



USER'S GUIDE INCLUSIONARY HOUSING ORDINANCE

SAN LUIS OBISPO COUNTY DEPARTMENT OF PLANNING AND BUILDING
976 OSOS STREET • ROOM 200 • SAN LUIS OBISPO • CALIFORNIA 93408 • (805) 781-5600

Promoting the Wise Use of Land • Helping to Build Great Communities

INTRODUCTION

This is your guide to the Inclusionary housing ordinance. For more information please review:

- Land Use Ordinance Section 22.12.080 – Inclusionary Housing
- Inclusionary Housing Ordinance – Implementation Guidelines Manual
- Title 29 – Affordable Housing Fund

APPLICABLE PROJECTS AND EXEMPT PROJECTS

The Inclusionary Housing Ordinance applies to:

- Residential development with two or more dwelling units.
- Commercial/industrial development with a floor area of 5,000 s.f. or more.
- Mixed-use development.
- Subdivision of land.

Exempt projects include, but are not limited to:

- A single family dwelling on an existing parcel.
- Educational facilities (schools), churches and public facilities.
- Rental housing secured for 10 years or longer.
- Affordable housing units.
- Reconstruction of structures destroyed by fire, flood, or earthquake.
- Employee housing and farm support quarters.
- Secondary dwellings.

REQUIREMENTS FOR RESIDENTIAL DEVELOPMENT

A five year phase-in period is underway. Ultimately, 20% of all new residential units shall be designated as affordable, inclusionary housing units.

Phasing of Inclusionary Housing Requirement

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Inclusionary Requirement	4%	8%	12%	16%	20%

Required Number of Inclusionary Housing Units

Sample Project	Year 1	Year 2	Year 3	Year 4	Year 5
25 unit project	1 unit	2 units	3 units	4 units	5 units
5 unit project	0.2 unit	0.4 unit	0.6 unit	0.8 unit	1 unit

When a fractional unit is required the applicant may pay a pro-rated fee or provide a whole unit. Units shall be provided in sequence for the following income groups: workforce, moderate, low, and very low income households.

Alternative methods for satisfying the inclusionary housing requirement include:

- Construction of inclusionary housing units on-site or off-site.
- Payment of in-lieu fees.
- Donation of land.

Projects may provide affordable housing or pay an in-lieu fee for each market rate unit. The fee amount is based on the number and size of market-rate units. Smaller units have lower fee amounts. Review the Implementation Guidelines Manual for the complete in-lieu fee schedule and examples of fee calculations.

Phasing of Inclusionary Housing Fees

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Percentage of fee collected	20%	40%	60%	80%	100%
Example - Fee for a 2,100 s.f. dwelling	\$3,990	\$7,980	\$11,970	\$15,960	\$19,950

REQUIREMENTS FOR COMMERCIAL/INDUSTRIAL DEVELOPMENT

The ordinance applies to projects with 5,000 s.f. or more of new commercial/industrial floor area. The methods of satisfying the inclusionary housing requirement include:

- Construction of employee housing or inclusionary housing units, either on-site or off-site.
- Payment of housing impact fees.
- Donation of land.

The fee amount is based on the type of commercial use being developed.

Housing Impact Fee Schedule

Nonresidential Land Use	Fee per square foot
Commercial/Retail	\$2.11
Commercial Service/Offices	\$2.46
Hotel/Motel	\$2.11
Industrial/Warehouse	\$0.98
Other Non-Residential	\$1.84

Phasing of Inclusionary Housing Fees

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Percentage of fee collected	20%	40%	60%	80%	100%

Examples of Phasing of Fees

Sample Project	Year 1	Year 2	Year 3	Year 4	Year 5
Housing Impact Fee - 10,000 sf commercial building					
• 1,000 sf office	\$ 492	\$ 984	\$1,476	\$ 1,968	\$ 2,460
• 2,000 sf retail	\$ 844	\$1,688	\$2,532	\$ 3,376	\$ 4,220
• <u>7,000 sf warehouse</u>	<u>\$1,372</u>	<u>\$2,744</u>	<u>\$4,116</u>	<u>\$ 5,488</u>	<u>\$ 6,860</u>
10,000 sf total	\$2,708	\$5,416	\$8,124	\$10,832	\$13,540

NOTE: See the Implementation Guidelines Manual and the Housing Impact Fee Matrix. The matrix shows which fee applies to each type of commercial/industrial use. In wineries the retail area (tasting room) and office floor area are subject to this Ordinance.

If employee housing or inclusionary housing will be provided instead of fee payment then calculate the fee amount first. The housing impact fee shall produce the same number of housing units that an equal amount of in-lieu fees would produce for a residential project. See Land Use Ordinance Section 22.12.080.F.3. In any mixed use project where 25% or more of the floor area is habitable residential area, the residential portion of the project is subject to this Ordinance, and the commercial portion is exempt.

LAND DONATION

Developable land may be donated instead of providing Inclusionary housing units. The appraised land value must be equal or greater than the dollar value of the in-lieu fees or housing impact fees that would be paid. See the criteria for donated land in Land Use Ordinance Section 22.12.080.H.6.

INCENTIVES

In residential projects, one bonus unit is granted for each inclusionary housing unit provided. In both residential and commercial projects, when the Ordinance requirement is met by providing on-site inclusionary housing units then the required number of units is reduced by 25%. In some instances, applicants may request a modification of

development standards to help fit the inclusionary housing units into the project. See Land Use Ordinance Section 22.12.080.G.

DEVELOPMENT STANDARDS

Inclusionary units shall be available for a period of 45 years or more to eligible households. Inclusionary housing units shall be compatible with the project, and shall be available at the same time as other housing or commercial units. See Land Use Ordinance Section 22.12.080.H.

COMPLIANCE PROCEDURES

Inclusionary Housing Proposal – All project applications shall include a completed Inclusionary Housing Proposal form. The applicant shall use the form to describe: **1)** the project's inclusionary housing requirement, and **2)** how the requirement will be satisfied. If the requirement will be met by paying fees prior to issuance of a construction permit or subdivision map recordation, then staff shall provide a preliminary fee calculation on the completed application. However, the actual fee will be based on the fee schedule in place at the time of permit issuance/map recordation.

Inclusionary Housing Agreement – If the inclusionary housing requirement will be satisfied by providing inclusionary housing units, deferred fee payment or a land donation then the applicant shall record an Inclusionary Housing Agreement prior to issuance of a construction permit or map recordation. The applicant shall submit a title report or lot book guarantee to the County. The County shall then prepare the Agreement for the applicant and the applicant shall record it.

Timing – of construction, deferred fee payment and land donations – Inclusionary housing units shall be available at the same time as other housing units or commercial units in the project. Payment of Inclusionary housing fees may be deferred until time of final permit approval or sale of the unit. Land donations must be secured by deed prior to construction permit issuance or map recordation.

For more information see Land Use Ordinance Section 22.12.080.J

This guide is designed to provide general information only. It is not a county ordinance or policy and has no legal effect. The general plan and other chapters of the San Luis Obispo County Code are the official regulations of the county. Those documents, rather than this guide, are the only legal basis for assessing how county regulations affect property development.