zone, prime farmland, wetlands, a high fire hazard severity zone, hazardous waste site, a delineated earthquake fault zone, a floodplain, a floodway, a community conservation plan area, a habitat for protected species, or under a conservation easement.

The project does not demolish a historic building, a building where housing units have been occupied for the last 10 years, or a building subject to rent control.

The project must meet all objective design standards.

If the project is a private development project, it must pay prevailing wage, and if it is more than 50 units, it must use a skilled and trained workforce.

The project must not involve the subdivision of a parcel that is subject to the California Subdivision Map Act, unless the project pays prevailing wage and receives a low-income housing tax credit or uses a skilled and trained workforce.

Current Practice for SLOCOG Jurisdictions

Most of the cities offered some form of ministerial approval for developers; two offered SB 35 ministerial approvals. The criteria or maximum number of units eligible for ministerial approvals in each jurisdiction are summarized in Figure 22 below.

Figure 22: Summary of Responses from SLOCOG Jurisdictions regarding Ministerial Approvals

Source: ECONorthwest based on survey of SLOCOG jurisdictions

Jurisdiction	What is the maximum number of units that can receive ministerial approvals outside of SB 35 provisions?
Atascadero	11 (unless on a designated site in the housing element)
City of San Luis Obispo	No max threshold
County of San Luis Obispo	38
Pismo Beach	No Response
Paso Robles	1 outside of State intervention; 3 when including ADUs and JADUs; 4 utilizing SB9
Morro Bay	2 dwelling units and multifamily projects of 6000 sf or less, single-family homes under 2500 sf
Arroyo Grande	No Response
Grover Beach	No cap per year, or within the jurisdiction. SB 35 unit limits are based on land use density controls.

The jurisdictions differ on processing times for ministerial approvals. The Cities of San Luis Obispo, Paso Robles, and Grover Beach gave the shortest timelines. All three gave initial review timelines of a maximum of 1 month while the County gave a minimum time period of 6 months. For nonministerial approvals the estimates differed widely, but they ranged from 3 months to 18 months.

Other Examples

Sacramento, CA

As noted previously, the City of Sacramento received recognition by the state for its housing reform efforts, which included several measures related to streamlining approvals, including allowing projects of up to 150 units to bypass the requirement for a public hearing and qualify

for ministerial approval. The city set a 90-day timeline for ministerial approval of these projects.²⁶ It also allowed single-unit, duplex, and multiunit dwelling to be built by-right.²⁷

Oakland, CA

The City of Oakland introduced a “one stop shop” for permits that coordinates between three permitting departments to streamline and simplify procedures for developers. The departments are Fire Prevention Services, Planning & Building, and Transportation. Oakland introduced the “one stop shop” in September 2021.²⁸

Grand Rapids, MI

According to a study by the Turner Center, zoning reforms in Grand Rapids, MI, (which included upzoning, allowing a wider range of housing types by-right and other changes) found a balance between opportunities for community input and streamlined project approvals. “If projects conform to zoning and design guidelines, the project is approved within approximately six weeks. Moreover, it is nearly unheard of for the city to deny a project application, largely because complying with the city’s land use regulations has proven to be straightforward for developers. City officials noted that the predictability of their approval process has resulted in more interest in development in their community.”

Preliminary Recommendations

- **Expand eligibility for ministerial approvals:** For jurisdictions that currently limit availability of ministerial approvals based on the number of units, this threshold could be increased (e.g., to 150 units) or eliminated for multifamily developments in medium and high-density residential zones.
- **Have staff review projects using ODS:** Even if the review is not considered truly ministerial, avoiding having a body accustomed to doing discretionary reviews serve as the approval body for projects subject to ODS could help streamline the process and avoid raising concerns that cannot be addressed.

²⁶ Herriges, Daniel. “Did Sacramento Just Approve the Best Local Housing Reform Yet?” Strong Towns, January 21, 2021. <https://www.strongtowns.org/journal/2021/1/21/did-sacramento-just-approve-the-best-local-housing-reform-yet>.

²⁷ “Sacramento Becomes First California Jurisdiction to Earn State Prohousing Designation.” California Department of Housing and Community Development, February 24, 2022. <https://www.hcd.ca.gov/about-hcd/newsroom/sacramento-becomes-first-california-jurisdiction-to-earn-state-prohousing-designation>.

²⁸ “One-Stop Permit Center: In-Person & Expanded Digital Services,” City of Oakland, accessed June 26, 2023, <https://www.oaklandca.gov/resources/one-stop-permit-center>.

Density Limits and Parking Requirements

Description

If an area is zoned to allow multifamily but the maximum density is too low, it can preclude efficient multifamily development. As noted above, while California jurisdictions are required to allow density bonuses and other regulatory concessions for qualifying affordable housing developments, this does not apply to ABD housing where units are market-rate but offer affordability for moderate-income households. Some jurisdictions use “fractional density,” in which small units are counted as a fraction of a unit for purposes of density calculations. This approach is more aligned with ABD housing. Other jurisdictions simply increase (or even remove) their maximum density standards for all housing to prioritize housing production.

Reducing or eliminating minimum parking requirements can also be a tool to encourage ABD development and can be an important complement to higher-density limits because achieving higher densities sometimes requires lower parking ratios (e.g., for the microunits and compact walk-up apartment prototypes analyzed in Part 1). Reducing parking requirements also eliminates a mandatory cost for developers and can lower rental costs for households in some cases. However, in areas where there is strong market demand for parking, developers may choose to build parking even if it is not required, or they may choose to build more than is required to meet market demand.

Current Practice for SLOCOG Jurisdictions

The survey asked the departments to list their jurisdictions highest-density zones and the maximum by-right density in those zones. Their answers are listed in Figure 23.

Figure 23: Summary of Responses from SLOCOG Jurisdictions regarding Multifamily Density

Source: ECONorthwest based on survey of SLOCOG jurisdictions

Jurisdiction	Which zones in your jurisdiction allow the highest residential density? What is your maximum by-right density in these zones?
Atascadero	RMF-24 - 24 units per acre
City of San Luis Obispo	C-D - 36DU/acre, C-C 36DU/acre
County of San Luis Obispo	Residential Multifamily (<i>density not specified</i>)
Pismo Beach	Our Residential Very High Density overlay zone. Once a property is rezoned with the overlay, it is 50 units per acre.
Paso Robles	T4-N, T4-F, T4-NC, TC-1, TC-2, and RSC all allow up to 30 units/acre
Morro Bay	RH (Residential High Density). Currently 2 units by-right or Multifamily projects with total sf of 6,000 or less.
Arroyo Grande	Multifamily Very High Density and mixed-use zones allow up to 25 du/acre
Grover Beach	No Response

The City of San Luis Obispo also utilizes fractional density for all zones outside the AG, C/OS, and R-1 zones. The City of Paso Robles also allows fractional density in some of its zones. The details are included in Figure 24 below.

Figure 24 Summary of Responses from SLOCOG Jurisdictions regarding Fractional Density

Source: ECONorthwest based on survey of SLOCOG jurisdictions

Jurisdiction	Housing Type	Fractional Density
City of San Luis Obispo	Studio and one-bedroom dwellings less than 600 sq. ft.	.5
	One-bedroom dwellings between 601–1,000 sq. ft.	.66
	Two-bedroom dwelling	1
	Three-bedroom dwelling	1.5
	Dwellings with four or more bedrooms	2
Paso Robles	Studio and one-bedroom dwellings less than 600 sq. ft.	.5
	One-bedroom dwellings 600–1,000 sq. ft.	.66
	Dwellings with two or more units	1

Other Examples

San Diego, CA

The City of San Diego introduced several changes to its density bonus program in 2018. The new program language included several provisions that offer bonuses for smaller units:²⁹

- A 10 percent density bonus for developments that do not go beyond the maximum permitted building footprint.
- A 100 percent density bonus for microunit production for developments that do not go beyond the permitted building footprint.

Cottage Grove, Oregon

The small city of Cottage Grove, Oregon, recently eliminated maximum density limits in its residential zones. Minimum lot size standards apply but do not scale with the number of units, meaning they are primarily a constraint on density for single-unit detached development. Multifamily development is limited only by height and building coverage standards.³⁰

²⁹ “City of San Diego Density Bonus Regulations for Affordable Housing,” San Diego Housing Commission, accessed June 20, 2023, <https://www.sdhc.org/doing-business-with-us/developers/density-bonus/>.

³⁰ City of Cottage Grove Municipal Code, Chapter 14.22 Residential Districts: <https://www.codepublishing.com/OR/CottageGrove/#/CottageGrove14/CottageGrove1422.html#14.22.120>

San Jose, CA

The City of San Jose (along with Sacramento, San Diego, and San Francisco) eliminated their parking minimum requirements in December 2022. In the same ordinance that repealed the parking minimums, the city council also included requirements for bicycle parking to encourage other forms of transportation.³¹

Preliminary Recommendations

- **Adjust density limits in high-density residential and mixed-use zones:** This could take several different forms:
 - For density limits expressed in dwelling units per acre, increase the maximum density allowed by-right. Allowing at least 35 units per acre will generally allow for three-story walk-up apartment development, which may meet ABD criteria. Higher densities may be appropriate for downtown areas and mixed-use development.
 - Use floor area ratio (FAR) or other physical form limits (e.g., height) to regulate the amount of development. This can serve as an incentive for building smaller units.
 - Use fractional density or a density bonus to encourage smaller units.
- **Reduce or eliminate minimum parking requirements for smaller units:** Require less than one space per unit for small units and/or exempt microunits in downtown or mixed-use areas from parking requirements.

Zoning Vacant Land for Multifamily Housing

Description

Many jurisdictions seek to focus higher-density development in core areas, downtown, or near transit. However, these areas are often largely developed already, and redevelopment means higher land costs along with demolition and sometimes environmental remediation costs. Zoning vacant land for multifamily housing can offer a lower-cost development opportunity, particularly if the land has or is near the necessary infrastructure to support development. This makes it easier for ABD multifamily housing projects to be economically viable.

Current Practice for SLOCOG Jurisdictions

All but two jurisdictions noted that they had vacant sites listed on their Housing Element in their densest zones. Atascadero noted the vacant sites are very small and Arroyo Grande and County of San Luis Obispo did not list any vacant sites. Figure 25 below lists all the responses.

³¹ Kamisher, Eliyahu. "Bye-Bye Parking Requirements: San Jose Becomes Largest City in U.S. to Abolish Minimum Parking." The Mercury News, December 7, 2022. <https://www.mercurynews.com/2022/12/07/bye-bye-parking-requirements-san-jose-becomes-largest-city-to-abolish-minimum-parking/>.

Figure 25: Summary of Responses from SLOCOG Jurisdictions regarding Vacant Land Zoned for High-Density Housing

Source: ECONorthwest based on survey of SLOCOG jurisdictions

Jurisdiction	Are there vacant sites listed on your Housing Element in your highest-density zones?
Atascadero	yes...with a caveat that they are small, since the original colony subdivided in 1913
City of San Luis Obispo	Yes
County of San Luis Obispo	None listed
Pismo Beach	Yes
Paso Robles	Yes
Morro Bay	Yes
Arroyo Grande	No
Grover Beach	Yes

Other Examples

Study on Upzoning in Portland, OR

A recent study on the impact of upzoning and higher-density zoning on development and housing production in Portland, OR, found that “both upzoning and higher density zoning led to significantly greater development probabilities, higher development densities, and more housing supply,” suggesting that “upzoning could be an effective policy tool for increasing housing supply, particularly when it is applied to vacant and underutilized parcels.”³²

Preliminary Recommendations

- Zone vacant buildable sites large enough to accommodate multifamily development to allow it by-right at an appropriate density. Ideally, this would include sites over an acre with access to infrastructure.

Aligning Infrastructure Investments

Description

The cost of extending or upgrading infrastructure (e.g., roads, sewer, and water lines) to serve a site can be cost prohibitive for ABD housing. It also adds significant time and uncertainty to the development process. To the extent that jurisdictions can invest in the infrastructure upgrades and extensions needed to make ABD housing development possible, this can mean substantial cost savings and a major increase to development feasibility.

³² Hongwei Dong, “Exploring the Impacts of Zoning and Upzoning on Housing Development: A Quasi-Experimental Analysis at the Parcel Level,” *Journal of Planning Education and Research*. February 1, 2021. <https://doi.org/10.1177/0739456X21990728>

Current Practice for SLOCOG Jurisdictions

The Regional Housing & Infrastructure Plan (HIP) is a collaborative action plan between the seven Cities, County of San Luis Obispo, and SLOCOG in response to the region's growing housing and infrastructure shortage. The HIP is intended to help accelerate housing development where it makes the most sense given regional conditions and readiness. The HIP inventories infrastructure barriers to housing, identifies funding to implement infrastructure needs, and develops foundational information for the future 2027 Regional Housing Needs Assessment (RHNA). The 2023 HIP identified 80 water, wastewater, and transportation infrastructure projects and possible grant funding sources.

Other Examples

Bend, OR

The City of Bend, Oregon, conducted a study in 2018 to evaluate infrastructure and planning needs to make land development-ready in various areas of the city, including areas on the edge that had been recently authorized for development with complete communities, a range of housing types, and commercial services and infill/redevelopment "opportunity areas." The study analyzed the type and amount of development that each area was expected to yield (including affordable housing); the cost of providing needed water, sewer, and/or transportation improvements; other factors that could inhibit development; and estimated revenues from impact fees and property taxes from each area. The analysis informed decisions about where to focus staff time, political will, planning energy, and infrastructure investments.³³

Preliminary Recommendations

- Use the ongoing HIP process to prioritize infrastructure investments that can unlock multifamily development in appropriate areas.

Adjusting Impact Fee Policies or Rate Structures

Description

While impact fees are a vital source of funding for local infrastructure needs, they tend to disproportionately affect the feasibility of building smaller and lower-cost housing units.³⁴ This is particularly true when the fee structures do not account for differences in impact based on

³³Bend Growth Management Department in collaboration with Angelo Planning Group, ECONorthwest, Cascadia Partners, DKS Associates, and MURRAYSMITH, "Bend Urban Growth Boundary Implementation Return on Investment Analysis and Next Steps," April 26, 2018.

<https://www.bendoregon.gov/home/showpublisheddocument/36542/636637940683270000>

³⁴ ECONorthwest on behalf of Oregon Housing and Community Services, "Oregon System Development Charges Study: Why SDCs Matter and How They Affect Housing," December 2022.

https://www.oregon.gov/ohcs/development/Documents/Oregon%20SDC%20Study_FinalReport_121422.pdf

unit size or location-efficient developments. While many localities in California waive impact fees for affordable housing, this does not apply to ABD housing. A full waiver of impact fees is not necessarily an appropriate policy measure for ABD housing; however, there are other adjustments that jurisdictions can make to reduce the effects of impact fees on ABD housing. For example, impact fees can be deferred until later in the construction process or financed over a period of years. Rate structures can also be adjusted to account for reduced demand from smaller units while keeping the overall average rates constant to minimize the impact to revenue collections.

Current Practice for SLOCOG Jurisdictions

Impact fee policies vary across the jurisdictions. Three jurisdictions—Morro Bay, Arroyo Grande, and Grover Beach—do not offer any impact fee deferrals. Most other jurisdictions allow deferral or exemptions for affordable housing projects. Atascadero indicated that all impact fees are deferred for all developments.

All the jurisdictions indicate that their impact fees vary by housing type/unit size. Some vary by unit type, lot size, or zoning. Some are lower for affordable units. Others vary based on square footage. Specific answers are listed in Figure 26 below.

Figure 26: Summary of Responses from SLOCOG Jurisdictions regarding Impact Fee Variables

Source: ECONorthwest based on survey of SLOCOG jurisdictions

Jurisdiction	If your impact fees vary by housing type and/or unit size, please describe which fees and what the variables are (e.g., housing type / ITE code, square footage, number of bedrooms, etc.).
Atascadero	Vary by lot size, zoning
City of San Luis Obispo	Transportation, water, wastewater, are reduced for smaller units (based on square footage).
County of San Luis Obispo	Certain building types may qualify for fees based on square footage of project
Pismo Beach	By unit type, yes. Not by unit size.
Paso Robles	They vary by "Transportation Area" within the City and the fee can vary by size/sf
Morro Bay	Size and cost of project.
Arroyo Grande	Fees are lower for low and very low income units
Grover Beach	Housing type, square footage, etc.

Other Examples

Fontana, CA

The city of Fontana, CA, reduced its impact fees for infill development by 50% as part of their Housing Element update in June 2021. City officials defined infill development as development

in the central third of Fontana.³⁵ Projects located in that zone were eligible for this impact fee reduction. Impact fees can range from “approximately 9.3% to 10.3% of the direct cost of development for a single-family residential project and 4.3% to 4.4% for a multi-family residential project” which can represent a significant cost for the developer.³⁶

Preliminary Recommendations

- **Scale by unit size:** Wherever reasonable, adjust impact fees by unit size to reflect lower impacts from smaller units. This could also mean increasing fees for larger units so that the change is revenue neutral.
- **Defer collection:** Allow deferral of the impact fee until occupancy for multifamily development regardless of whether it includes affordable units.
- **Adjust for infill locations:** Set fee rates lower where infrastructure needs are lower due to proximity to existing facilities. This can offset some of the higher cost of building in close-in, more developed areas.

CONCLUSION

This study suggests that affordable-by-design housing can potentially help meet the needs of some moderate-income households in SLO County without public financial support. While it cannot meet the housing needs of all low- or moderate-income households, and lasting affordability is not guaranteed, it can leverage the market to meet one segment of housing needs and allow public and philanthropic financial resources to focus on deeper affordability and more challenging housing needs.

Although there are substantial challenges to developing ABD housing in SLO County, jurisdictions can implement a variety of regulatory and planning measures to remove barriers to this type of development and support housing production at a moderate price point. This study is intended to offer recommendations for SLOCOG members, policymakers, developers, and advocates to consider as part of their affordable housing strategies.

³⁵ “City of Fontana 2021-2029 6th Cycle Housing Element” (City of Fontana, CA, June 25, 2021), 4–6, <https://www.hcd.ca.gov/housing-elements/docs/fontana-6th-draft062521.pdf>.

³⁶ “City of Fontana 2021-2029 6th Cycle Housing Element,” 3–27.

The logo consists of a stylized green house icon with a white swoosh inside, followed by the text "REGIONAL HOUSING & INFRASTRUCTURE PLAN" in a bold, green, sans-serif font.

REGIONAL HOUSING & INFRASTRUCTURE PLAN

Funding Strategies Assessment & Gap Analysis

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Executive Summary

Funding Strategies Assessment & Gap Analysis

by BKF Engineers

The HIP Funding Analysis is a comprehensive examination of funding strategies and a gap analysis for the transportation, water and wastewater projects necessary to support the Regional Housing & Infrastructure Plan (HIP) conducted by BKF. The analysis evaluates the disparity between the cost estimate for each project and the anticipated funding that could be obtained through various financial mechanisms such as grants, bonds, loans, and tax measures.

The Funding Analysis involved several steps:

1. Project Assessment & Funding Requirement Determination:

A thorough review and categorization of the list of underfunded HIP projects were conducted. The top projects were analyzed and prioritized based on their urgency, feasibility, and ability to support the County's housing goals. The final project list included a diverse mix of projects, including transportation, water, and wastewater projects.

2. Identification & Evaluation of Potential Funding Sources:

An extensive research process was undertaken to identify potential funding sources. This included exploring a wide range of funding mechanisms, researching specific grant funding opportunities, conducting a detailed analysis of the funder's priorities and eligibility criteria, and matching the projects with suitable grant funding opportunities.

3. Estimation of Potential Grant Funding: For each identified funding source, the probability of securing funds was assessed. This involved considering several factors such as competition, past award history, and project alignment with the grant guidelines. Based on the assessment, the average grant award available for each project was calculated. Any constraints or limitations associated with the funding sources were also considered.

4. Calculation of the Funding Gap: After estimating the potential grant funding, the funding gap was calculated. This involved determining the total funding needed for each project, comparing it with the potential grant funding, and identifying the difference.

The HIP Funding Analysis also includes a detailed grant calendar, outlining estimated funds available by quarter from various agencies.

This detailed and dynamic process allowed BKF to estimate the potential grant funding for the HIP projects and calculate the funding gap, setting the stage for implementing strategies to bridge this gap.

HIP Funding Strategies Assessment

Funding Prioritization Approaches

Funding prioritization is a strategic process employed by BKF to identify, evaluate, and rank various funding opportunities in order to strategically secure needed resources for a comprehensive list of transportation and water focused infrastructure. Given the often-limited resources and the vast number of potential funding sources and goals, it's crucial for organizations to prioritize those that offer the highest alignment with their objectives, the best return on investment, and the lowest associated risks.

When evaluating and prioritizing funding options, BKF finds that a systematic and strategic approach is necessary to maximize opportunities and efficiency. Here are four different approaches we use to prioritize the identified funding options:

- **Strategic Alignment:** This approach involves prioritizing funding options based on how closely they align with the agency's mission, vision, and strategic goals. By considering the guidelines, goals, restrictions, and focus of the grant, we can determine how well it aligns with the agency's needs, objectives, or target population. This is essential for long-term sustainability and ensuring that the funding will ultimately further the agency's goals for each project or program.
- **Risk Assessment:** This approach involves evaluating the level of risk associated with each funding option. Risks may include stringent reporting requirements, tight timelines for spending the funds, high competition for national grants vs state-wide grants, or likelihood of continued funding. Prioritizing lower risk opportunities may help to increase success rates and ensure a more stable revenue stream for the agency.
- **Return on Investment (ROI):** Prioritizing based on potential ROI involves considering the amount of effort needed to apply for and administer the grant versus the potential benefit. Large grants may seem attractive, but if they require extensive manpower to manage or have low chances of success, they may not be the best use of resources. ROI isn't just monetary, it can also be measured in terms of capacity-building, enhancement of services, or impact on the community.
- **Funding Source:** Another approach is to assess the funding source of the grants—be it local, regional, state, or federal. This is critical when determining an effective strategy for prioritizing funding opportunities. Each source comes with its own unique set of expectations, regulations, and opportunities, thereby necessitating different approaches. Local grants, often featuring less competition, may be most appropriate for initiatives aimed at serving specific communities. Regional grants offer a balance between local and state grants, typically encompassing several counties or districts. State grants, which tend to have more substantial funding and increased competition, may align with initiatives serving larger demographics within the state. Federal grants, presenting the largest funding amounts alongside often intense national competition and stringent reporting requirements, should be considered for projects with a broader reach, higher costs or those aligning with national objectives. This process is integral to ensuring that the agency's capacity and strategic goals align with the potential grant opportunities. Ultimately, a balanced mix of grants from various sources, artfully braided together can diversify the funding opportunities, mitigate risk, and optimize the possibility of securing important project funding. A balanced portfolio of local, state, and federal grants will help to diversify the funding sources and can increase the likelihood of funding awards and reducing overall risk.
 - *Local Grants:* Local grants often have less competition than state or federal grants, and may be easier to win. Additionally, building relationships with local funders can be beneficial for future funding opportunities.
 - *Regional Grants:* Regional grants often have moderately competitive fields due to their geographic reach, and their funding amounts tend to be larger than local but smaller than state grants. Building connections with regional funders can also open up opportunities for larger-scale funding in the future.

- *State Grants*: State grants often have a wider focus than local grants and tend to have more funding available than local grants, but also more competition from the entire state. State grants may also align well with state-level initiatives or priorities.
- *Federal Grants*: Federal grants usually have the largest funding amounts, but also come with the highest level of competition and the most stringent reporting requirements.

Prioritization of Disadvantaged Communities (DACs) in Funding Analysis

Disadvantaged Communities (DACs) are areas that suffer from a high degree of socio-economic stress. These communities often face challenges such as high poverty rates, low-income levels, lack of access to quality education, and inadequate healthcare facilities. They are also referred to as Underserved Communities, with vulnerable populations. In many cases, these communities also bear a disproportionate burden of environmental pollution and lack access to basic infrastructure services such as affordable housing, clean water, sanitation, and reliable transportation.

Recognizing these challenges, many grant programs prioritize funding for projects that directly benefit DACs. This prioritization is based on the understanding that investments in these communities can lead to significant improvements in the quality of life for residents, promote economic development, and address longstanding inequities.

Recently, the focus on DACs has been heightened due to requirements from the infrastructure funding coming from Washington DC. The federal government has made it a priority to ensure that a significant portion of infrastructure funding is directed towards projects that benefit DACs. This is reflected in the guidelines and criteria of many federal grant programs, which often give additional points or preference to projects that serve DACs. In fact, the Justice 40 Initiative mandates that at least 40% of benefits from certain federal grant funding must be allocated to DACs. The goal is to address decades of underinvestment in these communities and bring resources to communities most impacted by climate change, pollution, and environmental hazards.

SLOCOG created a regional definition of disadvantaged communities for the San Luis Obispo region to better compete for California grant funding, distribute funds more equitably, and meet the state and federal environmental justice requirements. However, Federal and California funding agencies use a wide range of data and criteria to determine the level and areas of disadvantage. Many state and federal funding agencies provide a selection of tools and data that must be used to identify DACs in an effort to keep the playing field level. The following is an overview of some of the most prevalent DAC mapping tools:

- **Disadvantaged Communities Mapping Tool** is provided by the Department of Water Resources and allows users to overlay GIS layers onto a map of California. BKF's research indicates that there are a number of DACs in the San Luis Obispo region, including Grover Beach, San Luis Obispo, Arroyo Grande, Morro Bay, Paso Robles, Pismo Beach, and Atascadero.
- **CalEnviroScreen 4.0** is a screening methodology that can be used to help identify California communities that are disproportionately burdened by multiple sources of pollution. Overall CalEnviroScreen scores are calculated from the scores for two groups of indicators: Pollution Burden and Population Characteristics. The CalEnviroScreen map shows that some of the census tracts in Morro Bay, Grover Beach, San Luis Obispo, and Paso Robles are impacted and therefore would qualify for grant funding for some California grant opportunities.
 - *Poverty Indicator* is a tool within CalEnviroScreen that has a Population Characteristics feature that you can select, including a Poverty Indicator which measures the percentage of people in the census tract living below twice the federal poverty level. Twice the poverty level is used due to the high cost of living in California. The U.S. Census Bureau determines the federal poverty level each year. The poverty level is based on the size of the household and the age of family members. If a person or family's total income before taxes is less than the poverty level, the person or family are

considered in poverty. Many studies have found that people living in poverty are more likely than others to become ill from pollution. This tool indicates that there are two census tracts in and around San Luis Obispo with over 70% of people living below twice the federal poverty level; one tract is in Atascadero and the other tract is in Paso Robles.

- **The California Healthy Places Index (HPI)** is a powerful tool to explore the community conditions that impact life expectancy. The HPI combines 25 community characteristics, like access to healthcare, housing, education, and more, into a single indexed HPI score. The healthier a community, the higher the HPI score. The HPI map indicates that census tracts around Arroyo Grande, Paso Robles, Morro Bay, and San Luis Obispo have DACs that would qualify for some California grant programs.
- **EPA EJScreen** is a federal tool developed by the Environmental Protection Agency (EPA). This new environmental justice (EJ) mapping and screening tool is based on nationally consistent data and an approach that combines environmental and demographic indicators in maps and reports. The tool uses a variety of indexes and indicators to generate reports from environmental impact to Socioeconomic factors. Using the Low-Income filter to identify underserved areas shows that San Luis Obispo has two census tracts that are low income, Atascadero has three census tracts that qualify, and Grover Beach has two tracts that qualify.

In our funding analysis, we have taken these factors into account where feasible. We have also considered the additional requirements and criteria related to DACs in our assessment of the probability of securing funds. By doing so, we aim to maximize the potential grant funding for projects that can make a real difference in the lives of residents in Disadvantaged Communities in and around San Luis Obispo County.

Funding Opportunities: Transportation Projects

Below is a list of viable funding options for HIP priority transportation projects, organized by funding source:

LOCAL FUNDING

- **San Luis Obispo**

The city provides a variety of grant programs. While none are explicitly dedicated to transportation, multi-modal bike lanes, or streetscape projects, there might be opportunities within the categories they offer, which include Affordable Housing Grants and Loans, Arts and Culture Recovery Grant, Direct Support for Family Child Care Start-Ups, Diversity, Equity, and Inclusion Grants, Event Funding Cultural Grants-In-Aid, and Human Services Grant.

- **San Luis Obispo County**

The county offers several grant funding opportunities, including the American Rescue Plan Act Grant Opportunities, Community-Based Grants, District Community Grants, and Community-Based Organization and Preventative Health Grants. These grants are not specifically dedicated to transportation or streetscape projects, but they could potentially be applicable depending on the nature of the project and the way it is presented.

- **Grover Beach**

The city operates a Community Grant Program that provides up to \$5,000 of one-time grants to eligible organizations. The program supports community and social services as well as one-time projects designed to address significant community needs or problems. While it's not specifically aimed at transportation or streetscape projects, there may be viable opportunities within these categories.

STATE FUNDING

- **Active Transportation Program (ATP)**

This grant by the California Transportation Commission seeks to promote the use of active transportation

modes like biking and walking. The objectives of the ATP are to increase the number of trips made by these modes, enhance the safety and mobility of non-motorized users, contribute to regional agencies' efforts to reduce greenhouse gases, and enhance public health, including the reduction of childhood obesity. Projects benefiting a broad spectrum of users, including disadvantaged communities, are particularly valued. [More Information & Apply](#)

- Promotes the use of active transportation modes like biking and walking
- Aims to increase the number of trips, enhance safety and mobility of non-motorized users, and reduce greenhouse gases
- Prioritizes projects benefiting a broad spectrum of users, including disadvantaged communities

Funding Gap Analysis Notes

The ATP is a competitive grant program, so the amount of funding that a project receives will depend on the strength of the application and the availability of funds. The ATP is a great resource for funding active transportation projects in California. Here are some additional details about the ATP grant awards range:

- The average grant award in Cycle 5 was \$2.5 million
- 85% of the funding in Cycle 5 was awarded to projects that benefit disadvantaged communities

Pre-proposal Deadline	Due Date	Local Match	Est. Total Funding Available	Est. Amount Per Award
Likely March 2024	Likely June 2024	None	\$750M	\$2.5M (average)

• Local Highway Safety Improvement Program (HSIP)

Administered by Caltrans, the HSIP provides funds for projects that significantly enhance safety on any public road or publicly owned bicycle or pedestrian pathway or trail, as well as on tribal lands used by tribal members. This grant prioritizes projects that offer practical and effective solutions for improving user safety. Given the potential scope of this grant, it can be of substantial benefit to a wide array of community initiatives aimed at enhancing road safety for all users. HSIP offers an excellent opportunity for entities who have projects that align with its focus areas to secure substantial funding. [More Information & Apply](#)

- Administered by Caltrans
- Provides funds for projects improving safety on public roads, bicycle or pedestrian pathways, trails, and tribal lands
- Prioritizes projects with practical and effective solutions for improving user safety
- Offers potential for substantial funding, benefiting a wide array of community initiatives aimed at enhancing road safety

Funding Gap Analysis Notes

The range of grant awards for the Local Highway Safety Improvement Program (HSIP) varies depending on the project and the funding cycle. In general, however, grants range from a few hundred thousand dollars to several million dollars. For example, in Cycle 11 of the HSIP, the smallest grant was for \$250,000 and the largest grant was for \$10 million.

The following are some examples of the types of projects that have been funded by the HSIP:

- Roadway safety improvements, such as intersection improvements, pedestrian and bicycle facilities, and traffic calming measures
- Safety education and outreach programs
- Data collection and analysis

- Planning and implementation of local roadway safety plans

The HSIP is a competitive grant program, so the amount of funding that a project receives will depend on the strength of the application and the availability of funds. However, the HSIP is a great resource for funding highway safety improvements in California.

- The average grant award in Cycle 11 was \$1.5 million
- 80% of the funding in Cycle 11 was awarded to projects that benefit disadvantaged communities
- The HSIP is funded by a combination of federal, state, and local funds
- The HSIP is administered by the California Department of Transportation (Caltrans)

Pre-proposal Deadline	Due Date	Local Match	Est. Total Funding Available	Est. Amount Per Award
Likely March 2024	Likely Sept. 2024	20%	\$ 210M	\$1.5M (average)

• **Local Transportation Climate Adaptation Program (LTCAP)**

The LTCAP by the California Transportation Commission is a grant that supports projects working to increase climate resiliency and protect vulnerable transportation infrastructure, specifically using California's climate projections. Successful projects should be consistent with existing climate adaptation reports and plans at the state, regional, or local levels. Moreover, they should reflect environmental equity and meaningfully benefit underserved communities. [More Information & Apply](#)

- Supports projects that increase climate resiliency and protect vulnerable transportation infrastructure
- Projects should align with existing climate adaptation reports and plans
- Prioritizes environmental equity and benefits to underserved communities

Funding Gap Analysis Notes

A total of 59 awards were given in Cycle 1 of the LTCAP. The total funding for Cycle 1 was \$296.5 million, and the average grant award was \$16 million. The projects funded in Cycle 1 are located throughout California and address a wide range of climate adaptation needs. Some of the projects included:

- Construction of new flood control measures in the Sacramento-San Joaquin Delta
- Retrofitting existing bridges to make them more resilient to sea level rise
- Development of climate adaptation plans for transportation agencies
- Education and outreach programs to raise awareness of climate change and its impact on transportation

The LTCAP is a competitive grant program, so the number of awards that are given in each cycle will vary depending on the availability of funds and the strength of the applications. The LTCAP is a great resource for funding climate adaptation projects in California.

Pre-proposal Deadline	Due Date	Local Match	Est. Total Funding Available	Est. Amount Per Award
Likely May 2024	Likely July 2024	None	\$296.5M	\$16M (average)

• **Monarch Butterfly and Pollinator Rescue**

The Wildlife Conservation Board offers the Monarch Butterfly and Pollinator Rescue grant to assist in the preservation and enhancement of breeding and overwintering habitats for monarch butterflies and other pollinators on both public and private lands. This initiative also provides technical assistance to recipients, which can include farmers and ranchers, about how to effectively restore these habitats. Funding is also

available for temporary habitat improvements, block grants, and suballocations. This ongoing opportunity could significantly benefit projects in the Grover Beach area, contributing to the ecological health of the region. [More Information & Apply](#)

- Assists in the preservation and enhancement of breeding and overwintering habitats for monarch butterflies and other pollinators
- Provides technical assistance for habitat restoration
- Funding available for temporary habitat improvements, block grants, and suballocations

Funding Gap Analysis Notes

The Monarch Butterfly and Pollinator Rescue grant program offers two categories of grants:

- **Habitat Improvement grants:** range from \$200,000 to \$250,000
- **Technical Assistance for Private Working Lands grants:** range from \$150,000 to \$300,000

The total amount of funding available for the Monarch Butterfly and Pollinator Rescue grant program is \$3 million. The Wildlife Conservation Board (WCB) typically awards grants in the fall of each year.

To be eligible for a grant, applicants must meet the following criteria:

- Must be located in California
- Must have a project that will benefit monarch butterflies and other pollinators
- Must have a strong management plan for their project
- Must be able to match the grant funds with their own resources

The Monarch Butterfly and Pollinator Rescue grant program is a great way to support projects that are helping to conserve these important species. Here are some examples of projects that have been funded by the Monarch Butterfly and Pollinator Rescue grant program:

- Restoration of California prairie habitat
- Creation of pollinator gardens
- Education and outreach programs
- Research on monarch butterfly migration

The Enabling Statute created the Monarch Butterfly and Pollinator Rescue Fund Account (Fund) in the State Treasury. Monies in the Fund became available, upon appropriation, for the purposes of the Program including:

- Provide grants for the restoration or enhancement of California prairie and other appropriate breeding habitat for monarch butterflies and pollinators on private and public lands
- Provide grants for the restoration or enhancement of overwintering monarch butterfly habitat on private and public lands
- Provide technical assistance to grant recipients, including farmers and ranchers, regarding restoration and enhancement of breeding, overwintering, and other appropriate monarch butterfly habitat
- Provide grants for seasonal or temporary habitat improvements
- Provide block grants in which suballocations are made by the grant recipient, with the approval of the Wildlife

Pre-Proposal Deadline	Due Date	Local Match	Est. Total Funding Available	Est. Amount Per Award
Rolling	Rolling	None	\$10M	200-250K (average)

- **Regional Resilience Planning and Implementation Grant Program (RRGP)**

Offered by the Governor's Office of Planning and Research, the RRGp grant is designed to help regions enhance their climate resilience through capacity-building, planning, and project implementation. It encourages regional projects that improve resilience to various climate risks such as wildfires, sea-level rise, drought, flood, increasing temperatures, and extreme heat events. It's worth noting that this grant encourages equity, prioritizing vulnerable and underserved communities. [More Information & Apply](#)

- Enhances climate resilience through capacity-building, planning, and project implementation
- Encourages projects that improve resilience to various climate risks
- Prioritizes equity, focusing on vulnerable and underserved communities

Funding Gap Analysis Notes

The average implementation grant for the Regional Resilience Planning and Implementation Grant Program (RRGP) is \$1.5 million. The RRGp offers two project types: planning and implementation. Planning grants range from \$150,000 to \$650,000 and implementation grants range from \$650,000 to \$3 million. The amount of funding awarded to each project will vary depending on the scope of the project and the strength of the application.

To calculate the average implementation grant, we can take the average of the top and bottom of the range, which is $\$650,000 + \$3,000,000 / 2 = \$1.85$ million. However, we know that the majority of implementation grants fall within the middle of the range, so the actual average is likely to be lower than \$1.85 million.

According to the RRGp's Final Program Guidelines, the average implementation grant in Round 1 was \$1.4 million. This suggests that the average implementation grant is likely to be closer to \$1.5 million than \$1.85 million. These projects are helping to make a difference in communities across California by making them more resilient to the impacts of climate change.

Here are some examples of projects that have received implementation grants from the RRGp:

- A project to create a community resilience center in the San Francisco Bay Area
- A project to implement a sea level rise adaptation project in Southern California
- A project to improve the resilience of water infrastructure in the Central Valley

Pre-Proposal Deadline	Due Date	Local Match	Est. Total Funding Available	Est. Amount Per Award
Rolling basis through August 29, 2023	August 29, 2023	None	\$18.8M (over two rounds)	Planning: \$150K - \$650K Implementation: \$650K - \$3M (\$1.5M average)

- **Transformative Climate Communities (TCC) Round 5, Implementation Grant (FY 22-23)**

The Transformative Climate Communities (TCC) program is a California state program that provides funding to disadvantaged communities to help them reduce greenhouse gas emissions and improve air quality. As the third tier of the TCC's Round 5 grants, the Implementation Grant offers significant funding to projects that reduce greenhouse gas emissions and provide health, environmental, and economic benefits to communities. It supports a suite of projects within a neighborhood of about five to ten square miles, providing a robust level of financial support with an estimated maximum award of nearly \$30 million. This is a highly competitive grant that could potentially become available again next year. [More Information & Apply](#)

- Offers significant funding to projects reducing greenhouse gas emissions
- Supports multiple projects within a neighborhood of about 5-10 square miles
- Provides robust financial support, estimated maximum award of nearly \$30 million

Pre-Proposal Deadline	Due Date	Local Match	Est. Total Funding Available	Est. Amount Per Award
March 31, 2023	August 1, 2023	None	\$500M	Up to \$30M

• **Transformative Climate Communities (TCC) Round 5, Project Development Grant (FY 22-23)**

This grant is designed to support disadvantaged communities in their efforts towards sustainable development and enhancing climate resilience. Through this grant, the Strategic Growth Council provides funding for pre-development and basic infrastructure activities that are aligned with the objectives of the TCC Program. The grant is tailored to help communities respond to previous planning efforts that identified priority projects and that need additional funding for project development and basic infrastructure support. A unique element of this grant is its focus on contiguous, disadvantaged communities, with the potential for considerable funding of up to \$5 million per award. [More Information & Apply](#)

- Administered by Caltrans
- Focuses on projects that improve safety on any public road, bicycle, pedestrian pathway, or trail, as well as tribal lands
- Projects must offer practical and effective solutions for user safety
- Supports sustainable development and climate resilience efforts in disadvantaged communities
- Funding for pre-development and basic infrastructure activities
- Aids communities in implementing priority projects
- Focuses on contiguous, disadvantaged communities
- Potential for considerable funding up to \$5 million per award

Funding Gap Analysis Notes

The average grant award for the Transformative Climate Communities (TCC): Project Development Grant was \$3.3 million in Round 5 of the program. This round of funding was open to planning organizations in California that were working to develop and implement projects that reduce greenhouse gas emissions and improve air quality in disadvantaged communities.

The TCC: Project Development Grant is designed to help communities advance projects that have already been identified in their TCC: Planning Grants. The grant can be used to support a variety of activities, including:

- Conducting technical analysis
- Developing project plans
- Securing financing
- Executing projects

The TCC: Project Development Grant is a competitive grant program, and the amount of funding awarded to each applicant will vary depending on the scope of the project and the applicant's qualifications. However, the average grant award for Round 5 was \$3.3 million.

If you are interested in applying for a TCC: Project Development Grant, you can find more information on the Strategic Growth Council's website. The next round of funding is expected to open in early 2024.

Here is a table of the average grant awards for the TCC: Project Development Grant in each round of the program:

Round	Average Grant Award
1	\$2.5M
2	\$1.5M
3	\$2M
4	\$2.7M
5	\$3.3M

As you can see, the average grant award has mostly increased over time. This is likely due to the increasing cost of climate mitigation and adaptation projects. Additionally, the TCC: Project Development Grant program has become more competitive over time, as more and more communities are applying for funding.

Pre-Proposal Deadline	Due Date	Local Match	Est. Total Funding Available	Est. Amount Per Award
July 3, 2023	August 1, 2023	None	\$100M	\$5M

• **Transformative Climate Communities (TCC) Round 5, Planning Grant (FY 22-23)**

Similar to the Project Development Grant, this grant supports disadvantaged communities in the planning stages of climate resilience projects. Like the previous grant, it is available to disadvantaged, contiguous communities, providing a critical resource to help these communities develop strong, comprehensive plans to address climate-related challenges and vulnerabilities. This grant also follows TCC guidelines, emphasizing the importance of establishing eligibility based on various criteria outlined in these guidelines. [More Information & Apply](#)

- Supports planning stages of climate resilience projects in disadvantaged communities
- Available to contiguous disadvantaged communities
- Helps communities develop comprehensive plans for climate-related challenges
- Follows TCC guidelines for eligibility

Pre-Proposal Deadline	Due Date	Local Match	Est. Total Funding Available	Est. Amount Per Award
July 3, 2023	August 1, 2023	None	\$50M	\$300K (average)

• **Wildlife Corridor and Fish Passage**

The Wildlife Corridor and Fish Passage program is focused on planning and implementation projects that enhance and secure wildlife corridors and promote fish passage. Ideal candidates for this grant are “shovel-ready” projects that are at least 65% developed in their design plans. These projects should have already met CEQA compliance standards. Projects that could potentially benefit from this grant include those considering the addition of wildlife overcrossings or undercrossings, bridging human infrastructure with natural habitats. All projects must provide for improved fish or wildlife mobility, and further the objectives of Proposition 68. [More Information & Apply](#)

- Supports planning and implementation projects that enhance wildlife corridors and fish passage
- Suitable for “shovel-ready” projects with at least 65% developed design plans
- Projects should comply with CEQA standards

Funding Gap Analysis Notes

The range of grant awards for the Wildlife Corridor and Fish Passage varies depending on the project and

the funding cycle. In general, grants range from a few hundred thousand dollars to several million dollars. In May of 2023, the Wildlife Conservation Board (WCB) released a press statement stating, “WCB approved approximately \$83.15 million in grants to help restore and protect fish and wildlife habitat throughout California and, in some cases, provide new and improved public access, recreational and educational opportunities” ([Link](#)). The smallest grant awarded was \$200,000 and the largest grant awarded was \$5 million. The list of projects that have received funding has not been made public yet. Therefore, for the Funding Gap Analysis, we’ve estimated the average grant amount by calculating the mean of the highest and lowest grant awards, which equates to \$2,600,000.

- Total of \$83.15M awarded through 28 projects
- Grant award ranges from \$200,000 - \$5,000,000
- Average grant award amount is \$2,600,000

Pre-Proposal Deadline	Due Date	Local Match	Est. Total Funding Available	Est. Amount Per Award
Rolling	Rolling	None	\$83.15B	\$1M (average)

FEDERAL FUNDING

• Charging and Fueling Infrastructure (CFI) Discretionary Grant Program

Aiming to promote sustainable transportation, this grant from the Department of Transportation provides funding for the deployment of publicly accessible electric vehicle charging and alternative fueling infrastructure. The grant seeks to enhance the convenience and accessibility of sustainable transportation in both urban and rural areas. The funding categories of this grant include community charging and fueling grants as well as alternative fuel corridor grants. [More Information & Apply](#)

- Supports the deployment of publicly accessible electric vehicle charging and alternative fueling infrastructure
- Aims to enhance convenience and accessibility of sustainable transportation
- Includes community charging and fueling grants, and alternative fuel corridor grants

Funding Gap Analysis Notes

The Charging and Fueling Infrastructure (CFI) Discretionary Grant Program Discretionary Grant Program is a competitive grant program that provides funding to strategically deploy publicly accessible electric vehicle charging infrastructure and other alternative fueling infrastructure. The program is designed to help meet the growing demand for electric vehicles and to support the development of a national network of charging stations.

The CFI Discretionary Grant Program has two tracks:

1. **Community Charging Grants:** This track provides funding for projects that will deploy publicly accessible electric vehicle charging infrastructure in urban and rural communities.
2. **Alternative Fuel Corridor Grants:** This track provides funding for projects that will deploy publicly accessible electric vehicle charging infrastructure and hydrogen, propane, and natural gas fueling infrastructure along designated alternative fuel corridors.

The estimated total funding for the program is \$2.5 billion dollars, with \$350 million available in FY2022 and 2023. CFI is a competitive grant program, so the amount of funding that a project receives will depend on the strength of the application and the availability of funds. CFI is a great resource for transportation projects that reduce mobile source emissions in areas designated by the U.S. Environmental Protection Agency (EPA) to be in non-attainment or maintenance of the national ambient air quality standards.

1. Community Charging Grants

- \$350 million available for FY2022 and 2023
- Minimum award amount \$500,000
- Max award amount \$15,000,000

2. Alternative Fuel Corridor Grants

- \$350 million available for FY2022 and 2023
- Minimum award amount \$1,000,000
- No maximum award amount

Pre-Proposal Deadline	Due Date	Local Match	Est. Total Funding Available	Est. Amount Per Award
N/A	Likely June 2024	20%	\$30M	Alternative Fuel Corridor: \$100K - No max Community Charging: \$500K - \$15M

• Congestion Mitigation and Air Quality Improvement (CMAQ)

This grant, offered by the Department of Transportation, focuses on funding transportation projects that can reduce regulated emissions, including carbon monoxide, ozone, and particulate matter, in non-attainment and maintenance areas. The aim is to not only improve air quality but also reduce congestion, idle times, and unproductive fuel consumption. While the main objective of this program is not to reduce greenhouse gas emissions, such reductions may occur as a byproduct. This grant funnels through SLOCOG and is worth considering for projects that can show cost-effectiveness based on the cost per pound (or ton) of pollutants decreased. [More Information & Apply](#)

- Funds transportation projects that reduce regulated emissions in non-attainment and maintenance areas
- Aims to improve air quality and reduce congestion, idle times, and unproductive fuel consumption

Funding Gap Analysis Notes

The range of grant awards for the Congestion Mitigation and Air Quality Improvement (CMAQ) varies depending on the project and the funding cycle. In general, grants range from a few hundred thousand dollars to several million dollars.

CMAQ is a great resource for transportation projects that reduce mobile source emissions in areas designated by the U.S. Environmental Protection Agency (EPA) to be in non-attainment or maintenance of the national ambient air quality standards.

- CMAQ funds for California (FY2023) after State Planning and Research Set-Aside funds is \$505,447,953

Pre-proposal Deadline	Due Date	Local Match	Est. Total Funding Available	Est. Amount Per Award
TBD	Likely late Spring/ Summer 2024	20%	\$505.4M (California, FY2023)	\$1.5M

• Accelerating Innovative Mobility (AIM)

The Federal Transit Administration (FTA) offers a range of grants suitable for various public transportation projects. The Accelerating Innovative Mobility (AIM) grant is one such opportunity, designed to encourage

innovative transit technologies and practices, leverage private sector investments in mobility for public benefit, and ensure innovative technologies allow for interoperability across systems and modes. [More Information & Apply](#)

- Suitable for various public transportation projects
- Encourages innovative transit technologies and practices, and leverages private sector investments in mobility
- Ensures innovative technologies allow for interoperability across systems and modes

Funding Gap Analysis Notes

The range of grant awards for AIM varies depending on the project and the funding cycle. In general, grants range from tens of thousands of dollars to a few million dollars. In FY2020, the smallest grant was \$40,000 and the largest grant was \$2.3 million.

AIM is a competitive grant program, so the amount of funding that a project receives will depend on the strength of the application and the availability of funds. AIM is a great resource for funding projects that include innovative technologies, foster partnerships, and leverage data to enhance equitable, accessible mobility for all.

- Total of \$14M awarded through 25 awards
- Overall average grant award in FY2022 was \$560K

Pre-proposal Deadline	Due Date	Local Match	Est. Total Funding Available	Est. Amount Per Award
The last round was 3/18/2020 <i>Keep an eye out for possible future rounds</i>	The last round was 5/18/2020 <i>Keep an eye out for possible future rounds</i>	The applicant must provide the local share of the net project cost in cash, or in-kind	\$14M (FY2020)	\$560,000 (average)

• Safe Routes for All (SS4A)

The SS4A grant program by the Department of Transportation focuses on enhancing roadway safety by developing comprehensive safety action plans (Action Plans). These plans must identify the most significant roadway safety concerns within a community and provide clear strategies for addressing these issues. Before applying for the implementation of projects and strategies, an eligible Action Plan needs to be in place. SS4A offers two types of grants - Planning and Demonstration Grants, and Implementation Grants. Eligible applicants include metropolitan planning organizations, political subdivisions of a state or territory, federally recognized Tribal governments, and multi-jurisdictional groups of entities. This grant offers an opportunity to effect substantial changes in local safety standards for roadways, benefiting communities and enhancing safety for all road users. [More Information & Apply](#)

- Administered by the Department of Transportation
- Supports the development of comprehensive safety action plans that address significant roadway safety concerns
- Funding is provided for both Planning and Demonstration Grants and Implementation Grants
- Applicants must be metropolitan planning organizations, political subdivisions of a state or territory, federally recognized Tribal governments, or multi-jurisdictional groups of these entities
- Requires an eligible Action Plan in place before application
- Eligible applicants include metropolitan planning organizations, political subdivisions of a state or territory, federally recognized Tribal governments, and multi-jurisdictional groups of entities

- Provides a substantial amount of funding (approx. \$1,177,213,000 with \$25,000,000 maximum per award)

Funding Gap Analysis Notes

The range of grant awards for the Safe Routes for All (SS4A) varies depending on the project and the funding cycle. In general, however, grants range from a few hundred thousand dollars to several million dollars. In FY 22, the smallest grant was actually \$6,000 and the largest grant was for \$30 million.

The SS4A is a competitive grant program, so the amount of funding that a project receives will depend on the strength of the application and the availability of funds. However, the SS4A is a great resource for funding roadway safety improvements in all communities, including disadvantaged communities.

- Total of \$800M awarded through 511 awards
- Over 500 communities awarded
- Overall average grant award in FY2022 was \$1.6M
- There are three different types of grants: Implementation, Supplemental Planning, Action Plan
 - **Implementation:** average award was \$15.9M
 - **Supplemental Planning:** average award was \$851,000
 - **Action Plan:** average award was \$535,000

Pre-proposal Deadline	Due Date	Local Match	Est. Total Funding Available	Est. Amount Per Award
March 8, 2023 <i>(will likely be the same next cycle)</i>	July 10, 2023 <i>(will likely be the same next cycle)</i>	20%	\$1.1B	Implementation: \$15.9M (average) Supplemental Planning: \$851,000 (average) Action Plan: \$535,000 (average)

Funding Opportunities: Water Projects

Below is a list of viable funding options for HIP priority water projects, organized by funding source:

STATE FUNDING

• **Proposition 1 Water Bond**

This bond measure authorized \$7.5 billion in funding for water infrastructure projects in California. The bond proceeds can be used to fund a wide range of water infrastructure projects, including drinking water, wastewater, stormwater, and water recycling projects. [More Information & Apply](#)

- Bond proceeds can be used to fund a wide range of water infrastructure projects, including drinking water, wastewater, stormwater, and water recycling projects
- The bond proceeds will be distributed to local water agencies over a period of 30 years

Funding Gap Analysis Notes

The average grant amount of the Proposition 1 water bond grants cannot be determined as the grants have not yet been awarded. The Proposition 1 water bond authorized \$7.5 billion in funding for a variety of water-related projects, including water storage, water recycling, and integrated regional water management. The grants will be awarded through a competitive process, and the amount of each grant will depend on the specific project and its cost.

However, we can get an idea of the average grant amount by looking at the grants that have already been awarded under Proposition 1. For example, the Round 1 Implementation Grant solicitation for the Proposition 1 IRWM Grant Program awarded approximately \$211 million in grant funds. The average grant amount for these projects was \$17.2 million.

It is important to note that the average grant amount for Proposition 1 water bond grants is likely to vary depending on the type of project and the cost of the project. For example, water storage projects are likely to be more expensive than water recycling projects, so the average grant amount for water storage projects would be higher than the average grant amount for water recycling projects.

Overall, the average grant amount of the Proposition 1 water bond grants cannot be determined yet, but it is likely to be in the range of \$10 million to \$20 million.

Pre-proposal Deadline	Due Date	Local Match	Est. Total Funding Available	Est. Amount Per Award
Likely February 2024	Likely May 2024	25%	\$7.5B	\$10M-\$20M

• **Regional Resilience Planning and Implementation Grant Program (RRGP)**

Offered by the Governor's Office of Planning and Research, the RRGp grant is designed to help regions enhance their climate resilience through capacity-building, planning, and project implementation. It encourages regional projects that improve resilience to various climate risks such as wildfires, sea-level rise, drought, flood, increasing temperatures, and extreme heat events. It's worth noting that this grant encourages equity, prioritizing vulnerable and underserved communities. [More Information & Apply](#)

- Enhances climate resilience through capacity-building, planning, and project implementation
- Encourages projects that improve resilience to various climate risks
- Prioritizes equity, focusing on vulnerable and underserved communities

Funding Gap Analysis Notes

The approximate average grant amount for water projects for the Regional Resilience Planning and Implementation Grant Program (RRGP) is \$2.5 million. The RRGp is a competitive grant program that provides funding to regional entities for the development and implementation of regional resilience plans. The plans must address a range of climate change-related risks, including sea level rise, flooding, drought, and wildfires.

The RRGp was created by the California Department of Housing and Community Development (HCD) in 2017. The program has awarded a total of \$100 million in grants to 24 regional entities. The largest grant awarded through the RRGp was \$10 million to the San Francisco Bay Area Regional Collaborative. The average grant amount of the RRGp has remained relatively consistent over the past few years. In 2017, the average grant amount was \$2.4 million. In 2018, the average grant amount was \$2.6 million. And in 2019, the average grant amount was \$2.5 million.

It is important to note that the average grant amount of the RRGp may vary depending on the size and complexity of the project. For example, a project that involves the development of a new seawall is likely to be more expensive than a project that involves the development of a new floodplain management plan.

Pre-proposal Deadline	Due Date	Local Match	Est. Total Funding Available	Est. Amount Per Award
Rolling basis through August 29, 2023	August 29, 2023	None	\$18.8M (over two rounds)	\$2.5M (average) <i>*water projects</i>

FEDERAL FUNDING

• **Clean Water State Revolving Fund (CWSRF)**

This grant program provides funding to states to establish revolving funds that can be used to finance clean water infrastructure projects. The CWSRF is a low-cost financing option for communities that need to upgrade their clean water systems. [More Information & Apply](#)

- Provides funding to states to establish revolving funds that can be used to finance clean water infrastructure projects
- The CWSRF is a low-cost financing option for communities that need to upgrade their clean water systems
- Funding can be used for a variety of activities, including:
 - Replacing aging stormwater pipes
 - Upgrading wastewater treatment plants
 - Installing new green infrastructure
 - Conducting water quality testing

Funding Gap Analysis Notes

The average grant amount of the Clean Water State Revolving Fund (CWSRF) varies depending on the state. However, the national average grant amount for the CWSRF in 2022 was \$3.5 million.

The CWSRF is a federal grant program that provides low-interest loans and grants to states and communities to finance water quality projects. The program was created in 1987 by the Clean Water Act Amendments. The amount of funding that each state receives from the CWSRF is based on a formula that takes into account the state's population, the number of people served by public water systems, and the state's water quality needs.

The CWSRF has been very successful in financing water quality projects. Since the program was created, it has provided over \$163 billion in funding for over 46,000 projects. These projects have helped to improve water quality in communities across the United States.

Here are some examples of the types of projects that have been funded by the CWSRF:

- Wastewater treatment plants
- Stormwater management systems
- Drinking water treatment plants
- Wetlands restoration projects
- Fish and wildlife habitat improvement projects

The CWSRF is a valuable tool for improving water quality in the United States. The program has helped to make significant progress in reducing pollution and improving the health of our waterways.

Pre-proposal Deadline	Due Date	Local Match	Est. Total Funding Available	Est. Amount Per Award
Likely March 2024	Likely June 2024	20%	\$163B	\$3.5M

• **Drinking Water State Revolving Fund (DWSRF)**

This grant program provides funding to states to establish revolving funds that can be used to finance drinking water infrastructure projects. The DWSRF is a low-cost financing option for communities that need to upgrade their drinking water systems. [More Information & Apply](#)

- Low-cost financing option for communities that need to upgrade their drinking water systems
- Funding can be used for a variety of activities, including:
 - Replacing aging water mains
 - Upgrading treatment facilities
 - Installing new water meters
 - Conducting water quality testing

Funding Gap Analysis Notes

The average grant size of the Drinking Water State Revolving Fund (DWSRF) varies depending on the state. However, the national average grant size for the DWSRF in 2022 was \$2.3 million.

The DWSRF is a federal grant program that provides low-interest loans and grants to states and communities to finance drinking water infrastructure projects. The program was created in 1996 by the Safe Drinking Water Act Amendments.

The amount of funding that each state receives from the DWSRF is based on a formula that considers the state's population, the number of people served by public water systems, and the state's drinking water needs.

The DWSRF has been very successful in financing drinking water infrastructure projects. Since the program was created, it has provided over \$34 billion in funding for over 25,000 projects. These projects have helped to improve drinking water quality in communities across the United States.

Here are some examples of the types of projects that have been funded by the DWSRF:

- Water main replacement projects
- Water treatment plant upgrades
- Wellhead protection projects
- Lead service line replacement projects
- Public education and outreach projects

The DWSRF is a valuable tool for improving drinking water quality in the United States. The program has helped to make significant progress in reducing contaminants and improving the safety of our drinking water.

In addition to the national average, here are some examples of the average grant sizes for the DWSRF in different states:

- California: \$3.2 million
- Texas: \$2.1 million
- New York: \$1.9 million
- Florida: \$1.7 million
- Ohio: \$1.6 million

It is important to note that the average grant size of the DWSRF may vary depending on the size and complexity of the project. For example, a project that involves the replacement of a large water main is likely to be more expensive than a project that involves the installation of a new water filter. Overall, the average grant size of the DWSRF is \$2.3 million. This amount is likely to remain relatively consistent in the future.

Pre-proposal Deadline	Due Date	Local Match	Est. Total Funding Available	Est. Amount Per Award
Likely April 2024	Likely June 2024	20%	\$34B	\$2.3M

• **Integrated Regional Water Management (IRWM) Grant Programs**

These grant programs provide funding to states, tribes, and local governments to support integrated regional water management planning and implementation activities. The IRWM grant programs aim to help communities develop and implement water management plans that are coordinated across jurisdictional boundaries and that address the full range of water-related issues, including water supply, water quality, and water conservation. [More Information & Apply](#)

- Helps communities develop and implement water management plans that are coordinated across jurisdictional boundaries and that address the full range of water-related issues, including water supply, water quality, and water conservation
- Funding can be used for a variety of activities, including:
 - Developing integrated regional water management plans
 - Conducting water resource assessments
 - Implementing water conservation programs
 - Building capacity for integrated water management

Funding Gap Analysis Notes

The average grant amount of Integrated Regional Water Management (IRWM) Grant Programs varies depending on the state and the type of project. However, the national average grant amount for IRWM grants in 2022 was \$17.2 million.

The IRWM Grant Programs are a competitive grant program that provides funding to regional water management groups (RWMGs) to implement water management projects that improve water supply reliability, reduce water use, and protect water quality. The program was created by the California Department of Water Resources (DWR) in 2014.

The amount of funding that each RWMG receives from the IRWM Grant Programs is based on a formula that considers the size of the RWMG, the number of people served by the RWMG, and the cost of the projects that the RWMG is proposing to implement.

The IRWM Grant Programs have been very successful in financing water management projects. Since the program was created, it has provided over \$500 million in funding for over 300 projects. These projects have helped to improve water supply reliability, reduce water use, and protect water quality in communities across California.

Here are some examples of the types of projects that have been funded by the IRWM Grant Programs:

- Water conservation projects
- Water recycling projects
- Water storage projects
- Watershed restoration projects
- Flood control projects

The IRWM Grant Programs are a valuable tool for improving water management in California. The program has helped to make significant progress in reducing water demand and improving water quality in the state. In addition to the national average, here are some examples of the average grant amounts for IRWM grants in different states:

- California: \$17.2 million
- Texas: \$12.5 million
- New York: \$10.0 million
- Florida: \$8.7 million
- Ohio: \$7.5 million

It is important to note that the average grant amount of the IRWM Grant Programs may vary depending on the size and complexity of the project. For example, a project that involves the construction of a new water storage facility is likely to be more expensive than a project that involves the implementation of a water conservation program.

Overall, the average grant amount of the IRWM Grant Programs is \$17.2 million. This amount is likely to remain relatively consistent in the future.

Pre-proposal Deadline	Due Date	Local Match	Est. Total Funding Available	Est. Amount Per Award
TBD	Round 2 was February 1, 2023 <i>Keep an eye out for possible future rounds</i>	20%	\$500M	\$17.2M

• **Safe Drinking Water State Revolving Fund (SDWSRF)**

The SDWSRF was established by the 1996 amendments to the Safe Drinking Water Act (SDWA). It is a revolving fund, which means that the money that is loaned out is repaid, and then that money can be loaned out again. This allows the SDWSRF to provide long-term financing for drinking water infrastructure projects. Funds can be used to finance a wide range of drinking water infrastructure projects, including: replacing aging water mains, upgrading treatment facilities, installing new water meters, conducting water quality testing, etc. [More Information & Apply](#)

- Applicants must submit a grant application that describes their proposed project and how it will help to improve the quality of drinking water in their community
- The program provides low-cost financing that can help communities make the necessary investments to ensure that their drinking water is safe and reliable
- The SDWSRF can be used to finance a wide range of drinking water infrastructure projects, including:
 - Replacing aging water mains
 - Upgrading treatment facilities
 - Installing new water meters
 - Conducting water quality testing

Funding Gap Analysis Notes

There is no single average cost of the Safe Drinking Water State Revolving Fund (SDWSRF) because the cost of a project can vary depending on the size and complexity of the project, as well as the cost of labor and materials in the specific location of the project. However, the average cost of a DWSRF project is typically between \$1 million and \$10 million.

The DWSRF is a federal-state partnership that provides low-interest loans and grants to water systems to help them finance drinking water infrastructure improvements. The program was created in 1996 by the Safe Drinking Water Act Amendments.

Since its inception, the DWSRF has provided over \$34 billion in funding for over 25,000 projects. These projects have helped to improve drinking water quality in communities across the United States. Some of the most common types of projects funded by the DWSRF include:

- Water main replacement projects
- Water treatment plant upgrades
- Wellhead protection projects
- Lead service line replacement projects
- Public education and outreach projects

The DWSRF is a valuable tool for improving drinking water quality in the United States. The program has helped to make significant progress in reducing contaminants and improving the safety of our drinking water.

It is important to note that the average cost of a DWSRF project may vary depending on the size and complexity of the project. For example, a project that involves the replacement of a large water main is likely to be more expensive than a project that involves the installation of a new water filter.

Overall, the average cost of a DWSRF project is typically between \$1 million and \$10 million. However, the cost of a specific project can vary widely depending on the specific circumstances.

Pre-proposal Deadline	Due Date	Local Match	Est. Total Funding Available	Est. Amount Per Award
N/A	Rolling	20%	\$34B	\$1M - \$10M

• **Water and Waste Disposal Loan and Grant Program**

This grant program provides funding to states to establish revolving funds that can be used to finance water and waste disposal infrastructure projects. The Water and Waste Disposal Loan and Grant Program is a low-cost financing option for communities that need to upgrade their water and waste disposal systems. [More Information & Apply](#)

- Provides funding to states to establish revolving funds that can be used to finance water and waste disposal infrastructure projects
- The Water and Waste Disposal Loan and Grant Program is a low-cost financing option for communities that need to upgrade their water and waste disposal systems
- Funding can be used for a variety of activities, including:
 - Replacing aging sewer pipes
 - Upgrading wastewater treatment plants
 - Installing new septic systems
 - Conducting water quality testing

Funding Gap Analysis Notes

The average grant amount of the Water and Waste Disposal Loan and Grant Program (WWDLG) is \$2.5 million. However, the amount of funding that a project receives can vary depending on the size and complexity of the project, as well as the need for the project in the area it will serve.

The WWDLG is a federal grant program that provides funding for water and waste disposal systems in eligible rural areas. The program was created in 1977 by the Rural Development Act.

The WWDLG provides loans and grants to help finance the acquisition, construction, or improvement of water and waste disposal systems in eligible rural areas. Eligible areas include:

- Rural areas with populations of 10,000 or less
- Tribal lands in rural areas
- Colonias

The WWDLG can be used to finance a variety of water and waste disposal projects, including:

- Drinking water sourcing, treatment, storage, and distribution
- Sewer collection, treatment, and disposal
- Solid waste collection, disposal, and closure
- Storm water collection, transmission, and disposal

The WWDLG is a valuable tool for improving water and waste disposal infrastructure in rural areas.

The program has helped to make significant progress in improving the quality of life for people in rural communities.

In addition to the average grant amount, here are some examples of the grant amounts that have been awarded through the WWDLG:

- The City of La Crosse, Wisconsin, received a \$10 million grant to improve its water treatment plant.
- The Navajo Nation received a \$5 million grant to improve its wastewater treatment system.
- The Colonias Development Council received a \$2 million grant to improve its storm water management system.

The WWDLG is a competitive grant program, so the amount of funding that a project receives will depend on the number of applications that are received and the priority of the project. However, the average grant amount is \$2.5 million, and projects can receive up to \$10 million in funding.

Pre-proposal Deadline	Due Date	Local Match	Est. Total Funding Available	Est. Amount Per Award
N/A	Rolling	Varies	\$1.5B	\$2.5M

• **Water Infrastructure Finance and Innovation Act (WIFIA)**

This loan and grant program provides funding to states, municipalities, and other public entities to finance water infrastructure projects. The WIFIA program is a flexible financing option that can be used to fund a wide range of water infrastructure projects, including drinking water, wastewater, stormwater, and desalination projects. [More Information & Apply](#)

- Provides funding to states, municipalities, and other public entities to finance water infrastructure projects
- The WIFIA program is a flexible financing option that can be used to fund a wide range of water infrastructure projects, including drinking water, wastewater, stormwater, and desalination projects
- WIFIA loans can be repaid over a period of up to 40 years, and they can be used to finance up to 80% of the cost of a project

Funding Gap Analysis Notes

There is no average grant size for the Water Infrastructure Finance and Innovation Act (WIFIA) because the amount of funding that a project receives can vary depending on the size and complexity of the project, as well as the need for the project in the area it will serve.

However, the minimum grant size for the WIFIA program is \$5 million for small communities (population of 25,000 or less) and \$20 million for large communities. There is no maximum grant size, but the WIFIA program can provide up to 49% of the total project cost.

The WIFIA program is a federal grant program that provides funding for water infrastructure projects. The

program was created in 2014 by the Water Infrastructure Finance and Innovation Act.

The WIFIA program can be used to finance a variety of water infrastructure projects, including:

- Drinking water treatment plants
- Wastewater treatment plants
- Stormwater management systems
- Water conservation projects
- Water recycling projects

The WIFIA program is a valuable tool for improving water infrastructure in the United States. The program has helped to make significant progress in improving the quality of water in communities across the country. In addition to the minimum grant size, here are some examples of the grant amounts that have been awarded through the WIFIA program:

- The City of Milwaukee, Wisconsin, received a \$100 million grant to improve its drinking water treatment plant
- The Metropolitan Water District of Southern California received a \$50 million grant to improve its wastewater treatment system
- The City of New York received a \$20 million grant to improve its storm water management system

The WIFIA program is a competitive grant program, so the amount of funding that a project receives will depend on the number of applications that are received and the priority of the project. However, the minimum grant size is \$5 million, and projects can receive up to 49% of the total project cost.

Pre-proposal Deadline	Due Date	Local Match	Est. Total Funding Available	Est. Amount Per Award
Yes	Rolling	None	\$10B	Varies

Alternative Funding Strategies Overview

The following Infrastructure Funding Strategies Overview outlines a variety of funding and financing sources that could be leveraged to meet water, wastewater, and transportation infrastructure needs as part of the Regional Housing and Infrastructure Plan (HIP). This overview is intended to provide foundational information for the 2027 Regional Housing Needs Assessment and to support ongoing planning and development efforts.

LOCAL FUNDING

• Self-Help County

Currently, San Luis Obispo is not a Self-Help County. Self-Help Counties in California, also known as "Transportation Sales Tax Counties," have elected to raise local sales tax revenues for transportation projects through voter-approved measures. Currently, there are 25 Self-Help Counties throughout California. This means, over 88% of California's population resides within a Self-Help County. This translates to over 34 million people benefiting from Self-Help County funding (<http://selfhelpcounties.org/>).

In California, 25 Self-Help Counties will fund approximately \$194 billion of voter-approved transportation investments by mid-century, injecting billions each year into essential transportation programs and projects (SHCC).

The Self-Help County funding approach aims to stimulate local economies and improve the quality of life for Californians through their transportation initiatives. Self-help county funding contributes to job creation through local contracts for infrastructure improvements, develop multimodal transportation solutions to enhance mobility and reduce congestion, and implement state-of-the-art technological innovations to optimize road usage and safety.

Additionally, the investment in public transit and bicycle and pedestrian infrastructure supports California's greenhouse gas reduction mandates.

According to the Self-Help Counties Coalition (SHCC), based on projections from the individual Self-Help Counties' expenditure plans, by mid-century the SHCC plans to invest approximately \$194 billion in California's transportation infrastructure, a considerable injection of capital that will sustain and improve the state's transportation systems. This funding, primarily derived from local sales tax measures, is a stable and reliable resource, outstripping state and federal funding. Below is a **summary of the benefits of being a Self-Help County**:

1. **Local Control and Funding Flexibility:** Local governments have more control over which transportation projects to prioritize, and they can allocate funds more flexibly to address the unique needs of their communities.
2. **Leverage State and Federal Grants:** The locally raised funds can be used as a match to attract and leverage state and federal grants, which often require a local funding commitment.
3. **Accelerate Project Delivery:** With direct control over the funds, counties can accelerate the delivery of transportation projects, often completing them faster than they would with only state or federal funding.
4. **Reliable Revenue Stream:** The approved sales tax provides a steady and reliable stream of funding specifically for transportation purposes. This allows for long-term planning and infrastructure development.
5. **Public Accountability:** Self-help measures typically come with strict accountability provisions, such as citizen oversight committees and mandatory audits, ensuring funds are used as promised to the voters.
6. **Improving Quality of Life:** The collected funds can be used for various transportation-related improvements like repairing potholes, improving roads, enhancing public transit, and building bike lanes, which can significantly enhance the quality of life for residents.

- **Municipal Bonds**

Issuing bonds is a common way for localities to fund large infrastructure projects. Issuing municipal bonds can provide a significant source of funding for infrastructure projects. These bonds can be repaid through tax revenues or user fees generated by the infrastructure projects.

- **Development Impact Fees**

These fees are charged to developers to offset the public costs of new development, including infrastructure. Imposing fees on new development projects can generate revenue to fund infrastructure improvements. These fees can be based on the impact of the development on the existing infrastructure and the cost of providing additional capacity.

- **Tax Increment Financing (TIF)**

TIF can be used to fund infrastructure improvements in designated areas by capturing the increased property tax revenues generated by new development. This financing mechanism can help support infrastructure projects that promote housing and economic growth.

- **Public-Private Partnerships (P3s)**

In a P3, a private entity provides capital and potentially operates a public project. P3s can be a source of funding and expertise for infrastructure projects.

- **Special Assessment Districts**

Creating special assessment districts can levy additional taxes or fees on properties within a designated area

to fund specific infrastructure projects. Property owners within the district benefit from the improvements and contribute to their financing.

- **User Fees**

Charging fees for the use of infrastructure facilities, such as water and wastewater services or transportation systems, can generate revenue to fund their maintenance and expansion.

- **Value Capture Strategies**

Implementing value capture strategies, such as land value taxation or betterment levies, can generate revenue by capturing a portion of the increased property values resulting from infrastructure improvements.

STATE FUNDING

- **Clean Energy Bond Financing**

The California Alternative Energy and Advanced Transportation Financing Authority issues tax-exempt bonds to finance green projects. Over its lifetime, CAEATFA has issued more than \$212 million in bond financing for 26 green projects. The projects help California meet its energy goals and have included solar, hydroelectric, geothermal, biomass and cogeneration projects. [More Information & Apply](#)

Clean energy bond financing can be used to fund a variety of projects that promote clean energy and environmental sustainability. Some of the most common types of projects that are funded through clean energy bond financing include:

- **Energy efficiency projects:** These projects can help to reduce energy consumption and save money on energy bills. Examples of energy efficiency projects include:
 - Installing energy-efficient lighting
 - Weatherizing homes and businesses
 - Retrofitting buildings with energy-efficient HVAC systems
- **Renewable energy projects:** These projects can help to reduce reliance on fossil fuels and generate clean, renewable energy. Examples of renewable energy projects include:
 - Installing solar panels
 - Building wind turbines
 - Developing geothermal energy projects
- **Clean transportation projects:** These projects can help to reduce air pollution and promote cleaner transportation options. Examples of clean transportation projects include:
 - Installing electric vehicle charging stations
 - Building bicycle paths and trails
 - Providing subsidies for public transportation
- **Sustainable infrastructure projects:** These projects can help to reduce environmental impacts and promote sustainable development. Examples of sustainable infrastructure projects include:
 - Building green roofs
 - Developing water conservation projects
 - Restoring wetlands

Clean energy bond financing is a valuable tool for promoting clean energy and environmental sustainability. The funds raised through clean energy bond financing can help to support a wide range of projects that are making a positive impact on the environment.

Here are some additional benefits of clean energy bond financing:

- It can help to attract private investment in clean energy projects.
- It can help to reduce the cost of clean energy projects.
- It can help to create jobs in the clean energy sector.
- It can help to improve air quality and reduce greenhouse gas emissions.

The average project amount that the Clean Energy Bond Financing would finance is \$10 million to \$100 million. However, the amount of funding that a project receives can vary depending on the size and complexity of the project, as well as the need for the project.

- **Bond Financing/Loan**

GoGreen Multifamily targets affordable multifamily properties where at least 50% of the units are restricted to households of low to moderate income (80-120% Area Median Income) and features a credit enhancement to help financing entities mitigate risk. Products supported include loans, leases, equipment financing agreements, service agreements and savings-based payment agreements. [More Information & Apply](#)

- **Transportation Bond**

The Governor on October 11, 2009 signed AB 798, creating CTFA within the State Treasurer's Office. The statute authorizes the CTFA to issue, or approve the issuance of, revenue bonds to finance transportation projects. The CTFA will review proposed projects to ensure they are financially sound, and has the ability to approve tolls as part of the financing plans to repay revenue bonds.

Paying for transportation projects has grown increasingly difficult. One of the largest funding sources historically has been gasoline taxes. Those revenues, however, have not kept pace with the state's construction and improvement needs. Meanwhile, state and local government general fund budgets are under increasing strain. That makes it less feasible, and less prudent, to finance transportation projects through the issuance of general obligation bonds, which are repaid by general funds. [More Information & Apply](#)

- **Water & Wastewater Rate Reduction Bond Program**

The California Pollution Control Financing Authority (CPCFA) has responsibility to review the issuance of certain rate reduction bonds to finance and/or refinance water and wastewater utility projects that are approved by joint powers authorities (JPAs). These issuances allow California local agencies that own and operate water and wastewater utilities to access low-cost financing through rate reduction bonds. The rate reduction bonds issued by JPAs to local agencies to finance or refinance a water or wastewater utility project are to be secured by utility project property and repaid through a separate utility project charge imposed on the utility ratepayers' bills. [More Information & Apply](#)

- **California Infrastructure and Economic Development Bank (IBank)**

IBank offers low-cost financing for infrastructure projects, including water, wastewater, and transportation.

- **California State Water Resources Control Board (SWRCB) Financing Programs**

These programs provide low-interest loans and grants for water and wastewater infrastructure projects.

- **California Department of Housing and Community Development (HCD) Housing Programs**

Various HCD programs support housing-related infrastructure.

FEDERAL FUNDING

- **EPA's Clean Water State Revolving Fund (CWSRF)**

This program provides low-interest loans for investments in wastewater treatment, including the construction of municipal sewage treatment facilities.

- **EPA's Drinking Water State Revolving Fund (DWSRF)**

DWSRF offers financial support for water supply infrastructure projects, including loans and loan forgiveness.

- **Department of Transportation (DOT) Grants**

Various DOT grants, such as BUILD and INFRA grants, can fund transportation projects. The DOT's Federal Highway Administration also offers the Surface Transportation Block Grant Program for a wide array of transportation infrastructure projects.

- **Housing and Urban Development (HUD) Community Development Block Grants (CDBG)**

These grants can fund a variety of infrastructure projects in support of affordable housing, including water and sewer infrastructure.

ADDITIONAL FINANCING MECHANISMS

- **Green Bonds**

These are similar to municipal bonds but specifically fund projects with environmental benefits, including water and wastewater projects.

- **Infrastructure Banks**

These institutions, either state-level or national, provide low-cost, long-term financing for infrastructure projects. Establishing a regional infrastructure bank can provide low-interest loans and credit enhancements to support infrastructure projects. This financial institution can pool resources from various sources, including federal, state, and local governments, as well as private investors.

- **Social Impact Bonds**

These bonds fund projects with social benefits, such as affordable housing, with returns paid to investors based on achieving social outcomes.

Funding Opportunities Menu

Each funding option below includes a list of the HIP priority projects most likely to be successful for the respective funding opportunity. Given the high competition for many of these grants, and considering that funding organizations often avoid granting more than one or two awards to a single applicant, the projects highlighted in **bold** are the ones BKF recommends for submission to their corresponding grant. These selected projects have been factored into the gap funding computation, which can be found at the conclusion of the matrix.

Grant Name	Application Due Date	Est. Award Amount	Est. Total Fund Available	Funding Agency	Funding Source	Top Matched HIP Projects	2023 Cost Estimate	Projected Funds Awarded	Gap in Funding <i>*cost estimate - funds awarded = Gap in Funding</i>
Transportation Projects									
Active Transportation Program (ATP)	Likely June 2024	\$2.5M (average)	\$750M	California Transportation Commission	State	1. Higuera Protected Bike Lanes 2. Madonna Rd. - Class IV - Madonna Inn to Higuera Ave. 3. South of Broad St. and Santa Barbara Ave. Protected Bike Lanes 4. Tank Farm Road Complete Street	1. \$8,817,000 2. \$1,864,500 3. \$4,599,000 4. \$1,533,000	1. \$2,500,000 2. \$1,864,500 3. \$2,500,000 4. \$1,533,000	1. \$6,317,000 2. \$0 3. \$2,099,000 4. \$0
Local Highway Safety Improvement Program (HSIP)	Likely September 2024	\$1.5M (average)	\$210M	California Department of Transportation	State	1. Froom Ranch Frontage & Streetscape Improvements 2. Los Osos Valley Rd/Auto Park Wy Intersection Improvements 3. Roadway Extension of Hetrick Rd 4. Broad St/Tank Farm Rd Intersection Improvements 5. Prado Rd. Bridge Replacement & Multimodal Corridor Enhancements	1. \$932,250 2. \$1,000,000 3. \$3,832,500 4. \$2,299,500 5. \$12,000,000	1. \$932,250 2. \$1,000,000 3. \$1,500,000 4. \$1,500,000 5. \$1,500,000	1. \$0 2. \$0 3. \$2,332,500 4. \$799,000 5. \$10,500,00
Local Transportation Climate Adaptation Program (LTCAP)	5/17/2023	\$16M (average)	\$296.5M (cycle 1)	California Transportation Commission	State	1. Tank Farm Road Complete Street 2. Interchange Improvements at Willow Rd 3. Prado Rd. Bridge Replacement & Multimodal Corridor Enhancements 4. S. 4th St. bike lanes: Grand Ave. to city limits	1. \$1,533,000 2. \$2,734,600 3. \$12,000,000 4. \$45,000	1. \$1,533,000 2. \$2,734,600 3. \$12,000,000 4. \$45,000	1. \$0 2. \$0 3. \$0 4. \$0
Monarch Butterfly and Pollinator Rescue	Rolling	\$200-250K (average)	\$3M	California Department of Fish and Wildlife	State	1. S. 4th St. bike lanes: Grand Ave. to city limits 2. The Pike Complete Street Improvements 3. Grover Beach Service Addition 4. Beach Cities Trail: Boardwalk Dune Trail	1. \$45,000 2. \$93,225 3. N/A 4. \$15,300,000	1. \$45,000 2. \$93,225 3. N/A 4. \$200,000	1. \$0 2. \$0 3. N/A 4. \$15,100,000
Regional Resilience Planning and Implementation Grant Program (RRGP)	7/19/2023	\$1.5M (average) Planning grants: \$150 - \$650K Implementation grants: \$650K - \$3M	\$18.8M (over two rounds)	State of California, Governor's Office of Planning and Research	State	1. North County Charging Facility 2. Niblick Rd. Corridor enhancements, operational improvements, Complete Streets 3. Paso Robles Eastside Grand Loop 4. Creston Rd.: South River Rd. to Niblick Rd. 5. Huer Huero Creek Trail 6. Creekside Bike Path: Phase 1 and 2 7. N. River Rd.	1. \$1,000,000 2. \$17,257,000 3. \$11,187,000 4. \$10,000,000 5. \$7,818,300 6. \$3,600,000 7. \$3,214,500	1. \$1,000,000 2. \$1,500,000 3. \$1,500,000 4. \$1,500,00 5. \$1,500,000 6. \$1,500,000 7. \$1,500,000	1. \$0 2. \$15,757,000 3. \$9,687,000 4. \$8,500,000 5. \$6,318,300 6. \$2,100,000 7. \$1,714,500

Grant Name	Application Due Date	Est. Award Amount	Est. Total Fund Available	Funding Agency	Funding Source	Top Matched HIP Projects	2023 Cost Estimate	Projected Funds Awarded	Gap in Funding <i>*cost estimate - funds awarded = Gap in Funding</i>
Transformative Climate Communities (TCC) Round 5: Implementation Grant (FY 22-23)	8/1/2023	Up to \$30M	\$500M	California Strategic Growth Council	State	1. Creston Rd.: Niblick Rd. to Meadowlark Dr. (Phase 3) 2. North County Charging Facility 3. Paso Robles Eastside Grand Loop 4. The Pike Complete Street Improvements 5. S. 4th St. bike lanes: Grand Ave. to city limits 6. Huer Huero Creek Trail 7. N. River Rd.	1. \$10,000,000 2. \$1,000,000 3. \$11,187,000 4. \$93,225 5. \$45,000 6. \$7,818,300 7. \$3,214,500	1. \$10,000,000 2. \$1,000,000 3. \$11,187,000 4. \$93,225 5. \$45,000 6. \$7,818,300 7. \$3,214,500	1. \$0 2. \$0 3. \$0 4. \$0 5. \$0 6. \$0 7. \$0
Transformative Climate Communities (TCC) Round 5: Project Development Grant (FY 22-23)	8/1/2023	Up to \$5M	\$100M	California Strategic Growth Council	State	1. Creekside Bike Path: Phase 1 and 2 2. Huer Huero Creek Trail 3. Niblick Rd. Corridor enhancements, operational improvements, Complete Streets 4. Paso Robles Eastside Grand Loop 5. Las Tablas Rd. at Florence St. Improvements 6. South River Rd. / Charolais Rd. Roundabout	1. \$3,600,000 2. \$7,818,300 3. \$17,257,000 4. \$11,187,000 5. \$807,950 6. \$2,486,000	1. \$3,300,000 2. \$3,300,00 3. \$3,300,000 4. \$3,300,000 5. \$807,950 6. \$2,486,000	1. \$300,000 2. \$4,518,300 3. \$13,957,000 4. \$7,887,000 5. \$0 6. \$0
Transformative Climate Communities (TCC) Round 5: Planning Grant (FY 22-23)	8/1/2023	\$300K (average) Up to \$1M	\$50M	California Strategic Growth Council	State	1. Creekside Bike Path: Phase 1 and 2 2. Orcutt Rd. widening: Johnson Ave. to Tank Farm Rd. (Phase 1)	1. \$3,600,000 2. \$3,066,000	1. \$300,000 2. \$300,000	1. \$3,300,000 2. \$2,766,000
Wildlife Corridor and Fish Passage	Rolling	\$1M (average)	\$83.15B	California Department of Fish and Wildlife	State	1. Railroad Safety Trail (Phase 7): Bike connection south of Tank Farm Rd. 2. Railroad Safety Trail: bike bridge crossing at Industrial Way 3. Prado Rd. Bridge Replacement & Multimodal Corridor Enhancements 4. Santa Fe Rd. extension: Santa Fe Rd. to Tank Farm Rd. 5. Interchange Improvements at Las Tablas Rd <i>*Must add a wildlife overcrossing or undercrossing to the project(s) submitted for this grant</i>	1. \$3,169,650 2. \$3,909,150 3. \$12,000,000 4. \$15,330,000 5. \$3,060,000	1. \$1,000,000 2. \$1,000,000 3. \$1,000,000 4. \$1,000,000 5. \$1,000,000	1. \$2,169,650 2. \$2,909,150 3. \$11,000,000 4. \$14,330,000 5. \$2,060,000
Charging and Fueling Infrastructure (CFI) Discretionary Grant Program	5/30/2023	Alternative Fuel Corridor: \$100K - No max Community Charging: \$500K - \$15M	\$30M	U.S. Department of Transportation	Federal	1. North County Charging Facility	1. \$1,000,000	1. \$1,000,000	1. \$0
Congestion Mitigation and Air Quality Improvement (CMAQ)	Call for projects Summer 2023	\$1.5M	\$505.4M (California, FY2023)	U.S. Department of Transportation	Federal	1. Broad St/Tank Farm Rd Intersection Improvements 2. Creston Rd.: Niblick Rd. to Meadowlark Dr. (Phase 3) 3. US 101 / SR 46W I/C construct two roundabouts 4. Los Osos Valley Rd/Auto Park Wy Intersection Improvements 5. Las Tablas Rd. at Florence St. Improvements	1. \$2,299,500 2. \$4,313,210 3. \$21,752,500 4. \$1,000,000 5. \$807,950	1. \$1,500,000 2. \$1,500,000 3. \$1,500,000 4. \$1,000,000 5. \$807,950	1. \$799,500 2. \$2,813,210 3. \$20,252,500 4. \$0 5. \$0

Grant Name	Application Due Date	Est. Award Amount	Est. Total Fund Available	Funding Agency	Funding Source	Top Matched HIP Projects	2023 Cost Estimate	Projected Funds Awarded	Gap in Funding <i>*cost estimate - funds awarded = Gap in Funding</i>
Accelerating Innovative Mobility (AIM)	Varies	\$560,000 (average)	\$14M (FY2020)	Federal Transit Administration	Federal	1. Cashless Fare System Conversion 2. North County Charging Facility 3. Grover Beach Service Addition 4. Nipomo Service Addition 5. Paso Robles Service Addition (Beechwood) 6. Paso Robles Service Addition (Olsen/South Chandler) 7. San Luis Obispo Service Additional Stop Along Board or Tank Farm 8. San Luis Obispo Service Addition (Broad and South Higuera) 9. Paso Robles New Route <i>*Must include the purchase or lease of low or no emission vehicles or include an innovative element (like cashless fare system) to the project(s) submitted for this grant</i>	1. \$550,000 2. \$1,000,000 3. N/A 4. N/A 5. N/A 6. N/A 7. N/A 8. N/A 9. \$1,700,000	1. \$550,000 2. \$560,000 3. N/A 4. N/A 5. N/A 6. N/A 7. N/A 8. N/A 9. \$560,000	1. \$0 2. \$440,000 3. N/A 4. N/A 5. N/A 6. N/A 7. N/A 8. N/A 9. \$114,000
Safe Routes for All (SS4A)	7/10/2023	Overall: \$1.6M (average) Implementation: \$15.9M (average) Supplemental Planning: \$851,000 (average) Action Plan: \$535,000 (average)	\$1.1B	U.S. Department of Transportation	Federal	1. Niblick Rd. Corridor enhancements, operational improvements, Complete Streets 2. Paso Robles Eastside Grand Loop 3. Higuera Protected Bike Lanes 4. Huer Huero Creek Trail 5. South of Broad St. and Santa Barbara Ave. Protected Bike Lanes 6. Los Osos Valley Road Protected Bike Lanes	1. \$17,257,000 2. \$11,187,000 3. \$8,817,000 4. \$7,818,300 5. \$4,599,000 6. \$3,750,250	1. \$15,900,000 2. \$11,187,000 3. \$8,817,000 4. \$7,818,300 5. \$4,599,000 6. \$3,750,250	1. \$1,357,000 2. \$0 3. \$0 4. \$0 5. \$0 6. \$0
Water Projects									
Proposition 1 Water Bond	The last round was 3/31/2023 <i>Keep an eye out for possible future rounds</i>	\$10M-\$20M	\$7.5B	California Department of Water Resources	State	1. Paso Robles City wastewater 2. Templeton Community Services District 3. San Luis Obispo (City)	1. \$14,300,000 2. \$8,000,000 3. \$18,000,000	1. \$10,000,000 2. \$8,000,000 3. \$10,000,000	1. \$4,300,00 2. \$0 3. \$8,000,000
Regional Resilience Planning and Implementation Grant Program (RRGP) <i>*for water projects</i>	7/19/2023	\$2.5M	\$100M	State of California, Governor's Office of Planning and Research	State	1. Wastewater Upgrade (Atascadero) 2. Morro Bay (City) 3. Los Osos CSD	1. \$25,000,000 2. \$22,000,000 3. \$10,000,000	1. \$2,500,000 2. \$2,500,000 3. \$2,500,000	1. \$22,500,000 2. \$19,500,000 3. \$7,500,000
Clean Water State Revolving Fund (CWSRF)	6/23/2023	\$3.5M	\$163B	U.S. Environmental Protection Agency	Federal	1. Paso Robles City wastewater 2. San Luis Obispo (City) 3. Cayucos Sanitary District (wastewater)	1. \$14,300,000 2. \$18,000,000 3. \$300,000	1. \$3,500,000 2. \$3,500,000 3. \$3,000,000	1. \$10,800,000 2. \$14,500,000 3. \$0

Grant Name	Application Due Date	Est. Award Amount	Est. Total Fund Available	Funding Agency	Funding Source	Top Matched HIP Projects	2023 Cost Estimate	Projected Funds Awarded	Gap in Funding <small>*cost estimate - funds awarded = Gap in Funding</small>
Drinking Water State Revolving Fund (DWSRF)	Rolling	\$2.3M	\$34B	U.S. Environmental Protection Agency	Federal	1. Atascadero Mutual Water Company 2. Paso Robles City Wastewater 3. City water, Oceano CSD	1. \$10,000,000 2. \$14,300,000 3. \$3,800,000	1. \$3,200,000 2. \$3,200,000 3. \$3,200,000	1. \$6,800,000 2. \$11,100,000 3. \$600,000
Integrated Regional Water Management (IRWM) Grant Programs	Round 2 was 2/1/2023 <i>Keep an eye out for the next round</i>	\$17.2M	\$500M	U.S. Environmental Protection Agency	Federal	1. CSA 23- Santa Margarita 2. Paso Robles City water 3. Atascadero Mutual Water Company	1. \$1,500,000 2. \$14,300,000 3. \$10,000,000	1. \$1,500,000 2. \$14,300,000 3. \$10,000,000	1. \$0 2. \$0 3. \$0
Safe Drinking Water State Revolving Fund (SDWSRF)	Rolling	\$1M-\$10M	\$34 billion	U.S. Environmental Protection Agency	Federal	1. CSA 1 Nipomo 2. Cal Poly (Increase Water Storage Capacity) 3. S&T Mutual Water Company	1. \$100,000 2. \$15,000,000 3. \$2,900,000	1. \$100,000 2. \$10,000,000 3. \$2,900,000	1. \$0 2. \$5,000,000 3. \$0
Water and Waste Disposal Loan and Grant Program	Rolling	\$2.5M	\$15B	U.S. Department of Agriculture	Federal	1. Atascadero Mutual Water Company 2. Cal Poly (Increase Water Storage Capacity) 3. Paso Robles City Wastewater	1. \$10,000,000 2. \$15,000,000 3. \$14,300,000	1. \$2,500,000 2. \$2,500,000 3. \$2,500,000	1. \$7,500,000 2. \$12,500,000 3. \$11,800,000
Water Infrastructure Finance and Innovation Act (WIFIA)	Rolling	Varies	\$10B	U.S. Environmental Protection Agency	Federal	1. Cal Poly (Water Recycling Strategy) 2. San Luis Obispo (City) 3. San Miguel CSD	1. \$35,000,000 2. \$18,000,000 3. \$10,000,000	1. \$5,000,000 2. \$5,000,000 3. \$5,000,000	1. \$30,000,000 2. \$13,000,000 3. \$5,000,000
Alternative Funding (Bonds)									
Clean Energy Bond Financing	Rolling	Interest on bond	TBD	California Alternative Energy and Advanced Transportation Financing Authority	State	1. Transportation and water projects	Bond that is issued to raise money for clean energy projects. Cost Estimate in 2023: \$70,000,000 Issue Green Bond Measure and market to potential investors who are interested in environmentally friendly investments.		
Bond Financing/ Loan	Rolling	Interest on bond	TBD	California Hub for Energy Efficiency Financing	State	1. Transportation and water projects	Bond that is issued to raise money for clean energy projects. Cost Estimate in 2023: \$70,000,000		
Transportation Bond	Rolling	Interest on bond	TBD	California Transportation Financing Authority	State	1. Transportation projects	Issue Transportation Bond to interested local investors.		
Water and Wastewater Rate Reduction Bond Program	Rolling	Interest on bond	TBD	California Pollution Control Financing Authority	State	1. Water projects	Issue Water Bonds to interested local investors.		
Total Projected Funds Awarded (projects in bold)								\$90,583,425	

Funding Gap Analysis

Comprehensive Gap Analysis for HIP Projects:

A Strategic Approach by BKF

In our continuous commitment to uncover potential funding avenues for the HIP projects currently facing financial shortfalls, BKF undertook a meticulous funding gap analysis. This analysis was designed to evaluate the disparity between the cost estimate for each project and the anticipated funding that could be obtained through various financial mechanisms such as grants, bonds, loans, and tax measures. The following is a detailed overview of the process we undertook and the expected outcomes of the funding gap analysis.

Project Assessment & Funding Requirement Determination:

Our first step was to conduct a thorough review and categorization of the 80 underfunded HIP projects provided by SLOCOG. We analyzed and prioritized the top projects based on their urgency, impact, and feasibility. The final project list that the BKF team worked with included a diverse mix of projects, including transportation, water, and wastewater projects.

Identification & Evaluation of Potential Funding Sources:

In the next phase of our analysis, we embarked on an extensive research process to identify potential funding sources. This process was multi-faceted and involved several key steps:

- 1. Exploration of Various Funding Mechanisms:** We began by exploring a wide range of funding mechanisms. This included not only traditional sources such as grants and government programs, but also other financial instruments such as loans, bonds, and tax measures. We also considered innovative funding mechanisms like public-private partnerships and impact investing.
- 2. Research Into Specific Funding Opportunities:** Once we had a broad understanding of the types of funding mechanisms available, we delved deeper into specific funding opportunities. This involved researching grant programs, loan opportunities, and other funding sources at the local, regional, state, and federal levels.
- 3. Analysis of Funder Priorities & Eligibility Criteria:** For each potential grant funding source, we conducted a detailed analysis of the funder's priorities and eligibility criteria. This involved reviewing the funder's mission and goals, past funding history, average grant awards, forecasted funding cycles and other specific requirements for funding, like including wildlife passages when targeting roadway rehabilitation projects. We also considered the application process and deadlines to ensure that requirements can be met in a timely manner.
- 4. Matching Projects with Suitable Funding Opportunities:** With a comprehensive list of potential funding sources and a deep understanding of their priorities and criteria, we then matched the projects with suitable funding opportunities. This involved a careful review of each project's goals, needs, and potential impact, and then aligning these with the priorities and criteria of the potential funders. We considered not only the financial fit but also the strategic fit, ensuring that the funding would support the project's long-term success.
- 5. Continuous Monitoring & Updating:** The funding landscape is dynamic, with new opportunities arising, and existing opportunities changing regularly. Therefore, we continuously monitored and updated our list of potential funding sources. This ensured that we were always working with the most current and relevant information.

Through this comprehensive and dynamic process, we were able to identify a wide range of potential funding sources for the HIP projects. This set the stage for the next steps in our gap analysis, which included estimating potential grant funding available for each project, and calculating the funding gap.

Estimation of Potential Grant Funding

Following the identification of potential funding sources, we moved on to the critical task of estimating the potential grant funding that could be secured. This process was multi-layered and involved several key steps:

- 1. Assessing Probability of Securing Funds:** For each identified funding source, we assessed the probability of securing funds. This involved considering several factors:
 - **Competition:** We evaluated the level of competition for each funding source. This included looking at the number of applications typically received, the number of awards given out, whether local, state or federal grants and the average size of the awards.
 - **Past Award History:** We reviewed the past award history of each funding source. This involved looking at the types of projects that have been funded in the past, the geographical distribution of awards, and the size of the awards. It should be noted that we based the gap analysis on the average award amount from previous grant cycles.
 - **Strength of Proposal:** We also considered the potential strength of our proposal for each funding source. This included evaluating the alignment between the project's goals and the funder's priorities, the community need, and potential impact of the project.
- 2. Calculating Potential Grant Funding:** Based on our assessment of the probability of securing funds, we then calculated the average grant award available for each project. This involved dividing the total funding available by the number of awards. This gave us a realistic estimate of the potential funding for each grant.
- 3. Considering Funding Constraints:** In our calculations, we also considered any constraints or limitations associated with the funding sources. This included match requirements, funding caps, and restrictions on the use of funds. These constraints were factored into our estimates, where feasible, to ensure they were as accurate and realistic as possible.
- 4. Continuous Review & Adjustment:** Given the dynamic nature of grant funding, we continuously reviewed and adjusted our estimates as new information became available. This included updates on funding availability, changes in competition levels, and new grant programs.

Through this detailed process, we were able to estimate the potential grant funding for the HIP projects. This set the stage for the next steps in our gap analysis, including calculating the funding gap and developing strategies to bridge this gap.

Calculation of the Funding Gap

After estimating the potential grant funding, we proceeded to calculate the funding gap. This is a critical step in the gap analysis process as it identifies the additional financial resources that need to be secured to fully finance the priority projects. Here's a detailed breakdown of how we approached this:

- 1. Determining Total Funding Needed:** The first step in calculating the funding gap was to determine the total funding needed for each project. This was based on the 2023 cost estimates from the 2023 HIP, established at the beginning of the gap analysis process.
- 2. Comparing with Potential Grant Funding:** Next, we compared the total funding needed with the potential grant funding that we had estimated in the previous step. This involved subtracting the potential grant funding from the total funding needed for each project.
- 3. Identifying the Funding Gap:** The difference between the total funding needed and the potential grant funding represented the funding gap. This gap is the additional funding that needs to be secured to fully finance the projects. It provides a clear indication of the financial resources needed to be secure through alternative strategies.

- 4. Considering Funding Constraints:** In calculating the funding gap, we also considered any constraints or limitations associated with the potential grant funding.
- 5. Continuous Monitoring and Adjustment:** Given the dynamic nature of project costs and funding availability, we continuously monitored and adjusted our calculation of the funding gap. This ensured that we were always working with the most current and accurate information.
- 6. Calculating the Gap in Funding:** As mentioned previously, in light of the intense competition associated with many grants, coupled with the fact that many funding bodies typically shy away from awarding more than one or two grants to the same applicant, we chose one to two projects per grant as suggested projects for application to the respective grant program. These projects are denoted in **bold** within the *Funding Opportunities Menu*, starting on [page 26 of this assessment](#).

Top Matched HIP Projects most likely to Fund	Projected Funds Awarded
Tank Farm Road Complete Street	\$1,533,000
Los Osos Valley Rd/Auto Park Wy Intersection Improvements	\$1,000,000
Prado Rd. Bridge Replacement & Multimodal Corridor Enhancements	\$12,000,000
The Pike Complete Street Improvements	\$93,225
Creekside Bike Path: Phase 1 and 2	\$1,500,000
Paso Robles Eastside Grand Loop	\$11,187,000
Las Tablas Rd. at Florence St. Improvements	\$807,950
South River Rd. / Charolais Rd. Roundabout	\$2,486,000
Orcutt Rd. Widening: Johnson Ave. to Tank Farm Rd. (Phase 1)	\$300,000
Railroad Safety Trail: bike bridge crossing at Industrial Way	\$1,000,000
North County Charging Facility	\$1,000,000
Traffic signal, ADA ramps, and left-turn lane at Las Tablas Rd. at Florence St.	\$807,950
Cashless Fare System Conversion	\$550,000
Huer Huero Creek Trail	\$7,818,300
Templeton Community Services District	\$8,000,000
Los Osos CSD	\$2,500,000
Cayucos Sanitary District (wastewater)	\$3,000,000
City water, Oceano CSD	\$3,200,000
Paso Robles City water	\$14,300,000
Cal Poly	\$10,000,000
Atascadero Mutual Water Company	\$2,500,000
San Miguel CSD	\$5,000,000
Total	\$90,583,425

According to the 2023 HIP, the total estimate for all 80 HIP priority projects is \$1,014,252,229. Considering the total projected funds awarded for the projects most likely to be successful for grant application (projects in **bold** on the *Funding Opportunities Menu*), the total gap in funding is:

Gap in Funding for HIP Priority Projects:

\$1,014,252,229 - \$90,583,425 = \$923,668,804 (gap in funding)

By calculating the funding gap, we were able to identify the financial resources that need to be secured to fully finance the HIP projects. This set the stage for the next steps in our gap analysis, including developing strategies to bridge the funding gap and preparing a comprehensive report for review.

Innovative Strategies to Bridge the Funding Gap

Understanding and addressing the funding gap was pivotal for the successful execution of the HIP. Upon identifying these funding shortfalls, BKF devised a series of tailored strategies to secure the remaining funds. Our approach went beyond traditional methods and explored a variety of funding avenues to ensure the successful completion of each project.

- 1. Targeted Grant Opportunities:** We continued to explore targeted grant opportunities that aligned with the specific needs and goals of each project. This included not only government grants but also grants from private foundations, corporations, and international organizations. We also considered grants that supported innovative solutions, sustainability, and community development.
- 2. Alternative Funding Avenues:** In addition to grants, we explored other funding avenues such as loans, block grants, tax-based financing, and bonds. We also considered innovative financing mechanisms such as public-private partnerships, impact investing, and crowdfunding.
- 3. Leveraging Community Resources:** Moving forward, we believe that the community can play a critical role in bridging the funding gap. This could involve community fundraising events, volunteer labor, and in-kind donations. By leveraging community resources, cities can not only bridge the funding gap but also build stronger community support for the projects.
- 4. Cost-Saving Measures:** Jurisdictions should also explore cost-saving measures that can reduce the total funding needed. This could involve optimizing project designs, improving efficiency, and leveraging technology. Jurisdictions should also consider collaborative approaches among the SLOCOC cities that can share costs among multiple stakeholders and seek volume discounts and leverage the collective work needed for cost savings.
- 5. Policy Advocacy:** Jurisdictions should engage in policy advocacy to secure more funding for the HIP projects. This could involve lobbying and advocating for increased government funding, working with elected official to secure funding through the legislative process, gain more favorable policy conditions, and greater recognition of the importance of the HIP infrastructure projects in the larger context of developing the needed housing mandated by the RHNA requirements.

Next, BKF will prepare a comprehensive presentation for the SLOCOC Board Meeting. The report will deliver a detailed breakdown on a project-by-project basis, covering funding requirements, corresponding funding sources, projected grant funding, and the residual funding gap, including shortfalls and match requirements. Furthermore, the report will include a strategy for bridging the funding gap.

In conclusion, our approach to bridging the funding gap goes beyond traditional methods and explores a variety of innovative strategies. We believe that this forward-thinking approach will not only secure the necessary funds but also build stronger support for the HIP projects and ultimately the needed housing that these projects will support and make more viable.

Regional Housing & Infrastructure Plan Grants Calendar													
Estimated Funds Available by Quarter		\$14,300,000			\$17,283,000			\$40,407,200			\$18,593,225		
Agency	Estimated Funds Available by Quarter	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Transportation Grants													
CTC	Active Transportation Program (ATP)			Pre-Proposal			App Due						
DOT	Local Highway Safety Improvement Program (HSIP)			Pre-Proposal						App Due			
CTC	Local Transportation Climate Adaptation Program (LTCAP)					Pre-Proposal		App Due					
CDFW	Monarch Butterfly & Pollinator Rescue	Rolling											
OPR	Regional Resilience Planning and Implementation Grant Program (RRGP)								App Due				
SGC	Transformative Climate Communities (TCC) Round 5: Implementation Grant (FY 22-23)			Pre-Proposal					App Due				
SGC	Transformative Climate Communities (TCC) Round 5: Project Development Grant (FY 22-23)							Pre-Proposal	App Due				
SGC	Transformative Climate Communities (TCC) Round 5: Planning Grant (FY 22-23)							Pre-Proposal	App Due				
CDFW	Wildlife Corridor and Fish Passage	Rolling											
DOT	Charging and Fueling Infrastructure (CFI) Discretionary Grant Program						App Due						
DOT	Congestion Mitigation and Air Quality Improvement (CMAQ)					App Due (TBD)							
FTA	Accelerating Innovative Mobility (AIM)			Pre-Proposal		App Due							
DOT	Safe Routes for All (SS4A)			Pre-Proposal				App Due					
Water Grants													
DWR	Proposition 1 Water Bond		Pre-Proposal			App Due							
OPR	Regional Resilience Planning and Implementation Grant Program (RRGP)								App Due				
EPA	Clean Water State Revolving Fund (CWSRF)		Pre-Proposal				App Due						
EPA	Drinking Water State Revolving Fund (DWSRF)				Pre-Proposal		App Due						
EPA	Integrated Regional Water Management (IRWM) Grant Programs		App Due										
EPA	Safe Drinking Water State Revolving Fund (SDWSRF)	Rolling											
USDA	Water and Waste Disposal Loan and Grant Program	Rolling											
EPA	Water Infrastructure Finance and Innovation Act (WIFIA)	Rolling											



REGIONAL HOUSING & **INFRASTRUCTURE PLAN**

Housing Needs and Highlights



July 2023

Prepared for: San Luis Obispo Council of Governments

By:

REACH

In association with



SETTING THE STAGE FOR NEW PROGRESS

San Luis Obispo County has long been prized for its quality of life, but the perception is increasingly overshadowed by high, often out-of-reach housing costs.

It's an issue that ripples throughout the community, and one that holds our collective future. What's at stake is whether SLO County becomes a place where our children, friends and neighbors are forced to move elsewhere in search of housing they can afford, where our local businesses are stunted because they can't find or keep employees — or whether we work collaboratively to build a housing stock sufficient to achieve balanced communities.

There have been bright spots of success: thoughtful projects developed with engagement from the community, progress in streamlining processes and allowing new types of housing. There's been increased collaboration between cities as well as between public and private partners. Through these collaborations, projects are shifting to balance community character and ranges of affordability. These are positive steps. Meeting the scale of the need, however, requires a strategic, coordinated approach.

The seven Cities, SLO County and SLOCOG lit the path with the [2020 Regional Compact](#), a shared commitment to developing the housing and infrastructure needed to support vibrant communities and economic prosperity. The [Regional Housing and Infrastructure Plan](#) folds in the strategic framework and private-sector engagement to operationalize that commitment.

To supplement those components, here's a quick look at what's driving the effort, some highlights of progress, and the opportunities ahead.

THE CASE FOR ACTION

1. Sufficient housing is a vital element of a healthy community and economy.

This encompasses a diversity of housing types across income types.

2. Housing production on the Central Coast has not kept pace with community needs.

Like many communities, the Central Coast has a severe housing shortage that has fueled an affordability crisis.

3. Planned well, new construction can mitigate impacts of growth.

Increasing housing availability near jobs can reduce traffic, emissions, and other environmental impacts.

4. Action is needed from a spectrum of public and private sector players.

Each is needed to play their part in a functioning housing ecosystem.

5. A united framework is the key to progress.

With the 2020 Regional Compact as a solid foundation, we can collectively accelerate housing production in a way that makes sense for the region.

1. SUFFICIENT HOUSING IS A VITAL ELEMENT OF A HEALTHY COMMUNITY AND ECONOMY.

At its core, housing is about supporting people's basic needs. It's a cornerstone of a community's quality of life.

Housing plays an outsized role in individual and community outcomes, from health and education to productivity and prosperity.

For businesses, housing is a key factor in attracting and retaining local employees, which in turn influences location and expansion decisions and ultimately, the community's economic resilience.



Source: Austin Community Foundation Housing Report

A healthy housing supply includes a diversity of housing types across income types.

A diversity of housing options is needed to adequately serve all residents of a community, from growing families needing more space, seniors looking to downsize and workers looking for housing near jobs.

This continuum can also be viewed as a ladder, providing opportunity to move up the rungs. When rungs are missing or broken, friends and colleagues are forced to move away or set aside dreams of attaining home ownership, which widens the gap for those below to move up, while the number of unsheltered residents swells.



[Canada Mortgage and Housing Corporation](#)

2. HOUSING PRODUCTION HAS NOT KEPT PACE WITH COMMUNITY NEEDS.

The contributing factors are many and the problem is not unique to SLO County, but the bottom line is our region has not produced enough housing to support our residents and jobs.

This gap has fueled an affordability crisis that reaches into every corner of our community, from young families looking to grow to seniors looking to downsize affordably.

The many impacts span longer commutes as workers seek more affordable housing, parents unable to find childcare, classroom overcrowding from lack of teachers, and up to year-long waits for rescheduled doctor visits.

Cumulatively, the undersupply of housing is the region's biggest drag on individual and community prosperity and job creation.

High housing prices widen the income disparity and push jobs that were traditionally middle class, such as nursing, teaching and public safety, down the economic ladder.

Employers struggle to attract and retain workers while workers struggle to find housing near jobs. That's led to a 6- to 8-month recruitment timeline for public safety positions and local businesses cutting back services or deciding to expand elsewhere.

"The lack of affordable housing along the coast is the primary constraint holding back job expansion."

— **Taner Osman**

*Research Manager at Beacon Economics and the UCR
Center for Economic Forecasting*

Q1 2023

12%

percentage of households that can afford to purchase a median-priced, single-family home

\$843,500

median home price

\$209,200

minimum qualifying income to purchase median-priced home

Pre-pandemic

86%

believe the region's young people will be unable to afford to live/work here in adulthood

1 in 529

believe housing is affordable

3. PLANNED WELL, NEW HOUSING CAN MITIGATE IMPACTS OF GROWTH.

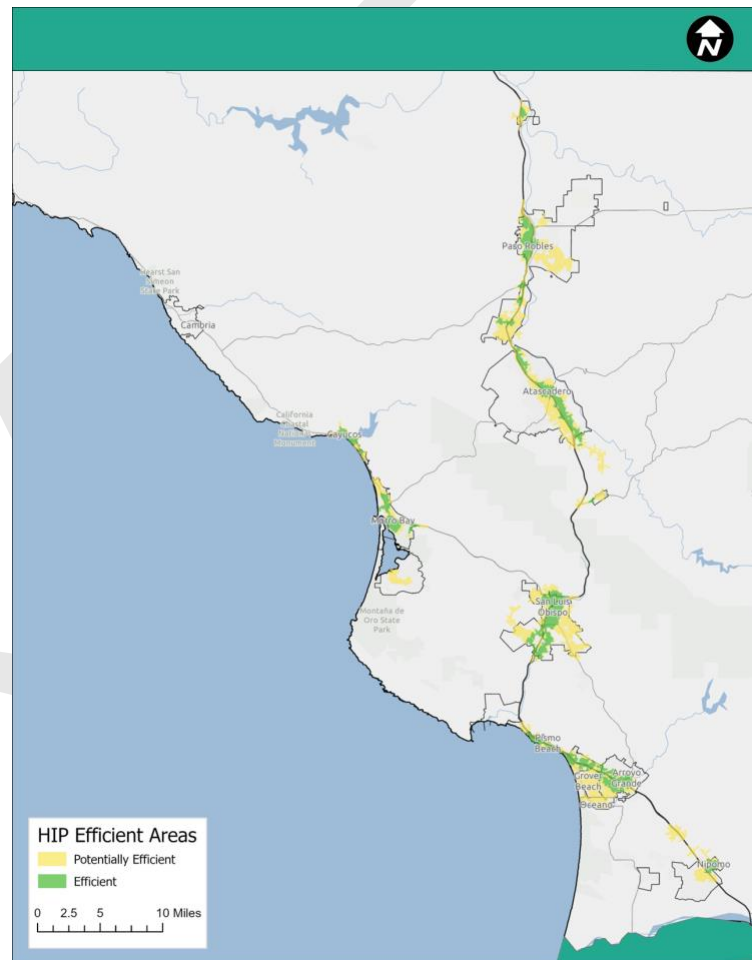
Planned and sited strategically, new housing can reduce the strains of growth rather than compound them – building more thriving and sustainable communities. This can be accomplished by building housing close to jobs in areas with the transportation, water and wastewater infrastructure to support them.

Building in [housing-efficient areas](#) closer to jobs:

- reduces air pollution from greenhouse gas emissions
- reduces road congestion and time spent sitting in traffic
- reduces sprawl and preserves agricultural land and open space

Plus, new units are almost always more energy- and water-efficient than existing housing.

The region has long worked to strike a balance between growth and preserving our natural amenities. This has led to projects that enhance our sense of place by connecting our commercial corridors, integrating walking paths through public spaces, and matching architectural lines with the shapes of the surrounding hills.



Continuing to grow in a way that makes sense for our region calls for robust analysis of existing infrastructure and resources as well as targeted investment in new infrastructure projects that can pave the way for efficient growth.

4. ACTION IS NEEDED FROM A SPECTRUM OF PUBLIC AND PRIVATE SECTOR PLAYERS

An ecosystem of stakeholders contribute to the housing landscape, from the government agencies that set policy and approve projects to the developers and builders who construct them.

It follows that no single agency, jurisdiction or organization can solve our region's housing and infrastructure challenges alone. Each is needed to play its part in overcoming barriers, streamlining processes and ramping up production.

STATE

Sets broad policy, determines growth projections (RHNA) and provides grant funding

BUILDING

Build units & infrastructure to meet community needs

DEVELOP & DESIGN

Develop land, design housing to standards and assemble financing structures



SLOCOG

Divides RHNA between county/cities, prioritizes funding

COUNTY & CITIES

Control land use planning and policies that direct housing production and direct funding to community benefits

AGENCIES' PLANNING & PERMITTING

As a subset of Cities/County, outline standards + process, approve development

Source: REACH

Our public and private sectors have worked together on many successful projects and hold the potential to make meaningful progress on our housing shortage. To navigate that road, we must resist pointing fingers and deflecting responsibility and instead rise to the challenges of optimizing our particular role and collaborating toward a shared vision. Collective interests must rise above independent ones in pursuit of outcomes that lift the region as a whole.

5. A UNITED FRAMEWORK IS THE KEY TO PROGRESS.

A systems-level approach is needed to make headway on such a complex and entrenched challenge.

The [2020 Regional Compact](#) laid the foundation, with a shared regional commitment to accelerate housing production in alignment with values around quality of life, natural resources and inclusivity.

The [Regional Housing and Infrastructure Plan](#) provides the tools to put that commitment into action, including pinpointing the most efficient areas for growth, a robust analysis of infrastructure needs, affordable-by-design strategies, and potential funding sources.

These tools enable the region to direct infrastructure and housing development where it makes sense, in harmony with community plans and the need for jobs-housing balance.

The work to align resources, policies and actions lies ahead, but with the signatories committed to acting as partners, this framework holds the promise for SLO County to become a statewide leader in sustaining vibrant communities.

Shared Goals of the Regional Compact

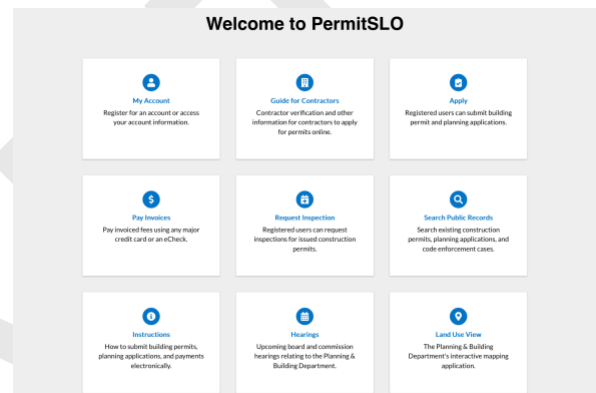
Strengthen community quality of life	We believe that our Region's quality of life depends on four cornerstones to foster a stable and healthy economy for all: resilient infrastructure, services, and resources, adequate housing supply, business opportunities, and educational pathways.
Share regional prosperity	We believe that our Region should share the impacts and benefits of achieving enduring quality of life among all people, sectors and interests.
Create balanced communities	We believe that our Region should encourage new development that helps to improve the balance of jobs and housing throughout the Region, providing more opportunities for residents to live and work in the same community.
Value agricultural & natural resources	We believe that our Region's unique agricultural resources, open space, and natural environments play a vital role in sustaining healthy local communities and a healthy economy, and therefore should be purposefully protected.
Support equitable & diverse opportunities	We believe that our Region should support policies, actions and incentives that increase the diversity of housing available to people at all income levels.
Foster accelerated housing production	We believe that our Region must achieve efficient planning and production of housing and focus on strategies that produce the greatest impact.

PROGRESS HIGHLIGHTS

Progress can be seen across the county, from regional leadership and collaboration on housing to growing political and community support. Planners are embracing density and reducing barriers, and new projects are getting built. Here are some highlights.

SLO County

- To be added
- To be added
- To be added



Arroyo Grande

- 63 affordable units coming to Oak Park
- Adopted an ordinance to allow tiny homes on wheels
- Pursuing multiple water projects to meet current and future needs
- Streamlined permitting and reviews to provide some certainty for developers



Atascadero

- Infill sites and mixed use projects in commercial zones added density where it makes sense
- Led the County in making stock plans for ADUs available at no charge
- Small ABD cottage home community project currently in development
- Currently drafting a program that will defer the payment of impact fees for low and very low housing units



Grover Beach

- Rezoned “opportunity sites” for the potential development of affordable housing within the city
- \$48 million invested in improvements to local streets from Measure K-14
- Developing Objective Design Standards for all new residential and mixed-use projects
- Approved projects resulting in 104 units added to the community



Pismo Beach

- 50-unit affordable housing project on 4th Street and senior affordable housing project on Shell Beach Road
- Adopted a Residential Very-High Density overlay that allows 50 units per acre for appropriately zone sites
- Adopted ADU regulations that balanced ADU aims with the Coastal Act



San Luis Obispo City

- Preserved 68 residential units for very low income levels through creative funding and partnerships
- Pro-housing culture in council and staff
- SLO Water Resource Recovery Facility (WRRF) upgrade allows recovery of resources traditionally classified as waste
- 214 affordable units under construction and another 257 affordable units entitled
- Streamlined discretionary review



THE ROAD AHEAD: CHALLENGES AND OPPORTUNITIES.

SLO County's housing shortage will not be solved overnight. Change will take dedicated focus over years to come. But the scale of the challenge facing our residents and prosperity requires concerted action.

Challenges come in many forms, including: government workflows/process/procedures, state regulations, CEQA requirements, local ordinances or restrictions, lack of funding, lack of water resiliency or capacity to support growth, and labor costs.

But so do opportunities, from sharing and adopting best practices to collaborating on water supplies or ordinance templates.

The primary opportunities for HIP is to continue as a living strategic planning tool that helps to focus regional effort and offers tools for your agency and your community to consider in the future. More conversations will happen in the future regarding what implementation looks like but it will be important for each agency's continued commitment to making positive progress to address the challenges this county faces.



DRAFT

Project Theme	Community	Project Name	Project Description	2023 Cost Estimate	2023 Time Horizon
Transportation	Arroyo Grande	US 101 Traffic Way/El Campo Interchange	Closure of SB Fair Oaks off-ramp & Traffic Way NB & SB ramps, and all at-grade access points between Traffic Way and Los Berros Road and construct new interchange in the vicinity of El Campo/Traffic Way.	\$ 99,645,000	By 2045
Transportation	Atascadero	US 101 / Del Rio Rd. I/C modifications	Construct interchange improvements in association with developments	\$ 7,000,000	By 2028
Transportation	Countywide	Cashless Fare System Conversion (further study is required)		\$ 550,000	
Transportation	Grover Beach	S. 4th St. bike lanes: Grand Ave. to city limits	Restripe to provide Class II/Class IV bike lanes	\$ 45,000	Unconstrained
Transportation	Grover Beach	The Pike Complete Street Improvements	striping, bike lanes	\$ 93,225	By 2035
Transportation	Grover Beach	Beach Cities Trail: Boardwalk Dune Trail	Construct bike/ped trail	\$ 15,300,000	Unconstrained
Transportation	Grover Beach	Grover Beach Service Addition	South County Transit provide service to Urban Reserve (Strawberry Field)	*When working with development early, stop can be added with minimal cost.	
Transportation	Nipomo	Interchange Improvements at Willow Rd	US 101 NB & SB ramp signalization	\$ 2,734,600	By 2035
Transportation	Nipomo	Roadway Extension of Hetrick Rd	Extend Hetrick Rd from Glenhaven Place to Pomeroy Rd to two travel lanes and 8' shoulder	\$ 3,832,500	After 2045
Transportation	Nipomo	Roadway Extension of North Frontage Rd	Extend North Frontage from Sandydale Dr to Willow Rd	\$ 9,944,000	By 2035
Transportation	Nipomo	North Frontage Rd. extension: Sandydale Rd. to Summit Station Rd.	Extend North Frontage Rd. from Sandydale Rd. to Summit Station Rd.	\$ 17,394,568	By 2045
Transportation	Nipomo	Nipomo Service Addition	RTA provide service to Dana Reserve *working with developer	*When working with development early, stop can be added with minimal cost.	
Transportation	North County	North County Charging Facility	Charging facility at 1735 Paso Robles St., Paso Robles	\$ 1,000,000	
Transportation	Paso Robles	N. River Rd.	Class I trail multi-use paved trail from 13th St. to SR46 along river trail	\$ 3,214,500	By 2028
Transportation	Paso Robles	Creekside Bike Path: Phase 1 and 2	Construct path: Nicklaus to Old S. River Rd.	\$ 3,600,000	Unconstrained
Transportation	Paso Robles	Huer Huero Creek Trail	Construct Class II bike lanes	\$ 7,818,300	by 2045
Transportation	Paso Robles	Paso Robles Eastside Grand Loop	Complete gaps in the Grand Loop Bikeway Route on the eastside of town, not already completed by Olsen, Chandler, Beachwood, North River Rd., and Huer Huero Creek to complete a connected orbital Class I network.	\$ 11,187,000	By 2035
Transportation	Paso Robles	Niblick Rd. Corridor enhancements, operational improvements, Complete Streets	Transportation demand management improvements	\$ 17,257,000	By 2035
Transportation	Paso Robles	SR 46E / Union Rd. improvements (Phase 2)	Construct Phase 2 improvements: new interchange	\$ 15,330,000	by 2045
Transportation	Paso Robles	US 101 / SR 46W I/C construct two roundabouts	Operational improvements: modify interchange, EB and WB roundabouts (Phase 3)	\$ 21,752,500	By 2035
Transportation	Paso Robles	SR 46E / Union Rd. improvements (Phase 1)	Construct overcrossing; realignment, vertical sight distance improvements, channelization & bike lanes/sidewalks on Union Road from Ardmore Road to Barney Schwartz Park	\$ 52,500,000	by 2028
Transportation	Paso Robles	South River Rd. / Charolais Rd. roundabout	Construct roundabout	\$ 2,486,000	By 2035
Transportation	Paso Robles	Airport Road extension North Chandler Ranch	Extend Airport Road as 2-lane arterial from Linne Rd. to Union Rd.	\$ 3,066,000	by 2045
Transportation	Paso Robles	Creston Rd.: Niblick Rd. to Meadowlark Dr. (Phase 3)	Install traffic-calming and intersection improvements- roadway diet and signals	\$ 4,313,210	By 2035
Transportation	Paso Robles	Creston Rd.: South River Rd. to Niblick Rd.	Streetscape enhancements and pedestrian crossing improvements	\$ 10,000,000	By 2028
Transportation	Paso Robles	Paso Robles Service Addition	Paso Express provide service to Beechwood development	*When working with development early, stop can be added with minimal cost.	

Project Theme	Community	Project Name	Project Description	2023 Cost Estimate	2023 Time Horizon
Transportation	Paso Robles	Paso Robles Service Addition	Paso Express provide service to Olsen/South Chandler development	*When working with development early, stop can be added with minimal cost.	
Transportation	Paso Robles	Paso Robles New Route	Paso Express provide service to North Chandler Ranch* \$700,000 yearly operating	\$ 1,700,000	
Transportation	San Luis Obispo	Froom Ranch Frontage & Streetscape Improvements	Install sidewalks on west side and median between Irish Hill Plaza and Calle Joaquin.	\$ 932,250	By 2028
Transportation	San Luis Obispo	Tank Farm Road Complete Street	Convert from 5-lane to 3-lane, add Class IV bikeways, landscaped medians, and pedestrian crossings	\$ 1,533,000	By 2045
Transportation	San Luis Obispo	Madonna Rd. - Class IV - Madonna Inn to Higuera Ave.	On Madonna Ave. install Class IV from Madonna Inn to Higuera Ave.	\$ 1,864,500	By 2035
Transportation	San Luis Obispo	Broad St. Median Improvements	Install landscaped medians on Broad St. north of Tank Farm Rd.	\$ 3,169,650	By 2035
Transportation	San Luis Obispo	Railroad Safety Trail (Phase 7): Bike connection south of Tank Farm Rd.	Construct Class I bike path and ped/bike bridge over Tank Farm	\$ 3,169,650	By 2035
Transportation	San Luis Obispo	Los Osos Valley Road Protected Bike Lanes	Install Class IV bike lanes along LOVR between Diablo and S. Higuera	\$ 3,750,250	By 2028
Transportation	San Luis Obispo	Railroad Safety Trail: bike bridge crossing at Industrial Way	Construct bike bridge across UPRR tracks at Industrial Wy. to the RRST	\$ 3,909,150	By 2045
Transportation	San Luis Obispo	South of Broad St. and Santa Barbara Ave. Protected Bike Lanes	Install Class IV bikeway on Santa Barbara (Upham to Broad) and Broad from Santa Barbara to Farmhouse	\$ 4,599,000	By 2045
Transportation	San Luis Obispo	Higuera Protected Bike Lanes	Install Class IV bikeways along Higuera from Marsh to southern City Limits	\$ 8,817,000	By 2045
Transportation	San Luis Obispo	US 101 / Prado Rd. I/C Improvements (Phase 2)	Construct SB off ramp and on ramp; SB auxiliary lane btw Madonna Rd. to Prado Rd.	\$ 12,430,000	By 2035
Transportation	San Luis Obispo	US 101 / Prado Rd. I/C and NB auxiliary lane (Phase 1)	Construct Prado Rd. overcrossing; NB auxiliary lane. Extend Prado Rd. east to Froom Ranch Way; construct bike lanes, sidewalks.	\$ 63,750,000	By 2028
Transportation	San Luis Obispo	Los Osos Valley Rd/Auto Park Wy Intersection Improvements	Install traffic signal, median refuges, hi-vis crosswalks and bicycle protected intersection element	\$ 1,000,000	By 2028
Transportation	San Luis Obispo	Buckley Rd. widening: Thread Ln. to Buttonwood Wy.	Widen Buckley Rd. to provide paved shoulders, center left turn lane and to flatten existing horizontal curve	\$ 1,988,800	By 2035
Transportation	San Luis Obispo	Broad St/Tank Farm Rd Intersection Improvements	Add NB right turn lane, WB right turn lane, and ped/bike crossing enhancements.	\$ 2,299,500	By 2045
Transportation	San Luis Obispo	Orcutt Rd. widening: Johnson Ave. to Tank Farm Rd. (Phase 1)	Widen road to three lanes with Class II bike lanes and sidewalks	\$ 3,057,780	By 2035
Transportation	San Luis Obispo	Johnson Ave/Orcutt Rd Roundabout	Install roundabout	\$ 3,066,000	After 2045
Transportation	San Luis Obispo	Santa Fe Rd. extension: Santa Fe Rd. to Tank Farm Rd.	Extend Santa Fe Rd north w/ new bridge over creek and roundabout intersection at Tank Farm/Santa Fe	\$ 3,822,225	By 2035
Transportation	San Luis Obispo	Horizon Lane Extension	Extend Horizon Ln between Buckley and Tank Farm as commercial collector w/ roundabout at Tank Farm	\$ 7,665,000	by 2045
Transportation	San Luis Obispo	Buckley Rd. widening: Vachell Ln. to Broad St.	Widen to three lanes between Hoover St. and Broad St.	\$ 9,964,500	By 2045
Transportation	San Luis Obispo	Prado Rd. Bridge Replacement & Multimodal Corridor Enhancements	Replace SLO Creek bridge w/ 6-lane bridge (2 each direction + turn lanes), sidewalks, Class IV bike lanes & construct 2nd NB turn lane from S. Higuera to Prado and a bicycle protected intersection	\$ 12,000,000	By 2028
Transportation	San Luis Obispo	Santa Fe Rd. extension: south of Tank Farm Rd.	Realign and extend Santa Fe Rd. from Hoover Ave. to Tank Farm	\$ 15,330,000	by 2045
Transportation	San Luis Obispo	Tank Farm Rd. widening: Higuera St. to Broad St.	Widen to five lanes with Class II bike lanes & Class I paths between Horizon and Santa Fe	\$ 28,283,850	After 2045
Transportation	San Luis Obispo	Prado Rd. extension: South Higuera St. to Broad St.	Construct extension as 4-lane road (plus median/LT lane), Class I shared-use paths, and new intersection at Broad St. & Prado Rd.	\$ 51,948,771	By 2045
Transportation	San Luis Obispo	San Luis Obispo Service Addition	SLO Transit provide an additional stop along Board or Tank Farm	*When working with development early, stop can be added with minimal cost.	
Transportation	San Luis Obispo	San Luis Obispo Service Addition	SLO Transit provide access between Broad and South Higuera in the Margarita Area	*When working with development early, stop can be added with minimal cost.	
Transportation	Templeton	Las Tablas Rd. Class II bike lanes: US 101 to Old County Rd.	Construct Class II bike lanes	\$ 3,060,000	Unconstrained

Project Theme	Community	Project Name	Project Description	2023 Cost Estimate	2023 Time Horizon
Transportation	Templeton	Las Tablas Rd Interchange Improvements	On Las Tablas Rd from Bennett Way to US 101, widen US 101 SB off-ramp and add westbound lane	\$ 3,107,500	By 2035
Transportation	Templeton	US 101 / Main St. I/C improvements	Reconstruct interchange and widen Main St. from US 101 to Creekside Ranch Rd.	\$ 22,374,000	By 2035
Transportation	Templeton	Interchange Improvements at Las Tablas Rd	Phase 3 Widening to 5 lanes (Bridge Removal and replacement) or Roundabouts	\$ 22,995,000	By 2045
Transportation	Templeton	Las Tablas Rd. at Florence St. Improvements	Traffic signal, ADA ramps, and left-turn lane at Las Tablas Rd. at Florence St.	\$ 807,950	By 2035
Transportation	Templeton	Bennett Way connection/ frontage road: Templeton Hills Rd. to Vineyard Dr.	Connect Bennett Way between Templeton Hills Road and Vineyard Drive	\$ 5,593,500	By 2035
Water	Arroyo Grande, Grover Beach, Pismo Beach	Central Coast Blue: GB, AG, PB Water Supply & Sewer Main	Regional Recycled water project (PB, GB, AG); Phase 1-pipe treated wastewater from Pismo Beach's Wastewater Treatment Plant (WWTP) to a new advanced treatment facility located in Grover Beach. Phase 2 - expand to treat wastewater from South San Luis Obispo County Sanitation District's WWTP.	\$ 93,000,000	next 5 years
Water	Atascadero	Wastewater Upgrade	Wastewater upgrade to address some Regional Water Quality Control Board water quality permitting standards.	\$ 25,000,000	5-7 years
Water	Atascadero	Wastewater Treatment Plant Expansion	Expand the capacity of our wastewater treatment plant.	\$ 70,000,000	Next 2-4 years
Water	Atascadero	Atascadero Mutual Water Company	treatment facility to remove PFAS (planning stages)	\$ 10,000,000	next 2 years
Water	Cayucos	CSA 10/10A- Cayucos (Cayucos Water Treatment Plant)	water line loops and replacements	\$ 8,000,000	next 5 years
Water	Cayucos	Cayucos Sanitary District (wastewater)	Capital Improvement Projects	\$ 300,000	1 year
Water	Los Osos	S&T Mutual Water Company	pipeline to secure a secondary water source, which would run between their water system and the Los Osos CSD, Shared Bike path Easement	\$ 2,900,000	next 5 years
Water	Los Osos	S&T Mutual Water Company	North Water Tank	\$ 2,500,000	next 5 years
Water	Los Osos	Los Osos CSD	infrastructure to import supplemental water	\$ 10,000,000	next 5 years
Water	Morro Bay	Morro Bay (City)	Fire flow limitations; aging infrastructure	\$ 22,000,000	next 10 years
Water	Nipomo	CSA 1 Nipomo	Capital Improvement Projects	\$ 100,000	next 5 years
Water	Oceano	Oceano CSD	Water Resource Reliability Program (capital improvements), and upgrade of water mains	\$ 3,800,000	next 10 years
Water	Paso Robles	Paso Robles City wastewater	There are some areas of the City's wastewater collection (sewer) system that must be upsized in conjunction with new development	\$ 14,300,000	next 10 years
Water	Paso Robles	Paso Robles City water	some portions of water system experiencing infrastructure constraints	\$ 14,300,000	next 10 years
Water	San Luis Obispo	Cal Poly	Increase water storage capacity for campus domestic use and fire suppression	\$ 15,000,000	by 2026
Water	San Luis Obispo	San Luis Obispo (City)	capacity constraints on sewer conveyance network, additional water storage tanks and water transmission main needed	\$ 18,000,000	n/a
Water	San Luis Obispo	Cal Poly	plans to build on-campus Water Reclamation Facility	\$ 35,000,000	by 2026
Water	San Luis Obispo County	CSA 18 Los Ranchos	Sewer Rehabilitation	\$ 1,500,000	next 10 years
Water	San Miguel	San Miguel CSD	water pumping capacity, wastewater sewer treatment capacity, and water water treatment plant expansion	\$ 41,000,000	1 to 10 years
Water	Santa Margarita	CSA 23- Santa Margarita	undersized pipelines, pipeline loops	\$ 1,500,000	n/a
Water	Templeton	Templeton Community Services District	new sewer force main needed; water supply availability is a limitation and a Nacimiento Recharge and Retrieval Project is needed to add water to the District water system (will include a new pipeline turnout, recharge basin, water filtration and two new wells)	\$ 8,000,000	2027 or later

SAN LUIS OBISPO COUNTYWIDE REGIONAL COMPACT

A united regional framework to unlock our potential to develop an adequate supply of housing and resilient infrastructure that support our economic prosperity.

People, water, transportation, connectivity, and housing form the foundation of San Luis Obispo County Region's healthy, livable communities and thriving economic opportunity.

We are a rural coastal county with seven vibrant cities and numerous unincorporated communities that depend on collaborative relationships between and among government agencies, community organizations, and residents to solve our Region's significant issues, such as limited water supply, disconnects between communities, climate impacts, pressure on agriculture and open space resources, and inadequate access to affordable housing.

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

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

Strengthen community quality of life	We believe that our Region's quality of life depends on four cornerstones to foster a stable and healthy economy for all: resilient infrastructure, services, and resources, adequate housing supply, business opportunities, and educational pathways.
Share regional prosperity	We believe that our Region should share the impacts and benefits of achieving enduring quality of life among all people, sectors and interests.
Create balanced communities	We believe that our Region should encourage new development that helps to improve the balance of jobs and housing throughout the Region, providing more opportunities for residents to live and work in the same community.
Value agricultural & natural resources	We believe that our Region's unique agricultural resources, open space, and natural environments play a vital role in sustaining healthy local communities and a healthy economy, and therefore should be purposefully protected.
Support equitable & diverse opportunities	We believe that our Region should support policies, actions and incentives that increase the diversity of housing available to people at all income levels.
Foster accelerated housing production	We believe that our Region must achieve efficient planning and production of housing and focus on strategies that produce the greatest impact.

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



City of Arroyo Grande



City of Morro Bay



City of San Luis Obispo



City of Atascadero



City of Paso Robles



San Luis Obispo County



City of Grover Beach



City of Pismo Beach



SLO Council of Governments

Regional Vision for Housing

In early 2020, local agencies adopted a San Luis Obispo Countywide Regional Compact to *establish a united regional framework to unlock our potential to develop an adequate supply of housing and infrastructure that support our economic prosperity.*

1. Overview

San Luis Obispo County is a rural coastal county with seven vibrant cities and numerous unincorporated communities that depend on collaborative relationships between and among government agencies, community organizations, and residents to solve the region's significant issues including inadequate supply of affordable housing and resilient water, wastewater, and transportation infrastructure and resources.

The County and all seven Cities are working collaboratively to develop the region's first Regional Infrastructure and Housing Strategic Action Plan (Regional Plan) that will identify actions to address these issues. A key component of the Regional Plan is the integration of efforts to address critical housing and related infrastructure needs. As part of the Housing Element update process, representatives of the County, seven Cities and San Luis Obispo Council of Governments (SLOCOG) developed this chapter to showcase the ongoing commitment of each agency to this collaborative effort. This Chapter presents a regional vision and policies focused specifically on fostering regional collaboration to plan and develop housing and supportive infrastructure.

2. Alignment with Regional Compact

This effort is guided by the San Luis Obispo Countywide Regional Compact (Regional Compact). The Regional Compact, adopted by each jurisdiction in early 2020, outlines six shared regional goals to guide collaborative resolution of underlying housing and infrastructure needs:

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

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

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

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

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

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

3. Policies

It will take regional collaboration and local actions to realize the vision and goals outlined in the Regional Compact. Below is an initial list of aspirational regional policies that further the Regional Compact vision, in addition to local policies. By listing these below, it does not mandate any individual agency to implement actions, but rather offers ways that the County, cities, SLOCOG, and other partners can consider moving forward, together. In addition, and consistent with each Housing Element cycle, each of the seven cities and the County has the opportunity to choose to implement local policies and programs that help to support their achievement of its RHNA, and if an agency chooses to, can also support the Regional Compact vision and goals in a way that works for its jurisdiction and community. See Section B for local programs and policies for Atascadero’s anticipated actions during this Housing Element cycle.

R-1: Promote awareness and support of regional efforts that further housing and infrastructure resiliency by utilizing community engagement, and consistent and transparent communication.

R-2: Encourage an adequate housing supply and resilient infrastructure, services, and resources to improve the balance of jobs and housing throughout the Region.

R-3: Develop inter-agency partnerships as appropriate to implement goals and policies related to housing and infrastructure.

R-4: Coordinate State, Federal, and other funding opportunities for housing and infrastructure development throughout the Region.

R-5: Encourage developers to sell newly constructed housing units to individuals residing or employed within the area of the development (a city or the County) first before selling to individuals from outside the County, to promote local preference.

R-6: Encourage rental units be prioritized for long term residents rather than short term users or vacation rentals.

R-7: Support housing development that is located within existing communities and strategically planned areas.

R-8: Encourage regional collaboration on a menu of housing types, models, and efforts to support streamlined approvals for such developments (i.e. Accessory Dwelling Units, etc.).

4. Moving Forward

The County, cities, SLOCOG, and other partners engaged in housing and infrastructure development will continue to collaborate on efforts moving forward – recognizing the benefits of working together to achieve an enduring quality of life among the region’s people, sectors and interests. This ongoing collaboration will include learning from each other and sharing possible tools, policies and actions that can allow the collective region to move towards our adopted Regional Compact vision. Ongoing collaborative efforts will be described in the Regional Plan, anticipated to be complete in 2021, and related regional efforts will live outside of each individual agency’s Housing Element.