

CALIFORNIA COASTAL COMMISSION

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Prepared June 18, 2009 (for July 9, 2009 Hearing)

To: Coastal Commissioners and Interested Persons

From: Dan Carl, District Manager
Jonathan Bishop, Coastal Planner

Subject: Minor Amendment Determination for San Luis Obispo County Local Coastal Program Amendment Number 2-07 Part 3 (Affordable Housing)

San Luis Obispo County's Proposed Amendment

San Luis Obispo County is proposing to amend the certified Local Coastal Program (LCP) Implementation Plan (IP, also known as the Coastal Zone Land Use Ordinance (CZLUO)) to update the affordable housing standards (Section 23.04.090 through 23.04.094). The purpose of the amendment is to assure long-term affordability for designated affordable housing units. The proposed amendment provides increased specificity to the affordable housing standards, including by updating affordable housing rents, sales prices, terms, and definitions; see Exhibit A for the Board of Supervisors Resolution and see Exhibit B for the cross-through and underline proposed changes. These proposed changes would apply throughout the County's coastal zone.

Minor LCP Amendment Determination

Pursuant to California Code of Regulations (CCR) Section 13555, the Executive Director may determine that a proposed LCP amendment is "minor". CCR Section 13554 defines minor LCP amendments. Among other things, minor LCP amendments include:

CCR Section 13554(a). Changes in wording which make the use as designated in the zoning ordinances, zoning district maps or other implementing actions more specific and which do not change the kind, location, intensity, or density of use and which are found by the Executive Director of the Commission or the Commission to be consistent with the land use plan as certified by the Commission.

If the Executive Director determines that an amendment is minor, that determination must be reported to the Commission. If one-third of the appointed members of the Commission request that it be processed as a major LCP amendment, then the amendment shall be set for a future public hearing; if one-third of the appointed members of the Commission do not object to the minor LCP amendment determination, then the amendment is deemed approved, and it becomes a certified part of the LCP immediately (in this case, on July 9, 2009).

The purpose of this notice is to advise interested parties of the Executive Director's determination that the proposed LCP amendment is minor.



The proposed amendment will help assure long-term affordability for designated affordable housing units. The proposed amendment provides increased specificity to the existing affordable housing standards of the CZLUO, including by updating affordable housing rents, sales prices, terms, and definitions. It would not change the kind, location, intensity, or density of use. The amendment does not modify the existing stock of affordable housing units, nor does it allow for inappropriate increases in affordable housing densities that beyond that which is already allowed under the LCP. There will be no potential for adverse effects on coastal resources as a result of the amendment. The expected effect would be that housing for persons and families of low or moderate income will be better protected, encouraged, and provided. Ultimately, the effect will be better understanding and overall protection of affordable housing opportunities in the County's Coastal Zone consistent with the LCP.

Coastal Commission Concurrence

The Executive Director will report this minor LCP amendment determination, and any comments received on it, to the Coastal Commission at its July 9, 2009 meeting at the San Luis Obispo County Government Center, Board of Supervisors Chambers, 1055 Monterey Street in San Luis Obispo. If you have any questions or need additional information regarding the proposed amendment or the method under which it is being processed, please contact Jonathan Bishop at the Central Coast District Office in Santa Cruz. If you wish to comment on and/or object to the proposed minor LCP amendment determination, please do so by July 3, 2009.

Procedural Note - LCP Amendment Action Deadline

This proposed LCP amendment was filed as complete on July 16, 2008. It is IP only and the original 60-day action deadline was September 14, 2008. On September 11, 2008, the Commission extended the action deadline by one year to September 14, 2009. Thus, the Commission has until September 14, 2009 to take a final action on this LCP amendment.

Exhibits:

Exhibit A: Board of Supervisor's Resolution

Exhibit B: Proposed Changes to CZLUO Sections 23.04.090 through 23.04.094



IN THE BOARD OF SUPERVISORS
COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA

Tuesday December 19, 2006

PRESENT: Supervisors Harry L. Ovitt, Shirley Bianchi, Jerry Lenthall,
James R. Patterson and Chairperson K.H. 'Katcho' Achadjian
ABSENT: None

RESOLUTION NO. 2006 - 478

RESOLUTION TO AMEND THE SAN LUIS OBISPO COUNTY GENERAL PLAN, LOCAL
COASTAL PLAN, THE LAND USE ORDINANCE, TITLE 22 OF THE COUNTY CODE AND THE
COASTAL ZONE LAND USE ORDINANCE, TITLE 23 OF THE COUNTY CODE AND TO ADOPT
ORDINANCES AND TO APPROVE ENVIRONMENTAL DOCUMENTS

The following resolution is now hereby offered and read:

WHEREAS, state law requires that a general plan be adopted; and

WHEREAS, the Land Use Element of the San Luis Obispo County General Plan was adopted by the Board of Supervisors on September 22, 1980, and is a proper element of the General Plan; and

WHEREAS, on March 1, 1988, the San Luis Obispo County Board of Supervisors adopted the Local Coastal Program as amendments and additions to the Land Use Element of the San Luis Obispo County General Plan, specifically incorporating the Land Use Plan of the Local Coastal Program into the Land Use Element of the General Plan hereinafter referred to as the "Land Use Element and Local Coastal Plan", and to the San Luis Obispo County Code Titles 19, 21, and 23; and

WHEREAS, state law, public necessity, convenience and general welfare requires that general and specific plans be amended from time to time; and

WHEREAS, the Planning Commission of the County of San Luis Obispo after noticed public hearings did recommend amendments to the General Plan, the Local Coastal Plan, the Land Use Ordinance - Title 22 of the County Code and the Coastal Zone Land Use Element - Title 23 of the County Code, adopted resolutions or otherwise took action recommending said amendments.

NOW THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Supervisors of the County of San Luis Obispo, State of California, in a regular meeting assembled on the twelfth day of December, 2006, that the County General Plan, the Local Coastal Plan, the Land Use Ordinance - Title 22 of the County Code and the Coastal Zone Land Use Element - Title 23 of the County Code be amended as follows:

1. Amend the San Luis Obispo County General Plan, by adopting a Parks and Recreation Element as such amendment appears on Exhibit LRP2005-00015, attached hereto and incorporated herein as though fully set forth, rescind the 1968 Recreation Plan, the 1991 Trails Plan and the 1988 Parks and Recreation Master Plan. [This document does not apply to the Coastal Zone and was not certified as part of the Local Coastal Program. Therefore this amendment does not need to be submitted to the California Coastal Commission.]
2. Amend the San Luis Obispo County General Plan, as such amendment appears on Exhibit LRP2005-00015:A, attached hereto and incorporated herein as though fully set forth and pursuant to Public Resources Code, section 30514, authorize the Coastal Zone Framework amendment submittal to the California Coastal Commission for consideration and certification.
3. Amend the San Luis Obispo County General Plan, Land Use Element, Salinas River Area Plan, official maps, as such amendment appears on Exhibit LRP2004-00026:A, attached hereto and incorporated herein as though fully set forth. [This document does not apply to the Coastal Zone and was not certified as part of the Local Coastal Program. Therefore this amendment does not need to be submitted to the California Coastal Commission.]

CCC Exhibit A
(page 1 of 4 pages)

4. Amend the San Luis Obispo County General Plan, Land Use Element, South County Area Plan, official maps, as such amendment appears on Exhibit LRP2003-00011:A, attached hereto and incorporated herein as though fully set forth. [This document does not apply to the Coastal Zone and was not certified as part of the Local Coastal Program. Therefore this amendment does not need to be submitted to the California Coastal Commission.]

5. Adopt, enact and instruct the Chairman of the Board of Supervisors to sign "An ordinance amending Title 22 of the San Luis Obispo County Code, the Land Use Ordinance, Chapter 22.112 to correct references to the Trails Plan" as set forth in Exhibit LRP2005-00015:B which is attached hereto and incorporated herein as though fully set forth. [This document does not apply to the Coastal Zone and was not certified as part of the Local Coastal Program. Therefore this amendment does not need to be submitted to the California Coastal Commission.]

6. Adopt, enact and instruct the Chairman of the Board of Supervisors to sign "An ordinance amending Title 22 of the San Luis Obispo County Code, the Land Use Ordinance, Chapter 22.104 by amending Section 22.104.070 relating to the Commercial Retail, Commercial Service, Residential Single Family, Residential Multifamily and Office And Professional areas in the Community Of San Miguel" as set forth in Exhibit LRP2003-00026:B which is attached hereto and incorporated herein as though fully set forth. [This document does not apply to the Coastal Zone and was not certified as part of the Local Coastal Program. Therefore this amendment does not need to be submitted to the California Coastal Commission.]

7. Adopt, enact and instruct the Chairman of the Board of Supervisors to sign "An ordinance amending Title 22 of the San Luis Obispo County Code, the Land Use Ordinance, by amending Section 22.94.050.F.7 relating to maximum density on 2006 Assessor Parcel Number 033-321-009" as set forth in Exhibit LRP2005-00017:B which is attached hereto and incorporated herein as though fully set forth. [This document does not apply to the Coastal Zone and was not certified as part of the Local Coastal Program. Therefore this amendment does not need to be submitted to the California Coastal Commission.]

8. Adopt, enact and instruct the Chairman of the Board of Supervisors to sign "An ordinance amending Title 22 of the San Luis Obispo County Code, the Land Use Ordinance, Chapter 22.112 by amending Section 22.112.040G relating to the Residential Rural area on West El Campo Road" as set forth in Exhibit LRP2003-00011:B which is attached hereto and incorporated herein as though fully set forth. [This document does not apply to the Coastal Zone and was not certified as part of the Local Coastal Program. Therefore this amendment does not need to be submitted to the California Coastal Commission.]

9. Adopt, enact and instruct the Chairman of the Board of Supervisors to sign "An ordinance amending Title 22 of the San Luis Obispo County Code, the Land Use Ordinance, by amending Section 22.12.040 relating to density bonus determinations and 22.12.070 relating to housing affordability standards" as set forth in Exhibit LRP2005-00016:A which is attached hereto and incorporated herein as though fully set forth. [This document does not apply to the Coastal Zone and was not certified as part of the Local Coastal Program. Therefore this amendment does not need to be submitted to the California Coastal Commission.]

* [10. Adopt, enact and instruct the Chairman of the Board of Supervisors to sign "An ordinance amending Title 23 of the San Luis Obispo County Code, the Coastal Zone Land Use Ordinance, Chapter 23.04 by amending Section 23.04.090 relating to density bonus determinations, Section 23.04.092 and 23.04.094 relating to housing affordability standards" as set forth in Exhibit LRP2005-00016:B which is attached hereto and incorporated herein as though fully set forth and pursuant to Public Resources Code, section 30514, authorize the Coastal Zone Framework and San Luis Bay Coastal amendment submittal to the California Coastal Commission for consideration and certification.

11. Adopt, enact and instruct the Chairman of the Board of Supervisors to sign "An ordinance amending Title 26 of the San Luis Obispo County Code, the Land Use Ordinance, Sections 26.01.034 relating to period affordable housing must remain affordable to qualify for exemption from Title 26" as set forth in Exhibit LRP2005-00016:C which is attached hereto and incorporated herein as though fully set forth. [This document does not apply to the Coastal Zone and was not certified as part of the Local Coastal Program. Therefore this amendment does not need to be submitted to the California Coastal Commission.]

12. Adopt, enact and instruct the Chairman of the Board of Supervisors to sign "An ordinance amending Title 22 of the San Luis Obispo County Code, the Land Use Ordinance, Chapter 22.22 by amending Section 22.22.080 relating to conversion of an existing residential unit to a condominium, planned development or similar residential unit ownership project" as set forth in Exhibit LRP2005-00009:A which is attached hereto and incorporated herein as though fully set forth. [This document does not apply to the Coastal Zone and was not certified as part of the Local Coastal Program. Therefore this amendment does not need to be submitted to the California Coastal Commission.]

13. Adopt, enact and instruct the Chairman of the Board of Supervisors to sign "An ordinance amending Title 23 of the San Luis Obispo County Code, the Coastal Zone Land Use Ordinance, Chapter 23.04 by amending Section 23.04.028 relating to conversion of an existing residential unit to a condominium, planned development or similar residential unit ownership project" as set forth in Exhibit LRP2005-00009:B which is attached hereto and incorporated herein as though fully set forth and pursuant to Public Resources Code, section 30514, authorize the Coastal Zone Framework and San Luis Bay Coastal amendment submittal to the California Coastal Commission for consideration and certification.

14. Adopt, enact and instruct the Chairman of the Board of Supervisors to sign "An Ordinance Amending Specific Sections of the San Luis Obispo County Land Use Ordinance, Title 22 of the County Code and the Coastal Zone Land Use Ordinance, Title 23 of the County Code" which is attached hereto and incorporated herein as though fully set forth. [This document does not apply to the Coastal Zone and was not certified as part of the Local Coastal Program. Therefore this amendment does not need to be submitted to the California Coastal Commission.]

BE IT FURTHER RESOLVED AND ORDERED that the environmental documents for the above enacted amendments be approved as follows:

1. Regarding the amendments that were processed on the basis of a proposed Negative Declaration, the Board of Supervisors reviewed and considered the proposed Negative Declarations together with all comments received during the public review process prior to enacting the amendment. Further, on the basis of the initial studies and comments received for the Negative Declaration, there is no substantial evidence that the amendments will have a significant effect on the environment, therefore the Board of Supervisors hereby adopts the Negative Declaration pursuant to the applicable provisions of the California Environmental Quality Act (CEQA). The Negative Declaration prepared reflect the independent judgment of the Board of Supervisors, acting as the lead agency for the amendments.

2. Regarding the amendments that were processed on the basis of a General Rule Exemption, the Board of Supervisors finds that the activity is covered by That the activity is covered by a general rule exemption (State CEQA Guidelines section 15061(b)(3)) from the California Environmental Quality Act (CEQA) because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

3. Regarding the amendments that were processed on the basis of a Final Environmental Impact Report (FEIR), the Board of Supervisors hereby certifies that the FEIR has been prepared and completed in compliance with the California Environmental Quality Act, California Public Resources Code Section 21000 et seq. and the Board of Supervisors reviewed and considered the information contained in the FEIR prior to approving the amendments and that the FEIR reflects the lead agency's independent judgement and analysis. Further, the Board of Supervisors hereby adopts the recommended findings of the County Environmental Coordinator which are attached hereto and incorporated herein as though fully set forth.

BE IT FURTHER RESOLVED AND ORDERED that this resolution with respect to Exhibits LRP2005-00015:A (portion), LRP2005-00016:B, and LRP2005-00009:B shall become operative automatically, pursuant to 14 California Code of Regulations §13551(b)(1), upon the certification without any modifications or amendments to said amendments by the California Coastal Commission and upon acknowledgment by the San Luis Obispo County Board of Supervisors of receipt of the Commission's resolution of certification pursuant to 14 California Code of Regulations §13544. In the event that the California Coastal Commission recommends modifications to said amendments, the amendments with modification shall be processed in accordance with Government Code § 65350 et seq., before final local government adoption of the amendments with the modifications suggested by Coastal Commission pursuant to 14 California Code of Regulations §13551(b)(2), or before the Board of Supervisors resubmits, pursuant to Public Resources Code Section 30512 and 30513, any additional amendments to satisfy the Commission's recommended changes.

BE IT FURTHER RESOLVED AND ORDERED that in accordance with Government Code Section 25131, after reading of the title of the ordinances, further reading of the ordinances in full is waived.

BE IT FURTHER RESOLVED AND ORDERED that this resolution shall be effective on the same date as Ordinances 3104 thru 3113, said date being January 18, 2007.

Upon motion of Supervisor Ovitt, seconded by Supervisor Lenthall, and on the following roll call vote, to wit:

AYES: Supervisors Ovitt, Lenthall, Bianchi, Patterson, Chairperson Achadjian

NOES: None

ABSENT: None

ABSTAINING: None

The foregoing resolution is hereby adopted.

K.H. ACHADJIAN

Chairman of the Board of Supervisors
of the County of San Luis Obispo,
State of California

CCC Exhibit A
(page 3 of 4 pages)

ATTEST

JULIE L. RODEWALD
County Clerk and Ex-Officio Clerk
of the Board of Supervisors,
County of San Luis Obispo,
State of California

[SEAL] By: C.M. CHRISTENSEN Deputy Clerk

APPROVED AS TO FORM AND LEGAL EFFECT:

JAMES B. LINDHOLM, JR.
County Counsel

By: _____
Deputy County Counsel

Dated: _____

STATE OF CALIFORNIA)
COUNTY OF SAN LUIS OBISPO) ss
I, JULIE L. RODEWALD, County Clerk of the above
entitled County, and Ex-Officio Clerk of the Board
of Supervisors thereof, do hereby certify the fore-
going to be a full, true and correct copy of an order
entered in the minutes of said Board of Super-
visors, and now remaining of record in my office.
Witness, my hand and seal of said Board of
Supervisors this JAN 08 2007
JULIE L. RODEWALD
County Clerk and Ex-Officio Clerk
of the Board of Supervisors
By C.M. Christensen
Deputy Clerk

ORDINANCE NO. _____

AN ORDINANCE AMENDING TITLE 23 OF THE SAN LUIS OBISPO COUNTY CODE, THE COASTAL ZONE LAND USE ORDINANCE, CHAPTER 23.04 BY AMENDING SECTION 23.04.090 RELATING TO DENSITY BONUS DETERMINATIONS, SECTION 23.04.092 AND 23.04.094 RELATING TO HOUSING AFFORDABILITY STANDARDS

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

SECTION 1. Subsection 23.04.090c(6) of the Coastal Zone Land Use Ordinance, Title 23 of the San Luis Obispo County Code, is hereby amended as follows:

- (6) **Continued availability of affordable housing:** Affordable housing units provided under this section shall be subject to the long-term housing affordability provisions described in Section 23.04.094 of this title for a period of 30 years, or a longer period of time if required by construction or mortgage assistance program, mortgage insurance program, or rental subsidy program. If the project receives only a 25 percent increase in density under this section and no other incentives described in Government Code Section 65915(h), then continued affordability shall be ensured as described in Section 23.04.094 for a period of 10 years. For purposes of this section, other incentives of financial value may include, but are not limited to, one or more of the following:

~~(i) The additional increase in allowable density (above 25 percent) as described in Subsection e of this section;~~

~~(ii) A reduction in the open area required for cluster divisions under Section 23.04.036d of this title pursuant to Subsection g(8) of this section;~~

~~(iii) Any financial assistance that the county provides directly or administers on behalf of state or federal funding programs;~~

~~(iv) A concession or incentive described in Government Code Section 65915(h) that is suitable to the project site and the project.~~

SECTION 2. Subsection 23.04.092b(3) of the Coastal Zone Land Use Ordinance, Title 23 of the San Luis Obispo County Code, is hereby amended as follows:

- (3) **Continued availability of affordable housing:** Affordable replacement housing units provided under Subsection b(1) or b(2) of this section shall be subject to the long-term housing affordability provisions described in Section 23.04.094 for a minimum period of time equal to 30 years minus the number of years beyond 10 years that the structure proposed for conversion or demolition has existed, but in no case less than 10 years.

SECTION 3. Subsection 23.04.092c(3) of the Coastal Zone Land Use Ordinance, Title 23 of the San Luis Obispo County Code, is hereby amended as follows:

- (3) **Continued availability of affordable housing:** Affordable housing units provided under Subsection c(1) or c(2) ~~of this section~~ shall be subject to the long-term housing affordability provisions described in Section 23.04.094 ~~for a period of 30 years.~~

SECTION 4. Section 23.04.094 of the Coastal Zone Land Use Ordinance, Title 23 of the San Luis Obispo County Code, is hereby amended as follows:

23.04.094 - Housing Affordability Standards: ~~The standards in this section apply to housing units designated as affordable units as specified in Section 23.04.090 of this title, by subsection 26.01.034b of the Growth Management Ordinance, Title 26 of the San Luis Obispo County Code, or by subsection 18.04.010a(1) of the Public Facilities Fee Ordinance, Title 18 of the San Luis Obispo County Code.~~

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

1. Approval of a density bonus under Section 23.04.090 of the Coastal Zone Land Use Ordinance, Title 23 of the County Code, or
2. Approval of an exemption from growth management provisions under Subsection 26.01.034b of the Growth Management Ordinance, Title 26 of the County Code, or
3. Deferment of the public facilities fees as described in subsection 18.04.010a(1) of the Public Facilities Fees Ordinance, Title 18 of the County Code, or
4. Requiring provision of affordable housing under Section 23.04.092 of the Coastal Zone Land Use Ordinance, Title 23 of the County Code, or
5. Provision of direct financial assistance in the form of a grant (not a loan) to the development of affordable housing.

b. Eligible Household Definitions. Households eligible to become renters or owner-occupants of affordable housing under provisions of the County Code must have incomes not exceeding one of the following income ceilings. The County will consider actual income and imputed income from assets when determining eligibility.

1. Extremely low-income: no more than 30 percent of median income.
2. Very low-income: no more than 50 percent of median income.
3. Lower-income: no more than 80 percent of median income.
4. Moderate-income: no more than of 120 percent of median income.
5. Workforce: no more than 160 percent of median income.

a c. **Determination of initial affordable housing sales prices:** The following procedure is designed to determine sales prices which will enable purchase of the affordable housing units by the targeted income group families eligible households without their monthly housing costs exceeding thirty or thirty-five percent of their gross incomes. The Planning and Building Department shall use this procedure to determine maximum sales prices for each proposed land use permit or land division using estimates of actual costs of financing, property taxes, homeowner association fees, and insurance and shall publish typical examples quarterly.

(1) **Determine median income.** First, find the applicable median income based on the family household size. This information is published in Section 6932 of Title 25 of the California Code of Regulations. Both the family household size and the size of the housing unit shall be used to determine the affordable housing sales price, as follows:

- (i) **Studio:** use the median income for a one-person family household.
- (ii) **One-bedroom unit:** use the median income for a two-person family household.
- (iii) **Two-bedroom unit:** use the median income for a three-person family household.
- (iv) **Three-bedroom unit:** use the median income for a ~~five~~ four-person family household.
- (v) **Four bedroom unit:** use the median income for a ~~six~~ five-person family household.

(2) **Determine maximum housing costs.** Maximum housing costs by size of housing unit and income group shall be calculated as the following percentages of the median income amounts determined in step 1 above, as follows:

- a. Extremely low-income: 30 percent of 30 percent of median household income as determined under Subsection c.1..
- b. Very low-income: 30 percent of 50 percent of median income as determined under Subsection c.1..
- c. Lower-income: 30 percent of 70 percent of median income as determined under Subsection c.1..
- d. Moderate-income: 35 percent of 110 percent of median income as determined under Subsection c.1..
- e. Workforce: 35 percent of 150 percent of median income as determined under Subsection c.1..

(3) **Estimate housing costs other than payments on mortgage loan principal and interest.** The actual costs of property taxes, insurance and homeowner association dues shall be estimated by the Planning and Building Department for affordable housing units in each proposed land use or land division.

- (4) Determine amount of income available for payments of mortgage loan principal and interest. The amount of income available for payments of mortgage principal and interest shall be determined by deducting the amounts for property taxes, insurance and homeowners associations dues estimated by Subsection c.3. from the maximum housing costs determined by Subsection c.2..
- (2 5) Determine mortgage interest rate. The Planning and Building Department shall Next, determine the annual percentage rate of conventional mortgage financing, amortized over thirty years, currently available in California by adding 2.5 points to the 11th District Cost of Funds as currently published by the Federal Home Loan Bank Board at the time of building permit issuance. An interest rate based on alternative mortgage financing committed to the project may be approved by the Director of the Planning and Building Department, provided there are no balloon payments scheduled before the end of the term, the term is at least 30 years, any deferred-payment loans do not carry interest rates greater than 3 percent simple interest per annum, and there will be no negative amortization. (Repayment requirements upon resale or refinancing do not constitute scheduled balloon payments for purposes of this section):
- (3 6) Determine the maximum affordable sales price. The Planning and Building Department shall determine the maximum affordable sales price using the income available for payment of mortgage loan principal and interest determined by Subsection c.4., the mortgage interest rate determined by Subsection c.5., and assuming the buyer can pay a down payment of 5 percent of the sales price. The median income determined under Subsection a(1) of this section shall be multiplied by the affordable sales price factor in the following table. Use the mortgage financing rate determined under Subsection a(2) of this section to calculate the maximum allowable initial selling price for the designated income or senior age group:

(The following table will be deleted)

AFFORDABLE SALES PRICE FACTOR

Mortgage Interest Rate	Very Low Income	Lower Income	Low or Moderate Income
1.0	3.14	4.80	7.46
1.5	2.93	4.47	6.96
2.0	2.73	4.18	6.49
2.5	2.56	4.11	6.07
3.0	2.40	3.66	5.69
3.5	2.25	3.44	5.34
4.0	2.12	3.23	5.02
4.5	1.99	3.05	4.73

Mortgage Interest Rate	Very Low Income	Lower Income	Low or Moderate Income
8.5	1.31	2.01	3.12
9.0	1.26	1.92	2.98
9.5	1.20	1.84	2.85
10.0	1.15	1.76	2.73
10.5	1.11	1.69	2.62
11.0	1.06	1.62	2.52
11.5	1.02	1.56	2.42
12.0	0.98	1.50	2.33

5.0	1.88	2.87	4.47
5.5	1.78	2.72	4.22
6.0	1.68	2.58	4.00
6.5	1.60	2.44	3.79
7.0	1.52	2.32	3.60
7.5	1.44	2.21	3.43
8.0	1.38	2.10	3.27

12.5	0.94	1.44	2.25
13.0	0.91	1.39	2.17
13.5	0.88	1.34	2.09
14.0	0.85	1.30	2.02
14.5	0.82	1.26	1.96
15.0	0.80	1.22	1.89
15.5	0.77	1.18	1.84

~~(4) Exception to initial affordable housing sales price limit: The initial sales price limits established by this section shall not apply to housing units purchased with mortgage financing provided through the federal Rural Housing Service Section 502 Program.~~

~~b d. Non-Sales: In cases where no sale will occur, such as when an owner-builder is involved (a landowner who wishes to construct his primary residence on his own property), the sales price that would apply pursuant to Subsection a c of this section shall be used in meeting the long-term housing affordability provisions of Subsection d(f) f of this section.~~

~~c e. Rental units: Rent levels of the affordable units, including allowances for the costs of utilities as determined by the Housing Authority of the City of San Luis Obispo, are not to exceed the following:~~

~~(1) Extremely low-income units: 30 percent of 30 percent of the median household income as determined under Subsection c(1).~~

~~(2) Very low-income units: 30 percent of 50 percent of the median family household income as determined under Subsection a c(1) of this section.~~

~~(3) Lower-income units: 30 percent of 60 percent of the median family household income as determined under Subsection a: c(1) of this section.~~

~~(4) Low or moderate-income units: the current Fair Market Rents established by the Department of Housing and Urban Development's Housing Assistance Payment Program (Section 8) or any superseding governmental program 30 percent of 110 percent of the median household income as determined under Subsection c(1).~~

~~(5) Workforce housing units: 30 percent of 150 percent of the median household income as determined under Subsection c(1) of this Section.~~

~~d f. Continued availability of affordable housing: Once a density bonus as described in Section 23.04.090 of this title, approval of a new housing development, land division, or demolition or conversion of existing housing for one or more sites as described in Section 23.04.092 of this title, or an exemption from growth management provisions under Subsection 26.01.034b of the Growth Management Ordinance, Title 26 of the San Luis Obispo County Code, or a deferment of the public facilities fee as described in subsection 18.04.010a(1) of the Public Facilities Fee~~

~~Ordinance, Title 18 of the San Luis Obispo County Code, is granted in return for a commitment to provide affordable housing, such Affordable housing units which are subject to the standards of this section shall continue to be reserved as affordable housing as determined by this section, for a period of 30 years, or for a period of time as defined in Section 23.04.090 or 23.04.092 of this title or Subsection 26.01.034b of Title 26 of the County Code, as follows:~~

- (1) **For sale units:** ~~Prior to issuance of any project construction permits the property owner and the County shall enter into and record a Construction Master Affordable Housing Agreement, prepared by County Counsel, assuring that the project will provide designated affordable housing unit(s). When a designated affordable housing unit is first sold to an eligible buyer, or when the owner-builder of a designated affordable housing unit requests final permit approval for occupancy of his residence, the buyer and county or the owner-builder and county shall enter into an Affordable Housing Option to Purchase at Restricted Price Agreement which shall be recorded as an encumbrance on the property, and secured by a recorded deed of trust. The said Affordable Housing Option to Purchase at Restricted Price Agreement shall supercede the Construction Master Affordable Housing Agreement. ~~The said Agreement and deed of trust shall establish the monetary difference between the initial purchase price and the initial appraised value as a loan payable to the county. Said loan shall accrue interest at a rate equal to 4.5 points added to the 11th District Cost of Funds as currently published by the Federal Home Loan Bank Board, amortized over 30 years, and the monthly payments of principal and interest shall be waived by the county as long as the owner who was previously approved by the county as an eligible buyer or as an owner-builder continues to own and reside in the property subject to the county loan as his or her principal residence, and also continues to be a legal resident of the County of San Luis Obispo. The County shall have a right of first refusal to purchase the property at current appraised value. The consideration for the County's right of first refusal shall consist of 1 percent of the remaining county loan balance. The balance of the County loan remaining after deducting this 1 percent of the loan balance shall be credited toward the purchase price if the County chooses to exercise the purchase option. Under the terms of the Option to Purchase at Restricted Price Agreement, the maximum resale price of the housing unit shall be limited for a period of 45 years to the same formula used to determine the initial sales price, except that current information regarding median income, mortgage financing interest rate, taxes, insurance and homeowners association dues shall be applied. Adjustments to the maximum resale price as determined by the Planning and Building Department shall be made to ensure that the resale price is not lower than the original sales price, to increase the maximum resale price by the value of structural improvements made by the owner, and to comply with requirements of State or Federal mortgage lenders as necessary. Ownership of the property may only be transferred to party that agrees to execute a new Option to Purchase at Restricted Price Agreement with a term of 45 years.~~~~

The provisions of this section shall not impair the rights of a first mortgage lender secured by a recorded deed of trust. The purchase money lender shall have a higher priority than the county's loan. The county's security shall be prioritized as a second mortgage. This first priority applies to the purchase money lender's assignee or successor in interest, to:

- (i) Foreclose on the subject property pursuant to the remedies permitted by law and written in a recorded contract or deed of trust; or

- (ii) Accept a deed of trust or assignment to the extent of the value of the unpaid first mortgage to the current market value in lieu of foreclosure in the event of default by a trustor; or
- (iii) Sell the property to any person at a fair market value price consistent with the provisions of this Section subsequent to exercising its rights under the deed of trust. Any value in excess of the unpaid mortgage and costs of sale administration shall be used to satisfy the county loan. In no case may a first mortgage lender, exercising foreclosure assignment in lieu of foreclosure or sale, obtain value or rights to value greater than the value of the outstanding indebtedness on the first mortgage at the time of the debt clearing action.

In addition, the following types of transfers shall remain subject to the requirements of the county's loan and right of first refusal: transfer by gift, devise, or inheritance to the owner's spouse; transfer to a surviving joint tenant; transfer to a spouse as part of divorce or dissolution proceedings; or acquisition in conjunction with a marriage; or transfer as a result of foreclosure.

- (2) **Rental units:** Prior to issuance of any project construction permits the property owner and the County shall enter into and record a Rent Limitation Agreement prepared by County Counsel, assuring that the project will provide designated affordable housing unit(s). Rent levels shall be based on the same criteria as those used to compute the original rent ceiling in subsection c d of this section for a period of at least 55 years. Such rent levels will be enforced through the Review Authority imposing applicable conditions at the time of land use permit or subdivision approval for the project, and by recorded deed restriction on each affordable unit. If ownership of the property is transferred during the initial 55 years period, then a new Rent Limitation Agreement shall be executed with a term of 55 years.

g. (3) **Exceptions to initial sales price limitations and resale restrictions:** At the time of sale to a qualified buyer or at the time of occupancy by an owner-builder, if the fair market value of any designated affordable housing units is equivalent to the affordable sales price determined above, no affordable housing agreement shall be required. Additionally, no affordable housing agreement shall be required for housing units purchased with mortgage financing provided through the United States Department of Agriculture federal Rural Housing Service Section 502 Program. The Director of the Planning and Building Department may grant an exemption to the initial sales price limitation and resale restrictions for housing units that meet all of the following criteria:

1. The housing units are provided in a development consisting exclusively of housing for very low income, lower income or moderate income households; and
2. The housing units are constructed with at least 50 percent of the work performed by volunteers and/or households purchasing the housing; and
3. The Director of the Planning and Building Department has determined that the home purchase financing provided will be affordable to the purchasing households for at least 30 years.

SECTION 3. If any section, subsection, clause, phrase or portion of this ordinance is for any reason held to be invalid or unconstitutional by the decision of a court of competent jurisdiction, such decision shall not affect the validity or constitutionality of the remaining portion of this ordinance. The Board of Supervisors hereby declares that it would have passed this ordinance and each section, subsection, clause, phrase or portion thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases or portions be declared invalid or unconstitutional.

SECTION 4. This ordinance shall become operative only upon approval by the California Coastal Commission and upon acknowledgment by the San Luis Obispo County Board of Supervisors of receipt of the Commission's resolution of certification.

SECTION 5: This ordinance shall take effect and be in full force on and after 30 days from the date of its passage hereof. Before the expiration of 15 days after the adoption of this ordinance, it shall be published once in a newspaper of general circulation published in the County of San Luis Obispo, State of California, together with the names of the members of the Board of Supervisors voting for and against the ordinance.

INTRODUCED at a regular meeting of the Board of Supervisors held on the fifth day of December 2006, and PASSED AND ADOPTED by the Board of Supervisors of the County of San Luis Obispo, State of California, on the twelfth day of December 2006, by the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAINING:

Chairman of the Board of Supervisors,
County of San Luis Obispo,
State of California

ATTEST:

County Clerk and Ex-Officio Clerk of the Board of Supervisors
County of San Luis Obispo, State of California

[SEAL]

CCC Exhibit B
(page 8 of 9 pages)

ORDINANCE CODE PROVISIONS APPROVED
AS TO FORM AND CODIFICATION:

JAMES B. LINDHOLM, JR.
County Counsel

By: _____
Deputy County Counsel

Dated: _____