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# ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE

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PRESENTED BY: LAWYERS' COMMITTEE FOR CIVIL RIGHTS UNDER LAW

# ACKNOWLEDGMENTS



The completion of this AI would not have been possible without the cooperation, input, and assistance of several outstanding stakeholder organizations in the County of San Luis Obispo. Their time and their insights are greatly appreciated.

- Housing Authority of San Luis Obispo
- Habitat for Humanity for San Luis Obispo County
- Peoples' Self-Help Housing
- Community Action Partnership of San Luis Obispo
- City of Atascadero Community Development Department
- City of Pismo Beach Planning Department
- City of San Luis Obispo Community Development Department
- City of Grover Beach Community Development Department
- City of Arroyo Grande Community Development Department
- California Rural Legal Assistance
- San Luis Obispo Regional Transit Authority
- Transitions Mental Health Association
- San Luis Obispo Council of Governments

In addition to the input of these organizations, the commitment, expertise, and time of the San Luis Obispo County Planning and Building Department was invaluable. The County's dedication to furthering fair housing choice for its residents and residents of the region as a whole is truly remarkable.

# INTRODUCTION

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## *Background on the Duty to Affirmatively Further Fair Housing*

The Fair Housing Act was enacted in 1968 to remedy the adverse effects of past and present housing discrimination. The Act’s legislative history makes clear that Congress intended the law to increase housing choices for minority individuals and bring forth meaningful residential integration throughout society. In its first fair housing decision after passage of the Act, *Trafficante v. Metro. Life Ins. Co.*, 409 U.S. 209, 211-12 (1972), the Supreme Court emphasized that the language of the Act and its legislative history established that residential integration was the “policy that Congress considered to be of the highest priority,” and so achieving its goal must not be hampered by a narrow interpretation of the statute. Eliminating segregation and achieving meaningful integration was meant to benefit not just minority groups, but “the whole community.” The Supreme Court recently reinforced this priority in its decision in *Texas Department of Housing & Community Affairs v. Inclusive Communities Project*, \_\_ U.S. \_\_ (2015); 2015 WL 2473449 (June 25, 2015), stating: “The Fair Housing Act must play an important role in avoiding the Kerner Commission’s grim prophecy that ‘our Nation is moving toward two societies, one white and one black – separate and unequal.’ The Court acknowledges the Fair Housing Act’s continuing role in moving the Nation toward a more integrated society.”

The Act recognizes that to achieve this goal requires more than simply a prohibition on engaging in discriminatory conduct. Therefore, in addition to the provisions of Sections 3604 and 3605 which prohibit discrimination in the sale, rental, and financing of housing and other housing related transactions, Congress also passed Section 3608 in the Act which sets forth the “affirmative” obligation that HUD and other federal agencies administer their housing programs in a manner to actively promote fair housing and integration. Regulations of the U.S. Department of Housing and Urban Development (HUD) make clear that recipients of federal funds from HUD are required to administer those funds in a manner that affirmatively furthers fair housing.

Thus, as a condition of receiving federal housing and community development funds, the County of San Luis Obispo is required to affirmatively further fair housing (AFFH). HUD has interpreted that statutory obligation to mean that the County must conduct an Analysis of Impediments to Fair Housing Choice (AI), take appropriate actions to overcome those impediments, and maintain records reflecting the AI and the corrective actions. This document is intended to serve as the County’s AI and meet the first of those three requirements. Accordingly, the discussion, analysis, and recommendations in this document are merely the starting point of the County’s efforts to AFFH. Follow-up action is even more important.

In order to be effective, an AI must provide a comprehensive overview of the different issues affecting fair housing choice for local residents and for others in the same real estate market who might choose to live in the County if their housing choices were not blocked or impeded. The

nation's Fair Housing Act (FHA) protects against discrimination on the basis of race, color, national origin, religion, sex, disability, and familial status. The law prohibits policies and practices that may be adopted unwittingly or with a direct intent to discriminate on the basis of these characteristics. For purposes of an AI and compliance with the duty to AFFH, it is important to note that jurisdictions have to do more than simply refrain from engaging in illegal discrimination. They also have to take steps to advance the policy purposes behind the FHA: promoting residential integration and access to opportunity.

Due to the vast array of policies and practices that contribute to residential segregation and deny the opportunities of housing choice, the scope of an AI must be broad. For San Luis Obispo County, the AI must encompass the overlapping jurisdictions of the various cities and the State of California. In addition, the AI must address a broad range of issues that affect where people choose to live including school quality, access to public transit, public safety, and environmental health.

### *Structure of this Analysis*

This document has three primary sections.

- Section 1 presents data on the population of the County of San Luis Obispo, its housing market, its economy, and its schools. Wherever applicable, this data is evaluated through a fair housing lens, which means that focus is placed on race, color, national origin, religion, sex, disability, and familial status.
- Section 2 provides an analysis of public and private policies and practices that affect fair housing choice across a wide range of subject areas.
- Section 3 of , the AI concludes with a specific identification of impediments to fair housing choice, proposed corrective actions, and guidance on how to carry out those steps.

### *Key Terms*

At the outset of the AI, it is helpful to set out a few key terms whose meanings may not be obvious but which are crucial to understanding barriers to fair housing choice.

- *Higher Opportunity Areas* are geographic areas in which residents have access to the basic amenities that serve to enhance quality of life and social mobility. These include high-performing low-poverty schools, decent jobs, public transit, clean air, safe streets, vibrant parks, and retail options that meet residents' needs. Higher opportunity areas can be as small as individual neighborhoods within a particular city. They can be as large as collections of adjacent cities that feature similarly high quality of life. Because of historical patterns of segregation and disinvestment in communities of color, higher opportunity areas tend to have populations that are predominantly non-Latino white, though that is not always the case.
- *Segregation and Integration* refer to patterns of spatial concentration and dispersal of groups of people. Segregation tends to stem from historical discrimination but is often reinforced by a range of policies and practices that do not appear discriminatory on their

face. The methodology that social scientists use to assess segregation and integration is discussed in detail in the section of this AI concerning Residential Segregation.

- *Community Integration for Persons with Disabilities* means the ability of persons with disabilities to live in the most integrated setting appropriate to their needs and informed choice. The provision of supportive services may facilitate the efforts of persons with disabilities to live in integrated settings, but requiring persons with disabilities to accept services should never be a precondition of eligibility for housing. In the vast majority of instances, the most integrated setting appropriate to an individual's needs and informed choice will be their own apartment or house.
- *Affordable Housing* means units with housing costs that amount to no more than 30% of the gross income of households earning 80% of the Area Median Income (AMI) for the County's Metropolitan Statistical Area\*\*. For Fiscal Year 2015, 80% of AMI for a family of four is \$61,700. Housing that is affordable for very low-income households has housing costs that amount to no more than 30% of the gross income of households earning 50% of AMI. Housing that is affordable to extremely low-income households has housing costs that amount to no more than 30% of the gross income of households earning 30% of AMI. Affordable housing may be either renter-occupied or owner-occupied. The length of occupancy restrictions for affordable units varies by subsidy program.

\*\*A metropolitan statistical area (MSA) is a geographical region with a relatively high population density at its core and close economic ties throughout the area. The U.S. Census Bureau tabulates income based on the San Luis Obispo – Paso Robles – Arroyo Grande MSA.

- *Integrated Permanent Supportive Housing* means independent housing for persons with disabilities that is located within developments in which housing units set aside for persons with disabilities comprise no more than 25% of total housing units. Additionally, persons with disabilities residing in integrated permanent supportive housing may receive supportive services that stabilize their housing tenure and enhance their ability to live independently; however, access to integrated permanent supportive housing must not be conditioned on the willingness of persons with disabilities to accept supportive services. In general, service providers assisting residents of permanent supportive housing should not be the same entities as the housing providers, and residents of permanent supportive housing should have their own leases with housing providers and all of the legal protection that entails.

### *Lack of Affordable Housing*


The overarching theme which arises from analyzing the information in this document is that a lack of affordable housing exists in San Luis Obispo County. Each section is informed by this theme and its effect on fair housing, and is written with the goal of ascertaining a path forward toward decreasing barriers to affordable housing and affirmatively furthering fair housing.

### *Taking Action*

The County's leverage and capacity to address the issues identified in this AI vary widely. In proposing corrective actions, and help reduce impediments to fair housing choice, special emphasis is placed on County policies, including how land is zoned, how the County allocates and spends its federal funds, and how the County determines which applicants for state and federal resources to support. In adopting strategies along these lines, the County has a great deal of power to bring about changes that further the fair housing choice of historically marginalized communities.

Because local and state policies are crucial to the fair housing choice of San Luis Obispo County residents, the County must also engage with city and state policymakers to discuss and recommend new strategies at the city and state level. Addressing the complex issues identified in this AI will never be as simple as rezoning properties within the County or amending the Consolidated Plan, but the County does have sources of leverage and the ability to engage in good faith negotiations.

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# EXECUTIVE SUMMARY

San Luis Obispo County's 2015 *Analysis of Impediments to Fair Housing Choice* (AI) is a comprehensive examination of the structural barriers to fair housing choice and access to opportunity for members of the historically marginalized groups protected from discrimination by the federal Fair Housing Act (FHA). This AI was prepared by the Lawyers' Committee for Civil Rights Under Law (Lawyers' Committee), in partnership with the San Luis Obispo County Planning and Building Department and a wide range of stakeholders. To provide a foundation for the conclusions and recommendations presented in the AI, the Lawyers' Committee reviewed and analyzed:

- Data from the U.S. Census Bureau and other sources about the demographic, housing, economic, and educational landscape of San Luis Obispo County, several nearby communities, and the broader region;
- Numerous City, county, and state planning documents, notices of funding availability, ordinances, and statutes;
- Data reflecting housing discrimination complaints filed with the U.S. Department of Housing & Urban Development (HUD) and the California Department of Fair Employment and Housing; and
- The input of a broad range of stakeholders that are affected by the housing market in San Luis Obispo County and the Central Coast.

Section III of the AI distills this information down to five overarching impediments to fair housing choice in San Luis Obispo County and proposes 15 steps that the County should take to overcome those obstacles. These actions will not remedy the longstanding equity issues involving housing, economic opportunity, transportation, and education in the County by themselves, but they provide a starting point for addressing systemic barriers to equal opportunity. Once other local governments in the region and the State of California join the County's efforts to advance fair housing in a collaborative manner, San Luis Obispo County will make truly great strides toward the realization of the goals of the FHA.

## *Overview of San Luis Obispo County*

San Luis Obispo County is located on the Central Coast of California. Its considerable distance from the large metropolitan cities of Los Angeles and San Francisco allows San Luis Obispo County to maintain a much more rural character than some of its neighbors. It has continually placed in the lower half of California counties by population over time, ranking 36<sup>th</sup> (of 58 counties) in 1950, 35<sup>th</sup> in 1980, and 36<sup>th</sup> in 2010. As with many other areas of the state, the majority of the County's growth occurred in the second half of the 20<sup>th</sup> century. The rate of growth has been in line with the state average in recent years. Its current population is approximately 274,106.

The County's population is 70% white, 21% Latino, 2% African American, and 3% Asian American. In comparison to neighboring counties and the state of California as a whole, San Luis Obispo County's Latino population is quite low, while the white population is relatively high. San Luis Obispo County has also not experienced the increase in Asian American population that is common in the rest of the State.

Traditional segregation indices reflect that, within its boundaries, San Luis Obispo County has low levels of segregation for Latinos, Asian Americans, and whites, with moderate levels for African American residents. A broader view of the region, however, indicates that more segregation exists than is captured by viewing County-level data, with fewer opportunities available for racial and ethnic minorities, particularly Latinos, to move into San Luis Obispo County.

Poverty in San Luis Obispo County increased in the aftermath of the nationwide recession in 2008 but is still slightly lower on a whole than neighboring communities. However, the poverty level differs greatly across the County, varying by more than 25% between some cities, and highest in the City of San Luis Obispo. It also varies by race and ethnicity, with Latino, African American, Asian American, and Native Hawaiian populations living in poverty at a significantly higher rate than white residents. The median household income of residents in San Luis Obispo County similarly varies, with Latino households earning the least. Comparatively, San Luis Obispo County overall has a higher median household income than most of its neighboring counties, but the figure varies by up to \$20,000 between cities within the County.

Census data reflects that persons with disabilities appear to comprise a relatively small proportion of the population of San Luis Obispo County. The proportion of people with disabilities by age and by race are generally consistent with the state of California as a whole. However, existing data sources make it difficult to gauge the size of the population of persons in San Luis Obispo County with specific types of disabilities. A shortage of information about the number of individuals with significant physical or mental disabilities may hide or increase the risk of unjustified institutionalization. Data shows, however, that the Tri-Counties Regional Center which serves San Luis Obispo County is succeeding in housing more consumers in integrated housing. Additionally, the County itself is making strides in providing permanent supportive housing for persons with disabilities through its Housing First approach.

The housing stock of San Luis Obispo County contains primarily single-family detached units and owner-occupied units, but the levels of their occupancy vary greatly by race. African American and Latino households are more likely to reside in more dense housing than white and Asian households. All minority groups are more likely to be renters than their white counterparts. Housing costs in the County and the region are rising, and the burden of those price increases is falling most heavily on renters. Foreclosure activity appears to be winding down, and the foreclosure rate in San Luis Obispo County is less than that of California as a whole. However, vacancy rates in the County are still high, as a high number of vacant units for seasonal, recreational, or occasional use constrains the supply of available housing for full-time residents.

While San Luis Obispo County is the third largest wine producer in California, agriculture is not the dominant factor of the economy. Instead, industry in the County is largely service based. California Polytechnic State University, located in the City of San Luis Obispo and serving more

than 20,000 students, is an economic mainstay. As a result, the educational services, health care, and social assistance sectors makes up the largest proportion of the County's industry, followed by retail trade and other service industries. The unemployment rate in San Luis Obispo County reached its peak in 2010 and has been steadily declining since, in line with state and national figures. Consistent with broader trends, white and Asian American workers in the County are the least likely to be unemployed.

Access to public transportation is relatively limited in San Luis Obispo County in light of the area's rural character. The San Luis Obispo Regional Transit Authority provides bus services between the County's cities, as well as the City of Santa Maria in northern Santa Barbara County. Additionally, most of the County's cities operate smaller-scale bus services that provide transportation within their own boundaries. The City of San Luis Obispo has the most developed intra-city bus network.

Consistent with the relatively low levels of residential segregation in San Luis Obispo County, schools in the County's 11 districts are comparatively more integrated than schools throughout the state. The most significant outlier is the Shandon Joint Unified School District, which is 73% Latino and has the second lowest Academic Performance Index of any school district in the County. African American and Latino students tend to attend schools where are higher proportion of students are low-income than do white and Asian American students, but the disparity is less pronounced than in much of California.

The price and availability of water affects the supply and affordability of housing in San Luis Obispo County. The County and the broader region have among the highest water costs in California. However, the high cost of water should not inhibit the local jurisdictions from developing policies that facilitate a greater housing supply. It is important for policymakers to keep in mind that, in comparison to agriculture, residential water use is a relatively minor contributor to California's water issues and can be mitigated with strategic interventions like xeriscaping and utility

### *Public Sector Compliance*

San Luis Obispo County uses a significant portion of its federal housing and community development funds to support affordable housing development. That development tends to be dispersed throughout the communities rather than concentrated in low-income neighborhoods. The County allocates a portion of its Community Development Block Grant (CDBG) funds to the cities that participate in the County's consortium on a formula basis. The City of San Luis Obispo makes effective use of these funds to support affordable housing development, but the remaining cities focus heavily on sidewalk repairs, to the near exclusion of other activities. Sidewalk repairs are a quick, eligible use of the small yearly amounts of CDBG funds that some cities receive.

San Luis Obispo County exercises zoning and land use authority throughout its unincorporated areas. The County's zoning ordinance controls residential development patterns and influences housing affordability. Some of the County's populated unincorporated areas lack sufficient land that is zoned for multi-family housing to make those communities truly accessible to low-income households. Low income households are disproportionately members of protected classes (i.e.,

minority households and disabled individuals). Lack of affordable housing impedes the fair housing choice of such households and individuals. Similar patterns persist in the County's incorporated cities. Although the City of San Luis Obispo has taken a proactive approach to ensuring that there is adequate land zoned for multi-family housing to meet future needs, some local communities tightly restrict the supply of residential multi-family zoned land. In addition, the County's Growth Management Ordinance may limit housing development, but only in those years when the 2.3% growth cap is reached. The Growth Management Ordinance provides exemptions for affordable housing units, and the County could consider expanding such exemptions.

In addition to local regulation of land use, the California Coastal Act severely constrains the development of multi-family housing in the County's coastal areas. As the population of these areas tends to be more heavily white than the inland portions of the County and coastal communities support service jobs in the tourism industry for low-income people, the role of the California Coastal Commission raises significant fair housing concerns.

The Housing Authority of the City of San Luis Obispo (HASLO) administers the Housing Choice Voucher (HCV) program and Project-Based Voucher (PBV) program countywide. True housing choice can be offered to San Luis Obispo County residents with some alterations to certain HASLO policies. In particular, various HASLO policies limit the portability of HCV assistance, fall short of providing voucher-holders with full information about the range of options available to them, neglect to capture price differences among submarkets, fail to address landlord discrimination, limit availability of vouchers to families in need, and fail to leverage the PBV to promote integration.

### *Private Sector Compliance*

Information about the extent and nature of housing discrimination in San Luis Obispo County is limited because the County is not within the core service area of a private fair housing organization. Thus, there is no focused effort ongoing in San Luis Obispo County to inform households of their rights under the Fair Housing Act and other relevant statutes and to assist households in filing administrative complaints or lawsuits, as appropriate. Accordingly, the number of fair housing complaints filed with the U.S. Department of Housing & Urban Development (HUD) and the California Department of Fair Employment and Housing (DFEH) is low. Drawing conclusion about trends with respect to private market discrimination based on such small sample sizes is not advisable. Nonetheless, to the extent that the distribution of complaints mirrors broader trends across larger geographies, it is possible to reach some tentative conclusions. Specifically, complaint data from both HUD and DFEH reflects that complaints on the basis of disability status are by far the most common type of complaint. Complaints alleging national origin discrimination or unlawful retaliation are the next most common categories of complaints.

An analysis of Home Mortgage Disclosure Act (HMDA) data suggests barriers to accessing credit are most pronounced among African American and Latino populations in California. However, the adverse impact on these minority groups has been more modest in San Luis Obispo County, largely due to the fact that the population is 70% non-Latino white.

### *Impediments and Action Steps*

The AI identified the following impediments to fair housing choice and proposed the following action steps.

*Impediment 1: Lack of Fair Housing Education, Outreach, and Enforcement Infrastructure in San Luis Obispo County and on the Central Coast.*

*Action Step 1.1: Convene Meetings with CRLA, the Fair Housing Council of Central California, and the Housing Rights Center to Gauge Interest and Capacity to Start a Fair Housing Organization on the Central Coast or Expand Existing Operations to the Region.*

*Action Step 1.2: Convene Meetings with Housing and Community Development Staff from Entitlement Jurisdictions Along the Central Coast to Develop a Joint Funding Strategy for Increased Fair Housing Infrastructure.*

*Action Step 1.3: Work with Key Partners to Secure Funding for a New or Expanded Fair Housing Organization from Local Foundations and Businesses.*

*Action Step 1.4: Provide CDBG Funding to a New or Existing Private Fair Housing Organization in Order to Support Its Operations in the County.*

*Impediment 2: High Housing Costs Constrain the Ability of Low-Income Latino Households in the Central Coast to Live in San Luis Obispo County.*

*Action Step 2.1: Expand Multi-Family Residential Zoning and Zoning That Allows for the Development of Small Single-Family Homes in Cities and Census-Designated Places throughout San Luis Obispo County with a Strong Emphasis on Sites That Are Outside of the Coastal Zone and That Do Not Currently Have Concentrations of Multi-Family Housing.*

*Action Step 2.2: Expand Exceptions to the County's Growth Management Ordinance or Otherwise Ease Its Restrictions.*

*Action Step 2.3: Ease Procedural Barriers to Multi-Family Housing Development.*

*Action Step 2.4: Allow for Increased Density within Residential Multi-Family Districts.*

*Action Step 2.5: Prioritize the Use of City Allocations of CDBG Funds towards assisting Affordable Housing Development.*

*Action Step 2.6: Waive or Reduce Building Fees for Developments That Include Affordable Housing.*

*Impediment 3: Limited Access to Public Transportation, Particularly in Northern San Luis Obispo County.*

*Action Step 3.1: Coordinate with Transit Agencies to Ensure That Expanded Bus Lines Effectively Serve New Affordable and Multi-Family Housing.*

*Action Step 3.2: Monitor Implementation of Reduced Required Numbers of Parking Spaces for Residential Developments When Developers Agree to Provide Complimentary Bus Passes to Low-Income Residents in the City of San Luis Obispo.*

*Impediment 4: Inconsistent State Housing Policies and Lack of Available Funds.*

*(Deleted)*

*Issue 5: Efforts to Develop Permanent Supportive Housing Are Exemplary and Should Be Taken to Scale.*

### *Conclusion*

San Luis Obispo County has shown a noteworthy openness to assessing its programs and activities, as well as conditions in the broader region, with the goal of affirmatively furthering fair housing. On some issues, such as the development of integrated permanent supportive housing for persons with disabilities, the County's past track record is laudable, and the main task for the County will be to build upon the foundation that it has already created. For other issues, like reducing zoning barriers to affordable housing development and ensuring that sub-grantee cities support affordable housing development, greater challenges will be entailed, but, through the application of the County's collaborative and forward-thinking spirit, the action steps laid out in this AI will be wholly achievable. Once they are undertaken, San Luis Obispo County will set a strong example of commitment to equity and inclusion for the entire Central Coast.



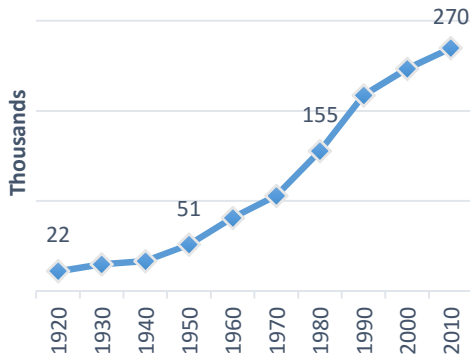
# SECTION I: OVERVIEW OF SAN LUIS OBISPO COUNTY

## San Luis Obispo County



# DEMOGRAPHICS

Figure 1: Overall Population Growth



San Luis Obispo County (“SLO County”) is located

on the central coast of California and encompasses communities along beaches, coastal hills, mountains, and inland valleys. Its considerable distance from the large metropolitan cities of Los Angeles and San Francisco allows SLO County to maintain a much more rural character than its neighbors. As with many other areas of the state, the majority of the County’s growth occurred in the second half of the 20<sup>th</sup> century (see Figure 1). SLO County overall grew by over 9% between 2000 and 2010. This

growth was both significantly less than some neighboring counties and more than others (see Table 1 below). Kern County’s comparatively high level of growth has mostly been attributed to its petroleum industry. Additionally, during this period, Kings County’s Naval Air Station was selected as the site for the Navy’s newest strike-fighter aircraft, immediately bringing a significant number of active duty personnel, family members, and support facilities. SLO County’s growth was in line with the overall California increase of 10% from 2000-2010. Within the County, growth has varied by community. Most areas have grown by various rates, with the outlier of Pismo Beach seeing a double digit percentage loss.

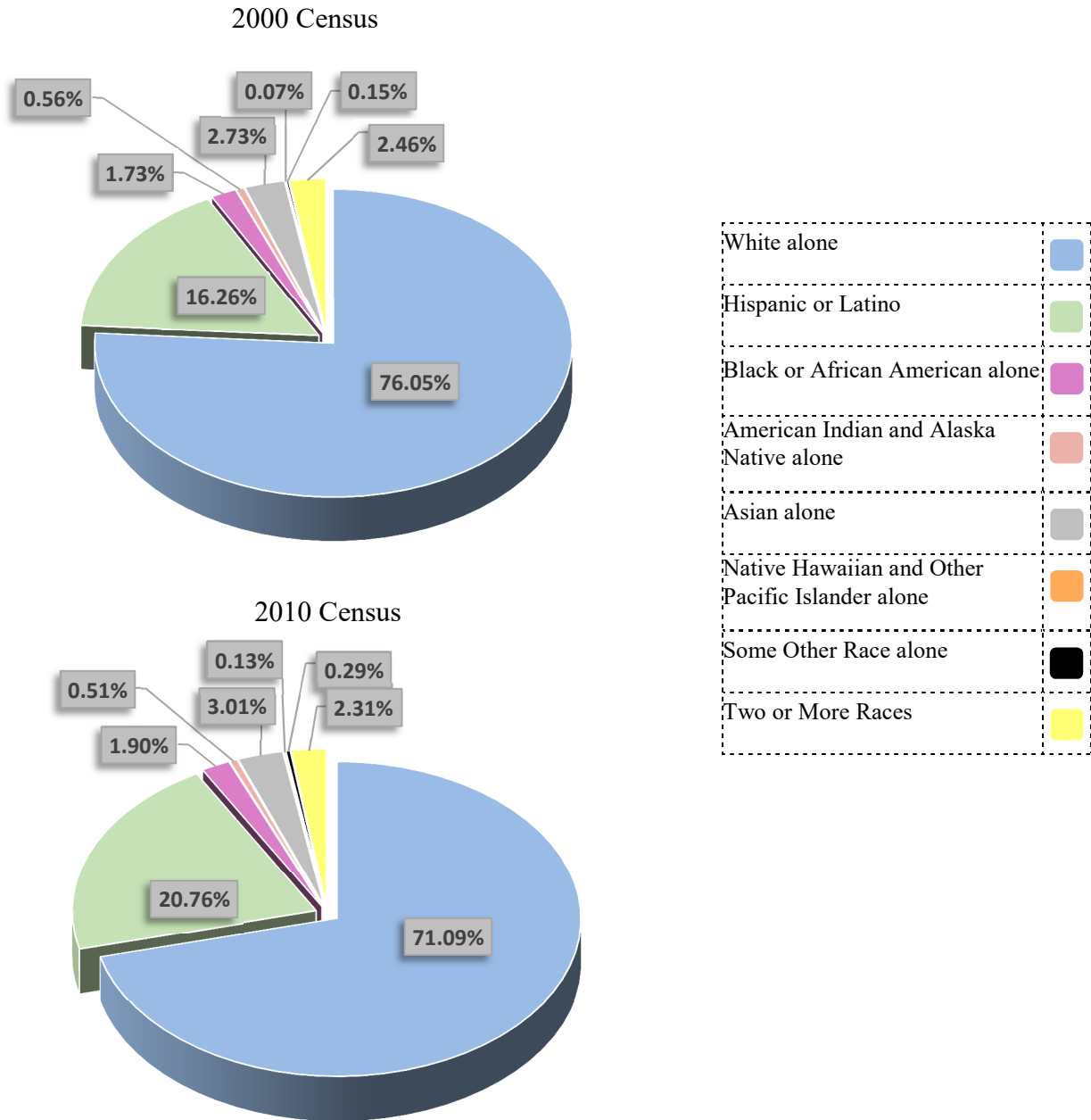
Table 1: Population Growth – SLO County & Cities, Neighboring Counties – 2000 - 2013

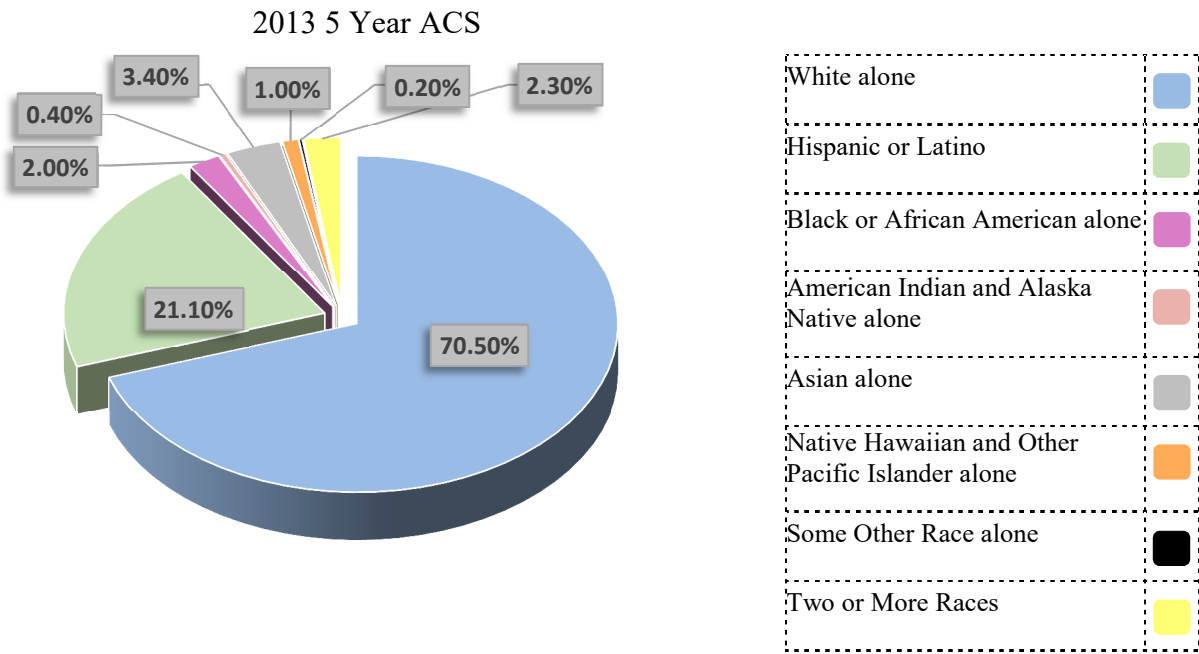
Location	2000 Census	% Change 2000 – 2010	2010 Census	% Change 2010 - 2013	2013 (5 Year ACS)
San Luis Obispo County	246,681	9.3%	269,637	1.7%	274,106
Arroyo Grande	15,851	8.8%	17,252	0.9%	17,411
Atascadero	26,411	7.2%	28,310	1.1%	28,613
Grover Beach	13,067	0.7%	13,156	0.7%	13,253
Morro Bay	10,350	-1.1%	10,234	0.9%	10,322
Paso Robles	24,297	22.6%	29,793	1.2%	30,144
Pismo Beach	8,551	-10.5%	7,655	1.2%	7,746
City of San Luis Obispo	44,174	2.1%	45,119	1.0%	45,584
Kern County	661,645	26.9%	839,631	1.0%	848,204
Kings County	129,461	18.2%	152,982	-0.8%	151,806
Monterey County	401,762	3.3%	415,057	1.3%	420,569
Santa Barbara County	399,347	6.1%	423,895	0.8%	427,288

The racial and ethnic makeup of SLO County differs greatly from that of California overall. In 2013, the County was still over 70% white, compared to the State average of 39% white residents. The County has not experienced the increase in Asian population that is common in

the rest of the State, where Asians residents grew from 10.9% in 2000 to 14.1% by 2013. In comparison, SLO County’s Asian population grew only .67% from 2000 to 2013 (from 2.7% to 3.4%). The black or African American population has stayed consistently around 2% in SLO County, while the California average has remained around 6%.

**Figure 2: Racial and Ethnic Demographics – SLO County – 2000, 2010, 2013**

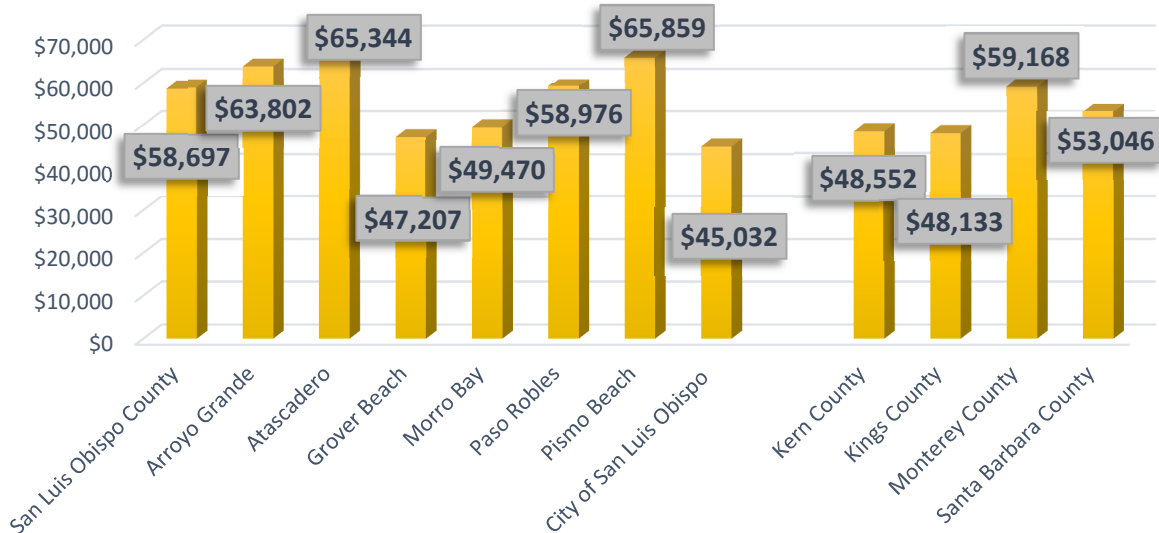




The lower Latino population is the most striking aspect of SLO County’s demographics. In the 2000 Census, California recorded a Latino population of almost 11 million, or roughly 32%. At the same time, SLO County’s population was only 16. 3% Latino. From 2000 to 2013, the Latino population grew overall in the State to be 38% of its residents, and 21% of SLO County’s residents.

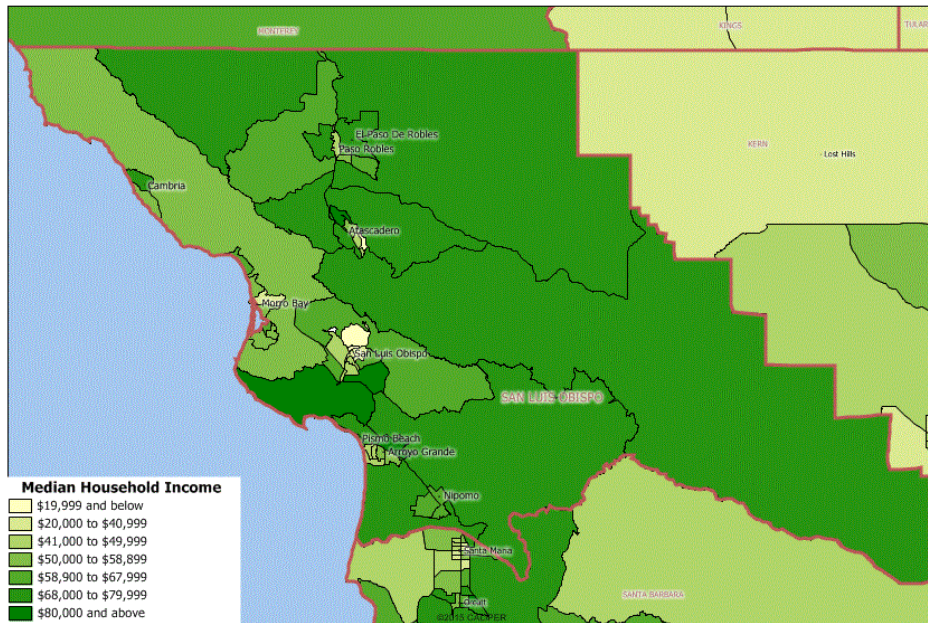
The growth of San Luis Obispo County’s economy was halted by the recession, but is recovering. The median household income grew to \$60,534 in 2008, its highest recorded point. Since then, it fluctuated, settling at \$58,158 in 2013. The median household income varied greatly across the County, with the City of San Luis Obispo at the lower end and Pismo Beach at the higher. Lower income levels in the City of San Luis Obispo are largely attributable to the City’s large student population. Comparatively, SLO County overall has a higher median household income than its neighboring counties, save Monterey County.

**Figure 3: Median Household Income – SLO County/Cities, Neighboring Counties – 2013 (ACS 5 Year)**



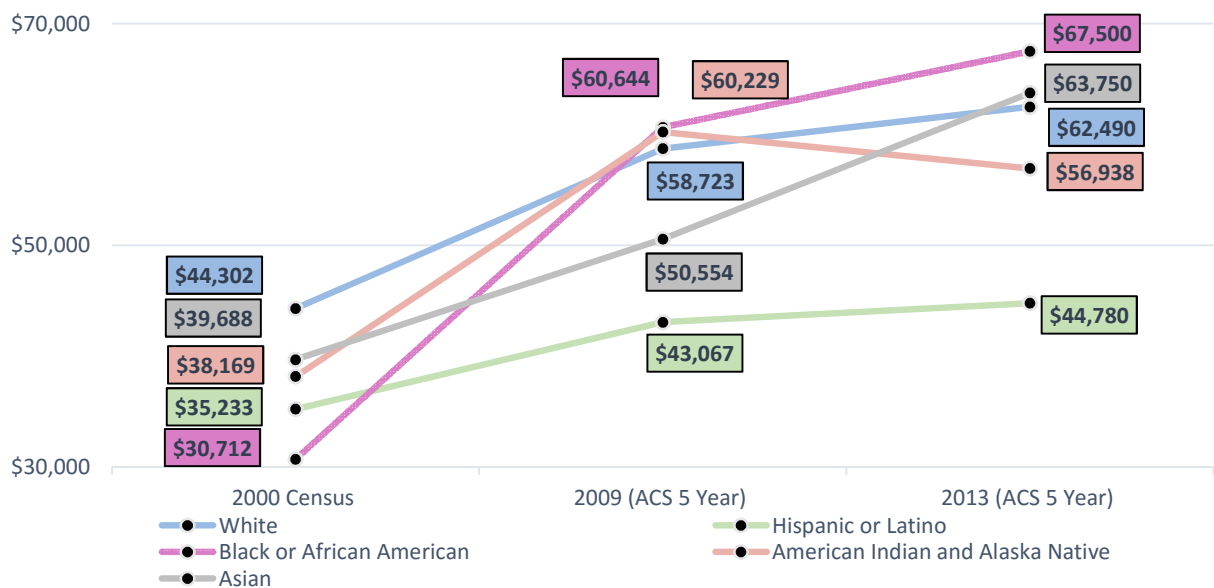
The map below demonstrates the variety of median household incomes by census tract.

San Luis Obispo County: Median Household Income by Census Tract



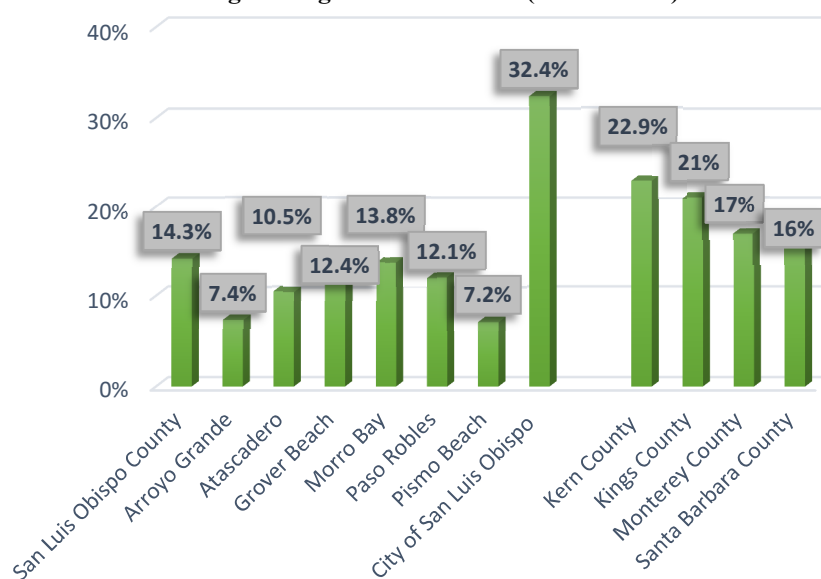
The median household income of all racial and ethnic groups within San Luis Obispo County has risen since 2000, with variations in the amount and stability of the growth. Notably, Latinos in the County have the lowest median household income, one which is 40% less than white residents.

Figure 4: Median Household Income By Race and Ethnicity – SLO County – 2000, 2009, 2013



The number of San Luis Obispo County residents in poverty has increased slightly in recent years, from 12.8% in 2000 to 14.3% in 2013. Although this number is lower than neighboring counties, it is important to note that the poverty level varies greatly across San Luis Obispo County. It is at its highest in the City of San Luis Obispo at 32.4%, more than twice that of any other location in the County, and at its lowest in Pismo Beach. Not surprisingly, these poverty levels inversely correlate to median household income, which is highest in Pismo Beach and lowest in the City of San Luis Obispo.

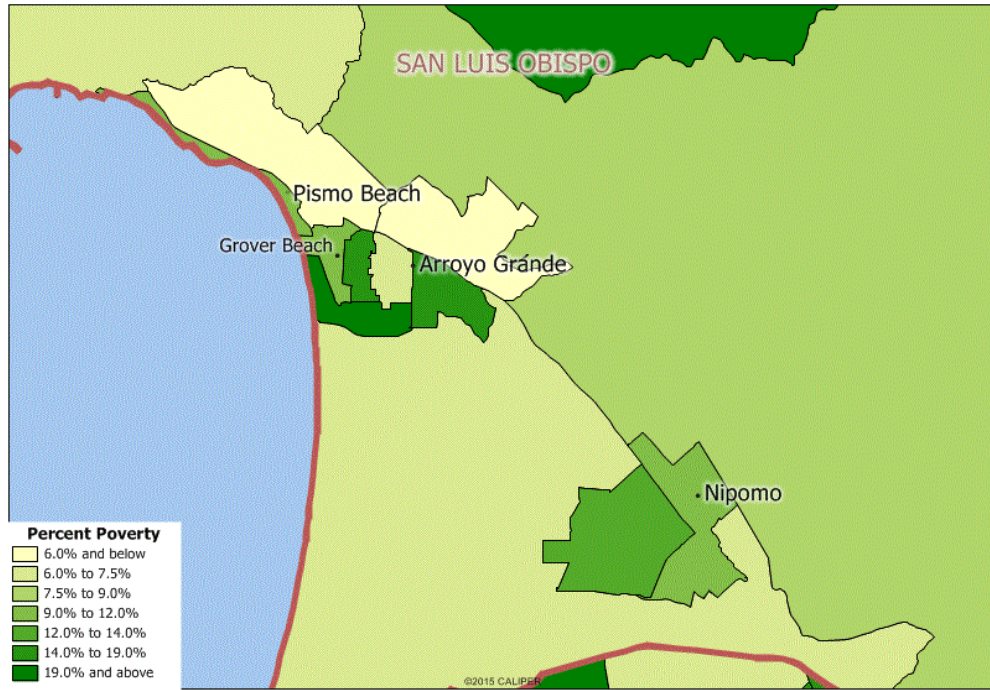
**Figure 5: Percentage of Population in Poverty – SLO County/Cities, Neighboring Counties – 2013 (ACS 5 Year)**



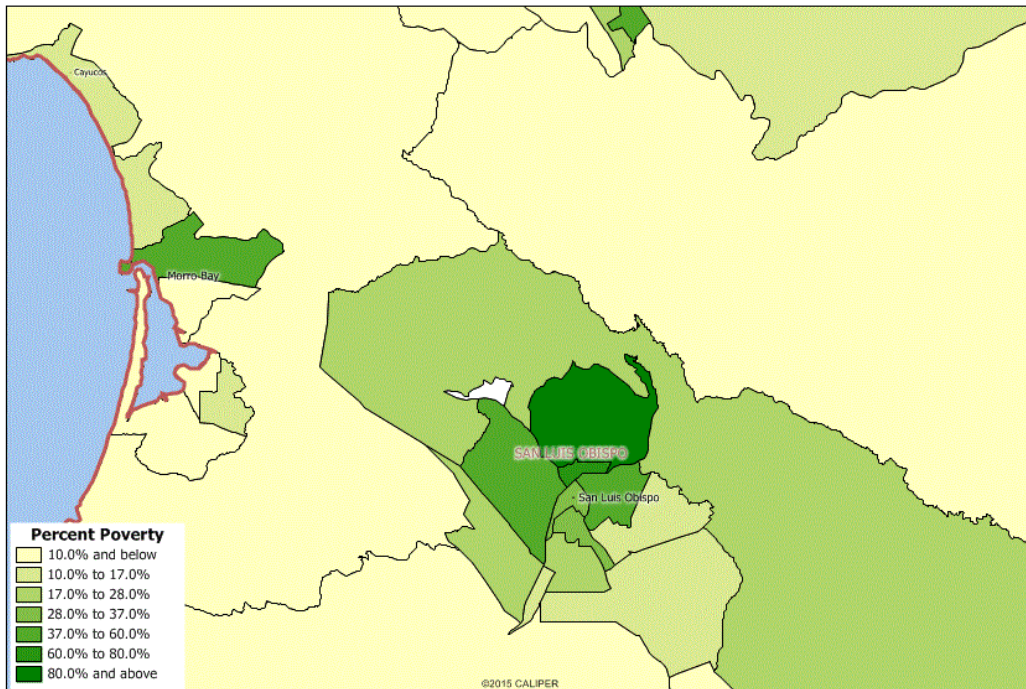
In light of high housing costs, high educational attainment, and a host of other factors that would tend to suggest that the City of San Luis Obispo is an affluent community, its low median household income and high poverty rate may be surprising. Those statistics, however, are consistent with the role that California Polytechnic State University (“Cal Poly State University”) plays in shaping the city’s demographics. Full-time college students are likely to have extremely low incomes, and 37.9% of the city’s population is 18 to 24 years of age as opposed to 15.2% countywide. For context, the otherwise affluent cities of Davis and Santa Cruz have high poverty rates of 26.3% and 21.9% respectively. The source of the City of San Luis Obispo’s high poverty rate is important to keep in mind when considering where to invest affordable housing resources and may suggest less need for caution than in high-poverty communities with more typical age distributions.

The maps below and on the next page reflect the different poverty levels in different areas of San Luis Obispo County.

Five Cities Area: % Poverty by Census Tract



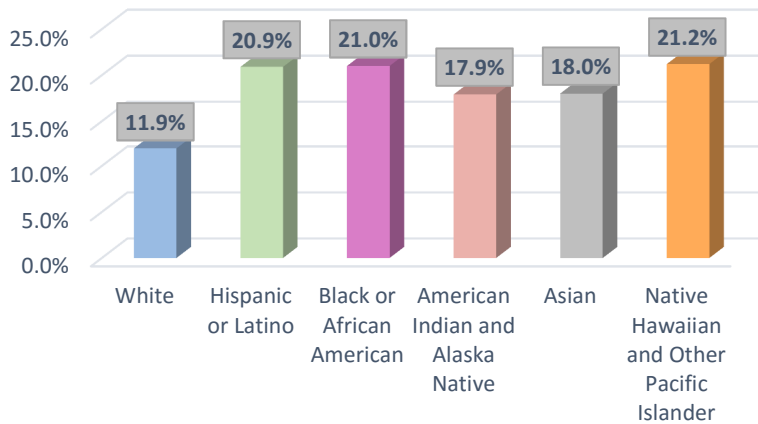
San Luis Obispo & Morro Bay: % Poverty by Census Tract



Atascadero and Paso Robles: % Poverty by Census Tract



**Figure 6: Percentage of Population in Poverty by Race and Ethnicity – SLO County – 2013 (ACS 5 Year)**

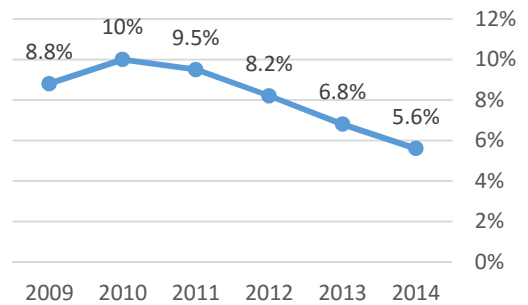


Poverty levels in San Luis Obispo County overall also vary by race and ethnicity. The poverty level of most groups is in the range of 18%-21% of their populations. The notable exception is the white population, which has the lowest percentage of residents living in poverty, 9 percentage points less than the Latino, African American, and Native Hawaiian populations.

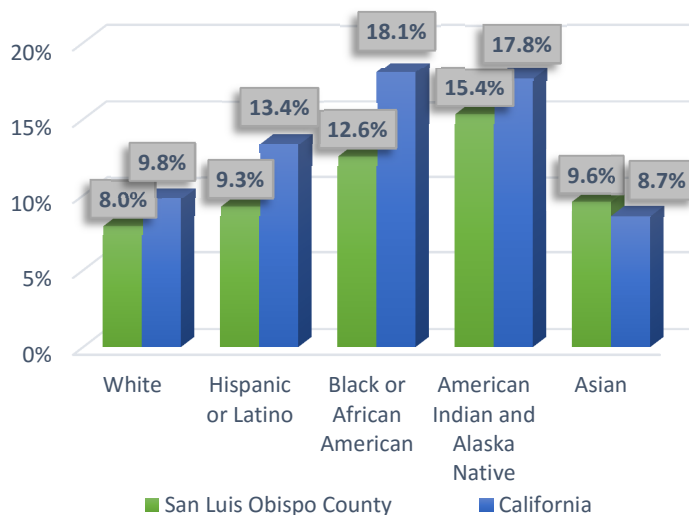


Predictably, the unemployment rate for San Luis Obispo County also grew during the recession to a peak of 10% in 2010, in line with the national average of 9.6%, but less than the California rate of 12.4%. Since then, the San Luis Obispo County unemployment rate has steadily declined, falling to its lowest point of 5.6% in 2014, in comparison with state and national averages of 7.5% and 6.2%, respectively.

**Figure 7: Unemployment – SLO County – 2013 (BLS Data)**



**Figure 8: Percentage of Population Unemployed by Race and Ethnicity – SLO County – 2013 (ACS 5 Year)**



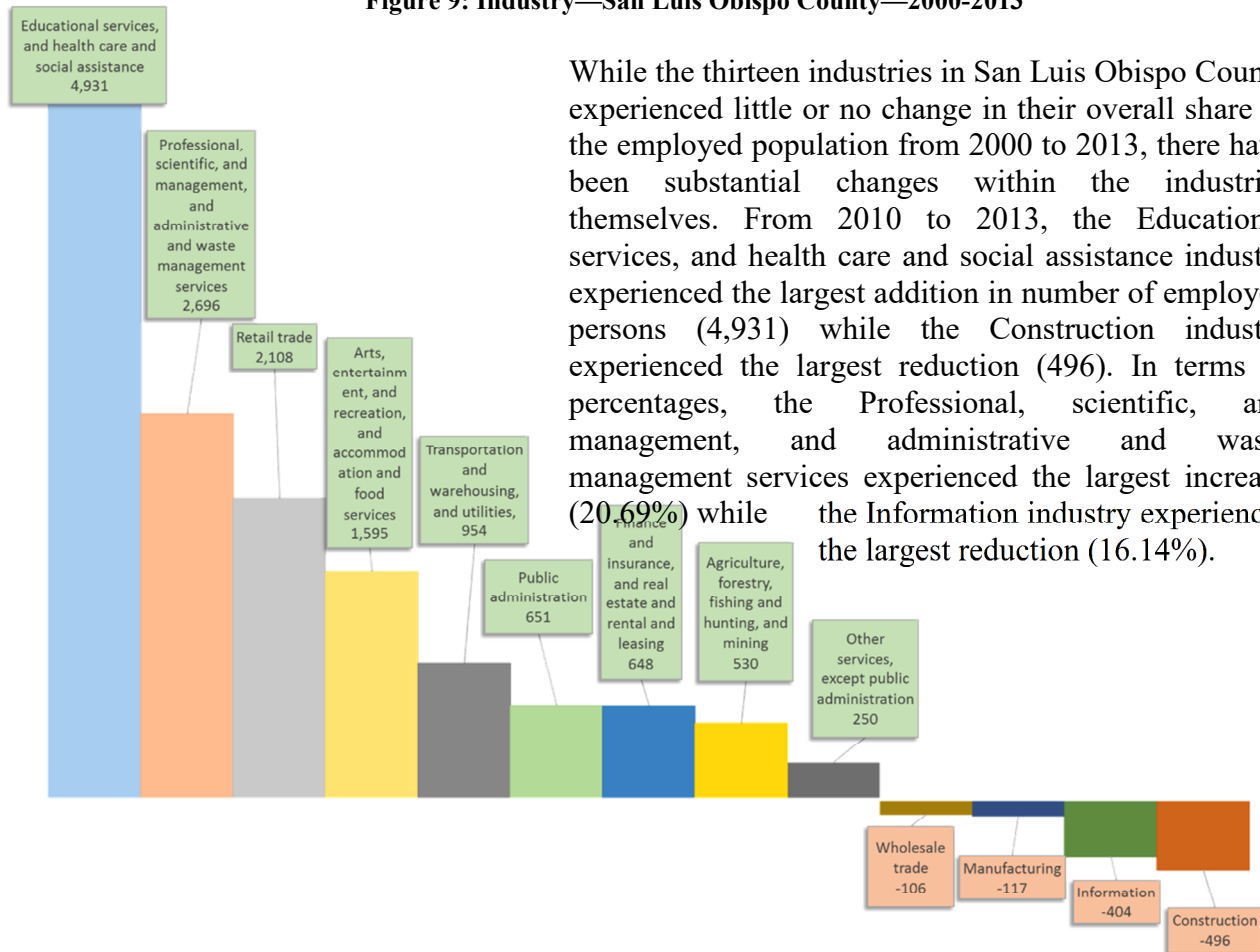
The unemployment rate in San Luis Obispo County also varies by race and ethnicity, but to less of an extent than the poverty level. The variations are generally in line with those across the state, with white residents experiencing the lowest level of unemployment.

## INDUSTRY

From 2000 to 2013, the employed population of San Luis Obispo County grew by over 10% (13,240 employed persons). The industry landscape of the employed population looks largely the same in 2013 as it did in 2000 in terms of each industry's share of the overall employed population. Educational services, and health care and social assistance was the largest industry in both 2000 (22%) and 2013 (23%). Retail trade was the next largest industry in 2000 (12%) and 2013 (13%). While eight of the thirteen industries experienced shifts in their overall percentage of the employed population, no industry experienced a shift greater than two percentage points.

**Table 2: Industry—San Luis Obispo County—2000-2013**

	2010		2013	
	Number	% of Employed Population	Number	% of Employed Population
Civilian employed population 16 years and over	109,669		122,909	
Agriculture, forestry, fishing and hunting, and mining	4,134	4%	4,664	4%
Arts, entertainment, and recreation, and accommodation and food services	12,500	11%	14,095	11%
Construction	8,642	8%	8,146	7%
Educational services, and health care and social assistance	23,923	22%	28,854	23%
Finance and insurance, and real estate and rental and leasing	5,545	5%	6,193	5%
Information	2,907	3%	2,503	2%
Manufacturing	7,772	7%	7,655	6%
Other services, except public administration	5,883	5%	6,133	5%
Professional, scientific, and management, and administrative and waste management services	10,336	9%	13,032	11%
Public administration	6,770	6%	7,421	6%
Retail trade	13,561	12%	15,669	13%
Transportation and warehousing, and utilities	4,975	5%	5,929	5%
Wholesale trade	2,721	3%	2,615	2%

**Figure 9: Industry—San Luis Obispo County—2000-2013****Table 3: Industry—San Luis Obispo County—2000-2013**

Industry	2000-2013	
	# +/-	% +/-
Civilian employed population 16 years and over	13,240	10.77%
Agriculture, forestry, fishing and hunting, and mining	530	11.36%
Arts, entertainment, and recreation, and accommodation and food services	1,595	11.32%
Construction	-496	-6.09%
Educational services, and health care and social assistance	4,931	17.09%
Finance and insurance, and real estate and rental and leasing	648	10.46%
Information	-404	-16.14%
Manufacturing	-117	-1.53%
Other services, except public administration	250	4.08%
Professional, scientific, and management, & administrative and waste management services	2,696	20.69%
Public administration	651	8.77%
Retail trade	2,108	13.45%
Transportation and warehousing, and utilities	954	16.09%
Wholesale trade	-106	-4.05%

Paso Robles experienced the largest increase in its civilian employed population from 2000 to 2013 among all cities in San Luis Obispo County, with an increase of almost 28% (3,843

employed persons). Only one city, Pismo Beach, experienced a reduction in the civilian employed population over that same time period, with a decrease of over 11% (403 employed persons).

All cities in San Luis Obispo County experienced significant changes within their industries from 2000 to 2013. Paso Robles fared the best with a reduction of only two of the thirteen industries: Construction and Other services except public administration. Paso Robles is followed by Arroyo Grande (three industries contracted), Morro Bay (five industries contracted), Grover Beach (six industries contracted), and Atascadero, Pismo Beach, and the City of San Luis Obispo (seven industries contracted).

The Agriculture, forestry, fishing and hunting, and mining, the educational services, and health care and social assistance, and the Retail trade industries fared the best, expanding in six of the seven cities. The Construction industry fared the worst, contracting in all seven cities.

**Table 4: Industry—San Luis Obispo County Cities—2000-2013**

San Luis Obispo County	2000 - 2013 # Change	2000 - 2013 % Change
Civilian employed population 16 years and over	13,240	10.77%
Agriculture, forestry, fishing and hunting, and mining	530	11.36%
Arts, entertainment, and recreation, and accommodation and food services	1,595	11.32%
Construction	-496	-6.09%
Educational services, and health care and social assistance	4,931	17.09%
Finance and insurance, and real estate and rental and leasing	648	10.46%
Information	-404	-16.14%
Manufacturing	-117	-1.53%
Other services, except public administration	250	4.08%
Professional, scientific, and management, and administrative and waste management services	2,696	20.69%
Public administration	651	8.77%
Retail trade	2,108	13.45%
Transportation and warehousing, and utilities	954	16.09%
Wholesale trade	-106	-4.05%
Arroyo Grande	2000 - 2013 # Change	2000 - 2013 % Change
Civilian employed population 16 years and over	1,138	13.68%
Agriculture, forestry, fishing and hunting, and mining	36	18.75%
Arts, entertainment, and recreation, and accommodation and food services	132	17.53%
Construction	-95	-22.46%
Educational services, and health care and social assistance	518	26.08%
Finance and insurance, and real estate and rental and leasing	114	23.90%
Information	-55	-39.01%
Manufacturing	41	8.01%
Other services, except public administration	43	9.37%
Professional, scientific, and management, and administrative and waste management services	319	31.93%
Public administration	147	24.87%
Retail trade	197	15.90%
Transportation and warehousing, and utilities	-210	-61.58%
Wholesale trade	-49	-23.79%
Atascadero	2000 - 2013 #	2000 - 2013 %

	Change	Change
Civilian employed population 16 years and over	1,007	7.58%
Agriculture, forestry, fishing and hunting, and mining	24	14.72%
Arts, entertainment, and recreation, and accommodation and food services	-183	-20.00%
Construction	-47	-4.00%
Educational services, and health care and social assistance	1,168	27.75%
Finance and insurance, and real estate and rental and leasing	-11	-1.87%
Information	-58	-50.88%
Manufacturing	-123	-19.71%
Other services, except public administration	-225	-47.07%
Professional, scientific, and management, and administrative and waste management services	264	21.24%
Public administration	-205	-24.94%
Retail trade	304	16.83%
Transportation and warehousing, and utilities	231	26.25%
Wholesale trade	-132	-47.83%
<b>Grover Beach</b>	<b>2000 - 2013 #</b>	<b>2000 - 2013 %</b>
	<b>Change</b>	<b>Change</b>
Civilian employed population 16 years and over	21	0.33%
Agriculture, forestry, fishing and hunting, and mining	7	4.83%
Arts, entertainment, and recreation, and accommodation and food services	-183	-24.50%
Construction	-132	-36.97%
Educational services, and health care and social assistance	253	17.75%
Finance and insurance, and real estate and rental and leasing	-146	-63.20%
Information	18	10.84%
Manufacturing	-199	-87.67%
Other services, except public administration	-139	-51.10%
Professional, scientific, and management, and administrative and waste management services	109	16.82%
Public administration	-88	-35.48%
Retail trade	269	24.72%
Transportation and warehousing, and utilities	241	40.71%
Wholesale trade	11	5.26%
<b>Morro Bay</b>	<b>2000 - 2013 #</b>	<b>2000 - 2013 %</b>
	<b>Change</b>	<b>Change</b>
Civilian employed population 16 years and over	387	7.94%
Agriculture, forestry, fishing and hunting, and mining	-112	-183.61%
Arts, entertainment, and recreation, and accommodation and food services	56	7.78%
Construction	-109	-41.29%
Educational services, and health care and social assistance	338	25.66%
Finance and insurance, and real estate and rental and leasing	68	36.36%
Information	10	6.99%
Manufacturing	23	8.19%
Other services, except public administration	-127	-88.81%
Professional, scientific, and management, and administrative and waste management services	-14	-3.33%
Public administration	-3	-1.03%
Retail trade	90	14.04%
Transportation and warehousing, and utilities	126	44.06%
Wholesale trade	41	34.45%

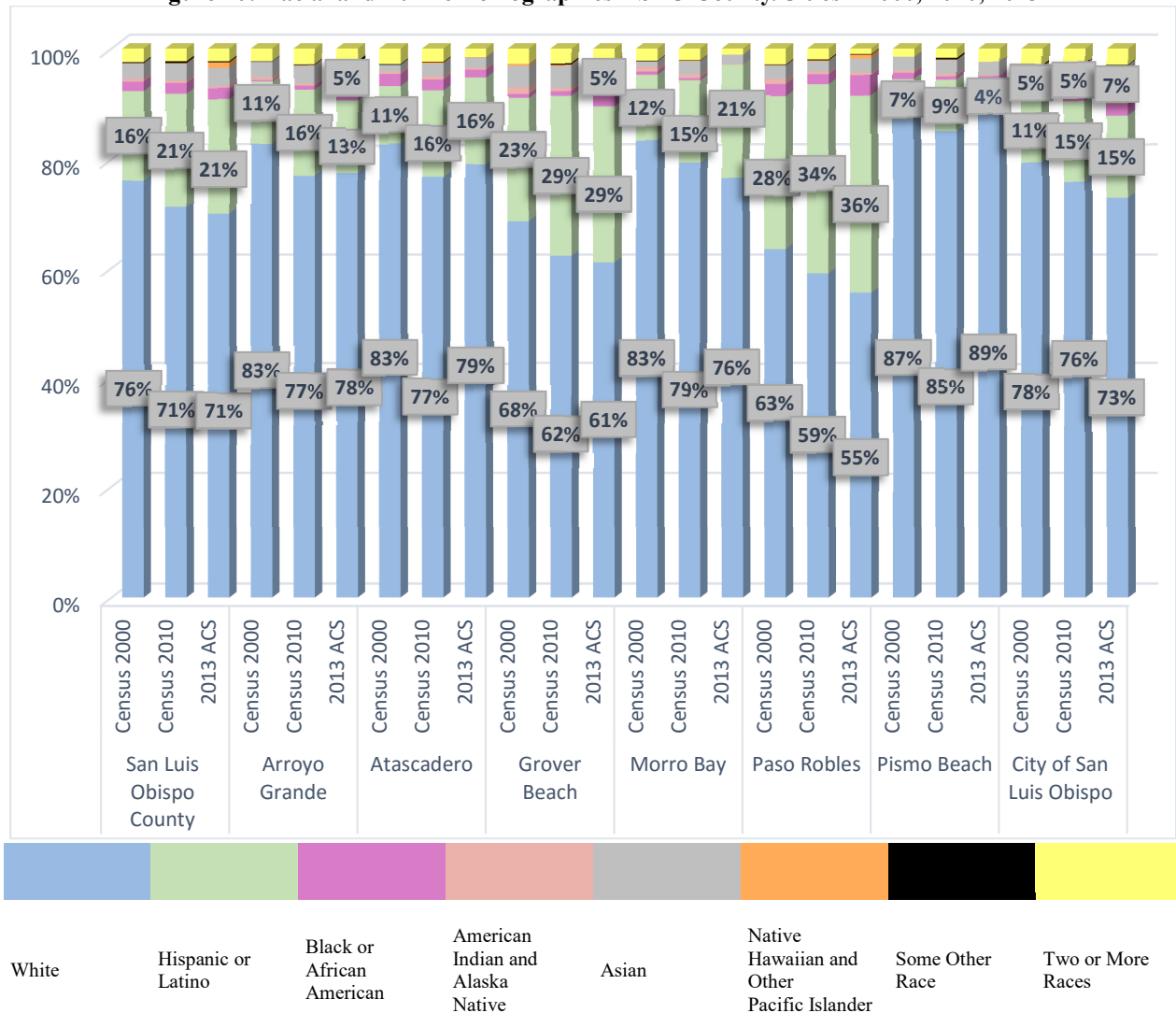
Paso Robles	2000 - 2013 # Change	2000 - 2013 % Change
Civilian employed population 16 years and over	3,843	27.56%
Agriculture, forestry, fishing and hunting, and mining	182	25.67%
Arts, entertainment, and recreation, and accommodation and food services	493	33.91%
Construction	-105	-12.79%
Educational services, and health care and social assistance	445	18.85%
Finance and insurance, and real estate and rental and leasing	180	29.03%
Information	152	44.97%
Manufacturing	229	14.75%
Other services, except public administration	-93	-17.29%
Professional, scientific, and management, and administrative and waste management services	597	47.76%
Public administration	631	43.73%
Retail trade	773	40.11%
Transportation and warehousing, and utilities	149	28.82%
Wholesale trade	210	51.09%
Pismo Beach	2000 - 2013 # Change	2000 - 2013 % Change
Civilian employed population 16 years and over	-403	-11.31%
Agriculture, forestry, fishing and hunting, and mining	71	60.17%
Arts, entertainment, and recreation, and accommodation and food services	-142	-37.47%
Construction	-53	-39.55%
Educational services, and health care and social assistance	-119	-17.07%
Finance and insurance, and real estate and rental and leasing	58	18.71%
Information	38	22.62%
Manufacturing	25	17.99%
Other services, except public administration	129	44.48%
Professional, scientific, and management, and administrative and waste management services	-188	-38.68%
Public administration	-21	-11.86%
Retail trade	-179	-46.25%
Transportation and warehousing, and utilities	-102	-89.47%
Wholesale trade	80	48.48%
City of San Luis Obispo	2000 - 2013 # Change	2000 - 2013 % Change
Civilian employed population 16 years and over	296	1.32%
Agriculture, forestry, fishing and hunting, and mining	11	4.95%
Arts, entertainment, and recreation, and accommodation and food services	30	0.85%
Construction	-366	-54.63%
Educational services, and health care and social assistance	30	0.55%
Finance and insurance, and real estate and rental and leasing	-152	-13.96%
Information	-321	-55.73%
Manufacturing	-34	-2.74%
Other services, except public administration	141	12.02%
Professional, scientific, and management, and administrative and waste management services	339	12.21%
Public administration	-131	-15.94%
Retail trade	804	21.84%
Transportation and warehousing, and utilities	-13	-1.73%
Wholesale trade	-42	-12.77%

# RESIDENTIAL SEGREGATION

## Racial and Ethnic Demographics of Cities in San Luis Obispo County

The table below displays the racial and ethnic makeup of the major cities in San Luis Obispo County. Except for Pismo Beach, all San Luis Obispo County cities experienced an increase in their share of Latino residents from 2000 to 2013. However, that growth varied by location, from 2% up to 9%. Additionally, while the median Latino population among the cities was 16% in 2013, the outlier cities were very different. Only 4% of the Pismo Beach population was Latino in 2013, while Paso Robles and Grover Beach had Latino populations of 36% and 29%, respectively.

**Figure 10: Racial and Ethnic Demographics – SLO County/Cities – 2000, 2010, 2013**



While demographic information is helpful in displaying the general composition of an area, a much more detailed analysis is necessary to decipher the racial and ethnic segregation being experienced by its residents. In assessing the extent of residential racial and ethnic segregation for an Analysis of Impediments (AI), it is critical to evaluate *both* whether there is spatial segregation within a jurisdiction's borders *and* whether there are broader regional patterns of segregation that cross municipal lines. Both types of analysis are undertaken below.

### MEASURING SEGREGATION: THE DISSIMILARITY INDEX

The dissimilarity index reveals the percentage of persons of a particular group who would have to move to a different Census Tract in order to be evenly distributed within a City or metropolitan area in relation to another group. The higher the dissimilarity index, the higher the extent of the segregation. For example, assume that City X has the following features:

- Total population: 100;
- Total Census Tracts: 10;
- White Population: 50; and
- African American Population: 50.

If each of the ten Census Tracts has a population that is half white and half African American, the dissimilarity index for African American and white residents in City X would be 0. If each Census Tract was either all white or entirely African American, the dissimilarity index for those groups would be 100. If Census Tracts 1-5 all had populations consisting of eight white residents and two African American residents and Census Tracts 6-10 all had populations consisting of two white residents and eight African American residents, the dissimilarity index for those groups would be 60. In the first case, no one would have to move in order for City X to be completely integrated by this measure. In the second case, every African American would have to move. In the last case, three out of every five African American residents would have to move. Social scientists generally consider dissimilarity index values of between 0 and 40 to reflect low levels of segregation while dissimilarity levels of between 40 and 60 reflect moderate segregation and levels of 60 and above

#### *Segregation within San Luis Obispo County*

As reflected in the table below, dissimilarity values in the San Luis Obispo-Paso Robles-Arroyo Grande MSA (aka San Luis Obispo County) are mid-level, generally falling in the moderate range or at the high end of the low range. The relatively low level of dissimilarity between Latino and white households and Asian and white households is in contrast to the cluster of dissimilarity values between 34 and 51. Particularly of note is that African American dissimilarity numbers are all above 42, indicating that the African American community is more segregated than any other group in San Luis Obispo County. As a caveat, dissimilarity index data generally offers less insight when the size of a group's population, such as that of African Americans in San Luis Obispo County, is small.



**Table 5: Dissimilarity Indices for the SLO County by Race and Ethnicity: 2010 Census**

Race and Ethnicity	White	African American	Latino	Asian American
White	N/A	47.3	28.4	22.8
African American	47.3	N/A	42.4	51.6
Latino	28.4	42.4	N/A	34.4
Asian American	22.8	51.6	34.4	N/A

### MEASURING SEGREGATION: ISOLATION AND EXPOSURE INDICES

In addition to the dissimilarity index, social scientists also use the isolation and exposure indices to measure segregation. These indices, when taken together, capture the neighborhood demographics experienced, on average, by members of a particular racial or ethnic group within a City or metropolitan area.

Specifically, the **isolation index** is the percentage of the same-group population in the census tract where the average member of a racial/ethnic group lives. The **exposure index** is the percentage of the population of the same Census Tract who are members of some other specific group. Taking the same example of City X from above: If each Census Tract is half white and half African American, the isolation indices for both white residents and African American residents will be 50. The exposure indices for white residents in relation to African American residents and vice versa will also be 50. If each Census Tract was either all white or entirely African American, the isolation index for each group would be 100, and the exposure index for each group with respect to the other group would be 0. If Census Tracts 1-5 all had populations consisting of eight white residents and two African American residents and Census Tracts 6-10 all had populations consisting of two white residents and eight African American residents, the isolation index for each group is 68, and the exposure index for each group in relation to the other group is 32. By looking at both indices together, we can see that the average African American resident of City X lives in a neighborhood that is 68% African American and 32% white.

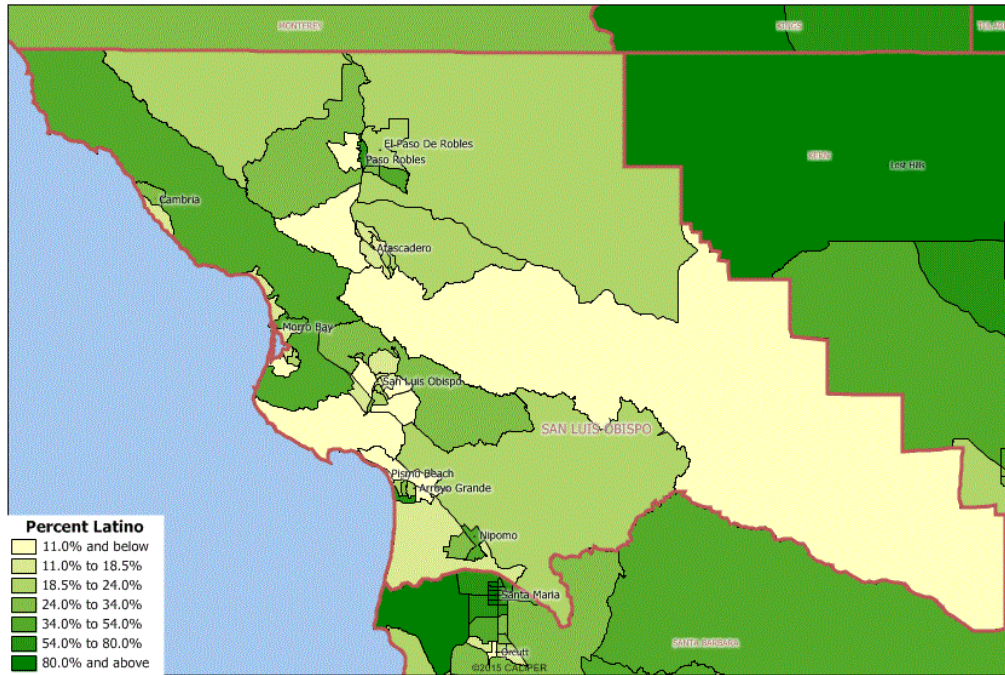
Isolation and exposure data for San Luis Obispo County, as shown in the table below, reaffirms the picture painted by the dissimilarity index. Isolation indices are very much affected by the relative size of groups; it makes sense to keep the group's overall metro percentage in mind when interpreting the index value. The African American isolation value shows that in 2010, when African Americans made up only 2.3% of the population, the average African American resident lived in a tract where 18% of neighbors were African American. Additionally, where 71% of the population was white in 2010, the average African American lived in a tract with a white population of less than 50%. This data reflects the moderate racial segregation of the African American population in San Luis Obispo County.

**Table 6: Average Census Tract Composition for the San Luis Obispo-Paso Robles MSA by Race and Ethnicity (Isolation and Exposure Indices) - 2010 Census**

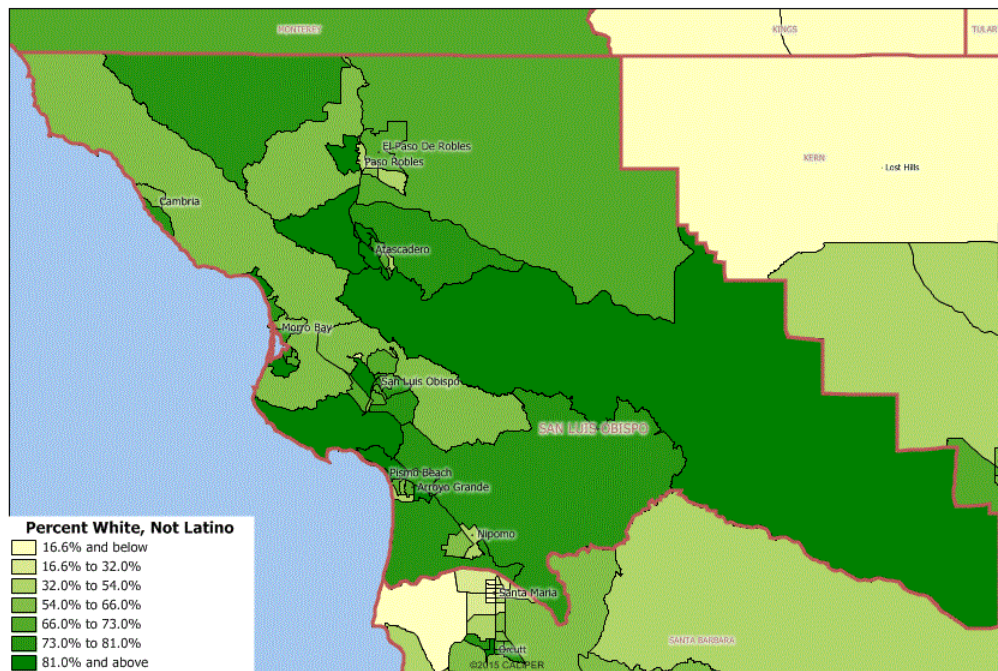
Race or Ethnicity	White	African American	Latino	Asian American
White	73.7%	1.6%	18.9%	4.4%
African American	49.7%	18.3%	25.6%	2.8%
Latino	64.6%	2.9%	27.1%	3.8%
Asian American	72.5%	1.5%	18.6%	6.2%

The maps on the next six pages confirm these patterns. In particular, they show that the minority population is relatively small and mostly clustered in certain areas. The small African American and Asian American populations are clustered around the City of San Luis Obispo and Paso Robles. The Latino population is larger, but is nonetheless segregated in certain areas.

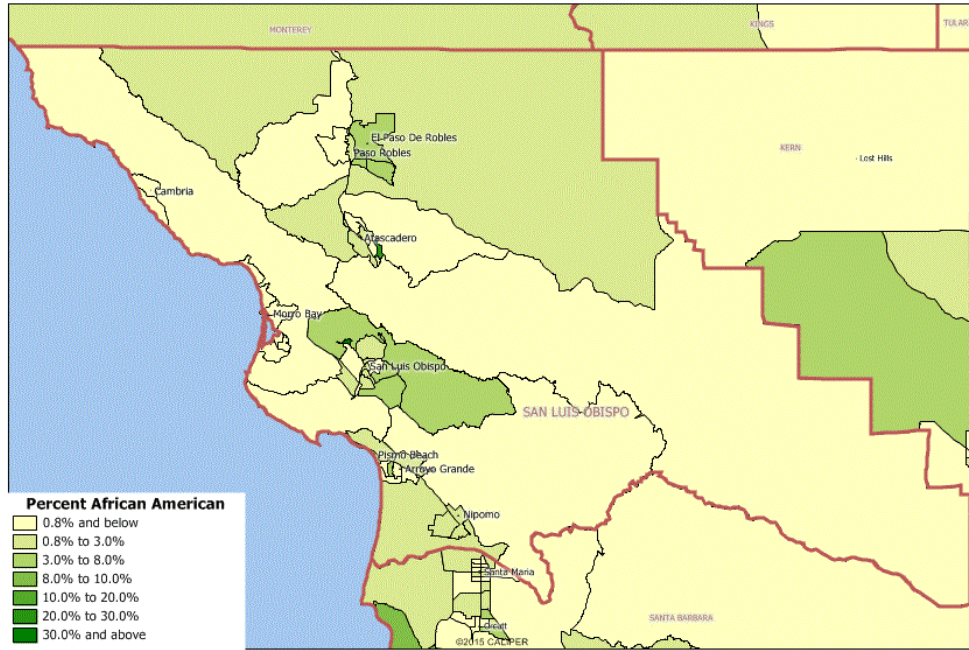
### San Luis Obispo County: % Latino by Census Tract



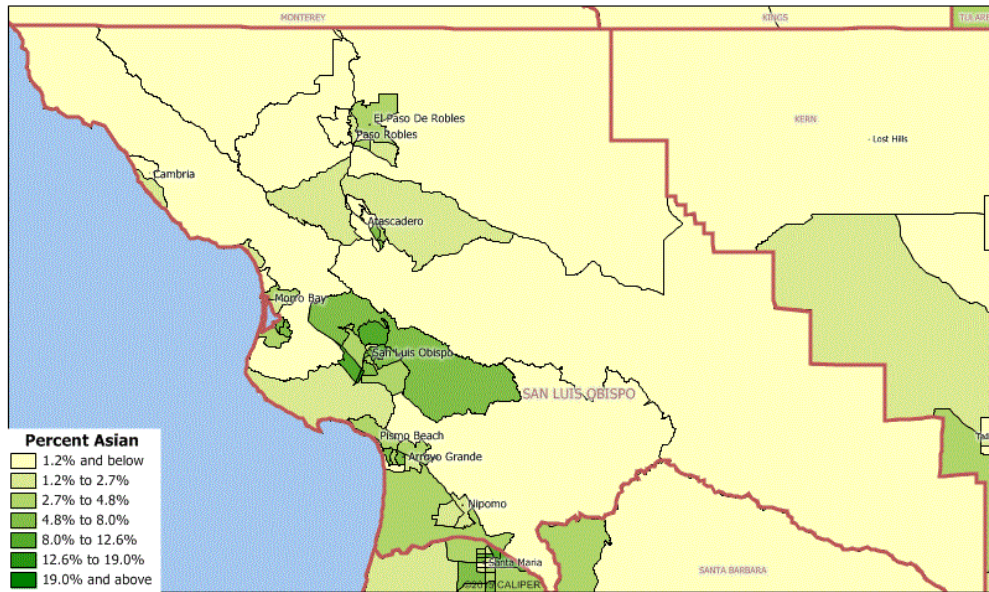
### San Luis Obispo County: % White, Not Latino by Census Tract



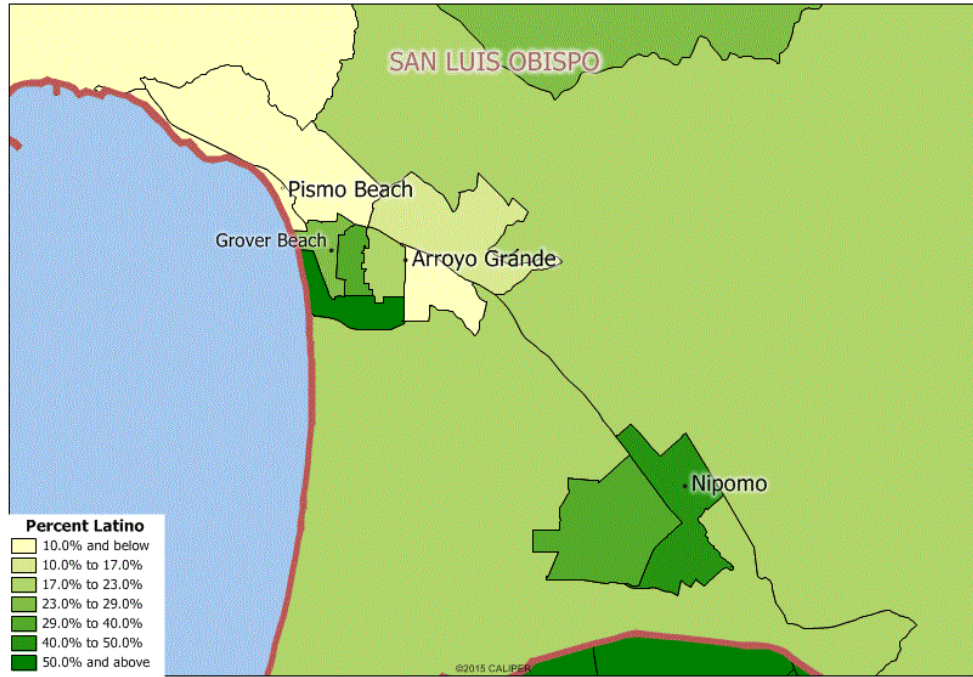
San Luis Obispo County: % African American by Census Tract



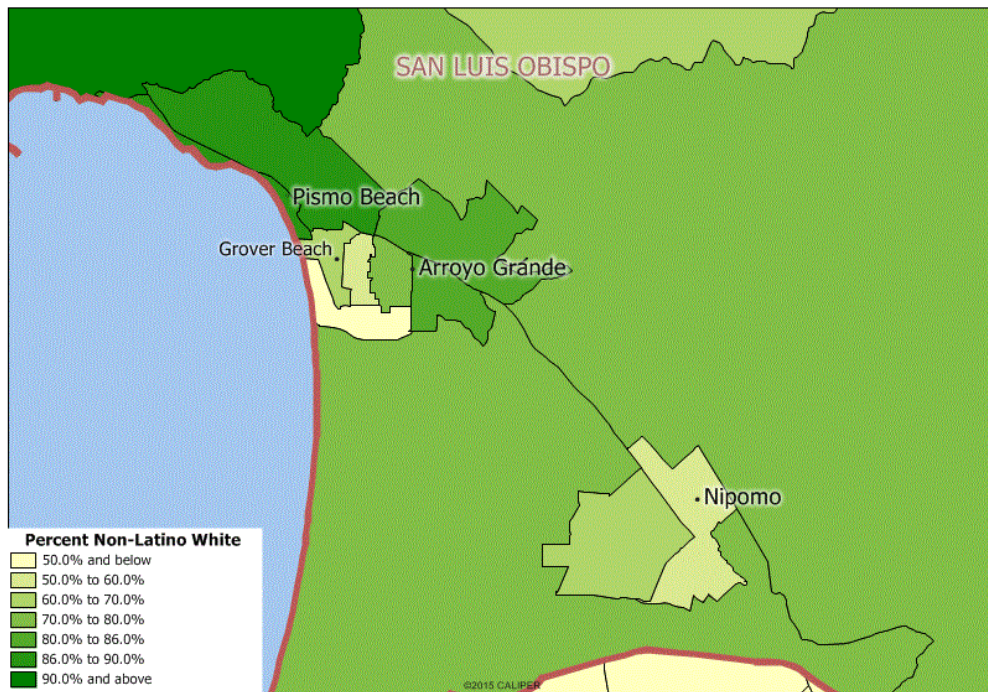
San Luis Obispo County: % Asian by Census Tract



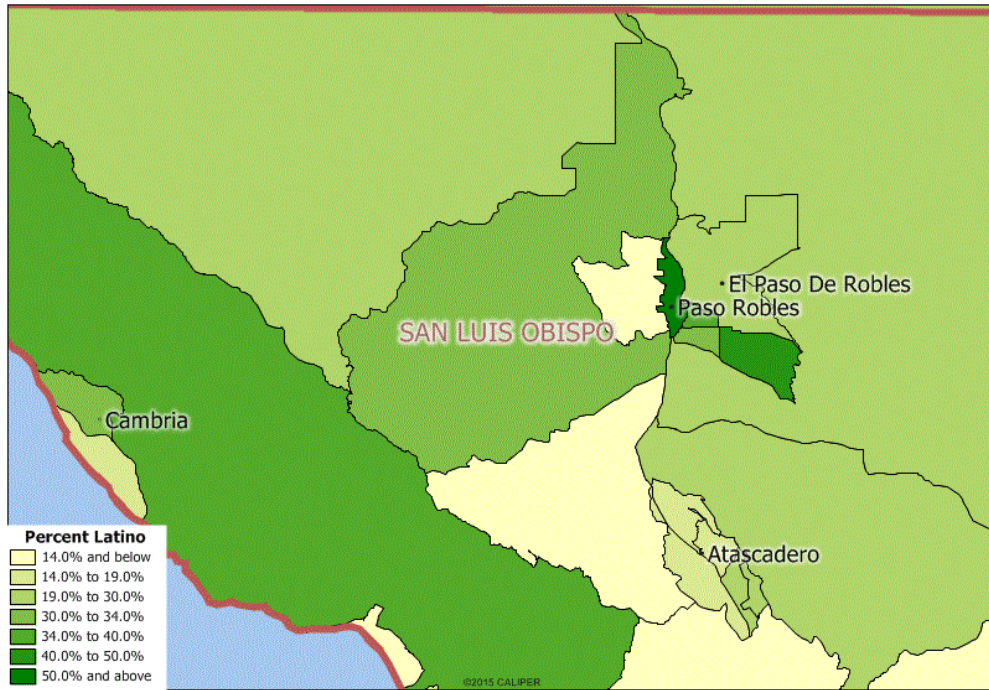
Five Cities Area: % Latino by Census Tract



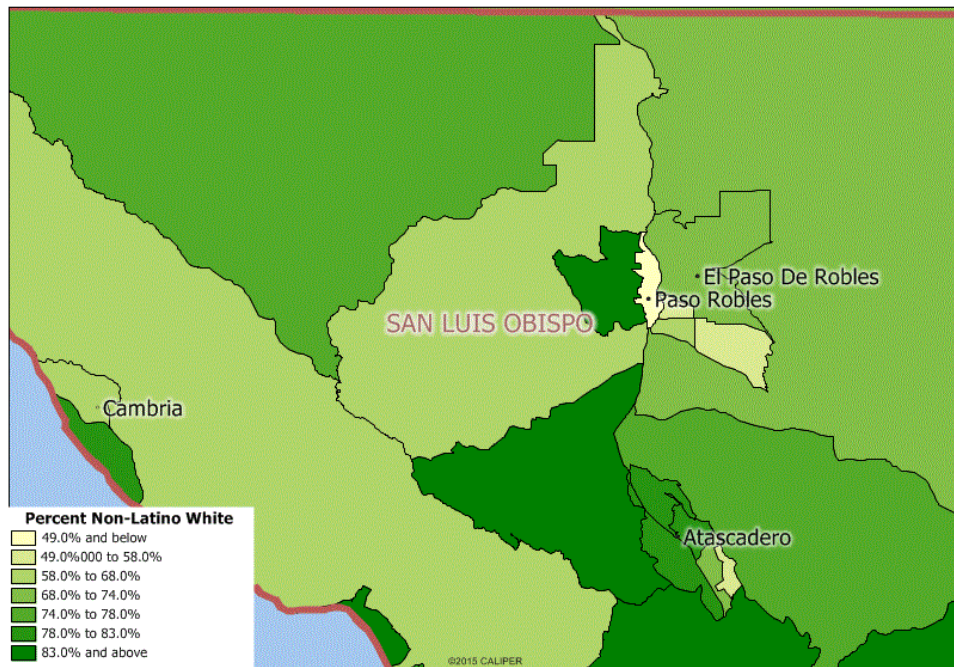
Five Cities Area: % Non-Latino White by Census Tract



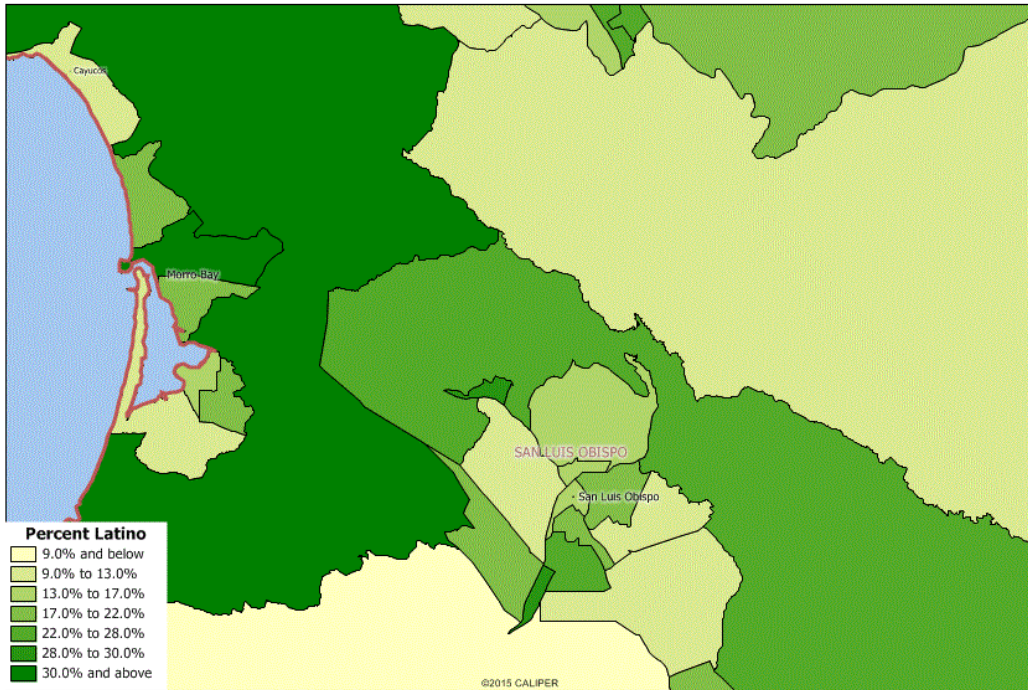
Atascadero and Paso Robles: % Latino by Census Tract



Atascadero and Paso Robles: % Non-Latino White by Census Tract



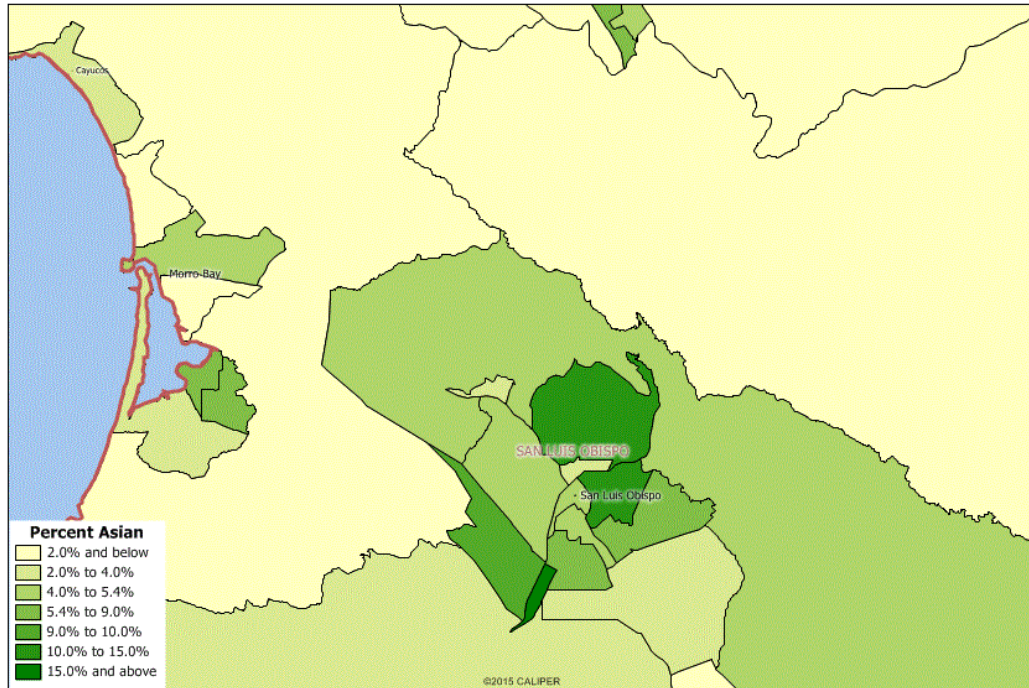
San Luis Obispo & Morro Bay: % Latino by Census Tract



San Luis Obispo & Morro Bay: % Non-Latino White by Census Tract



San Luis Obispo &amp; Morro Bay: % Asian by Census Tract

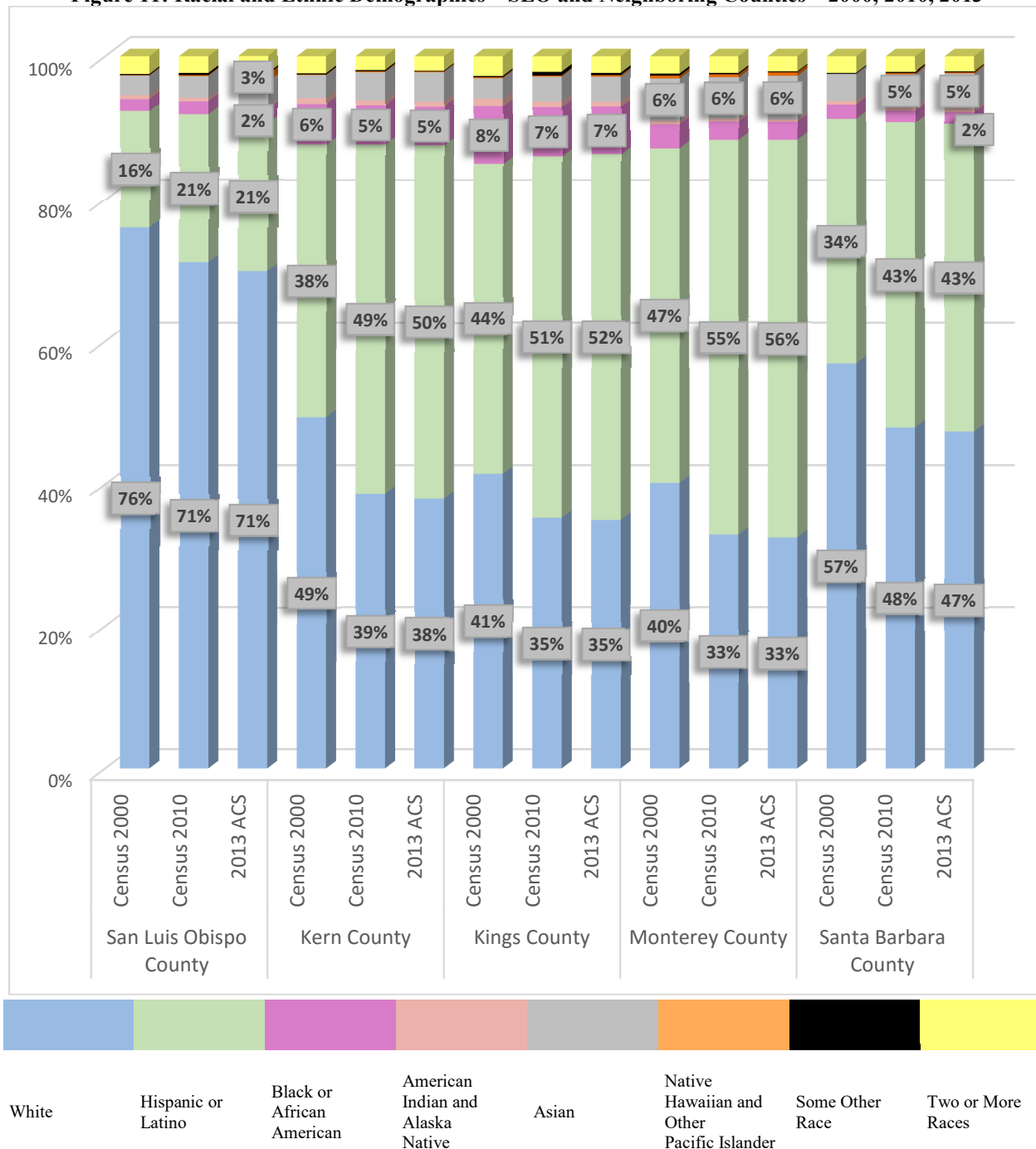


### *Demographics of Communities Surrounding San Luis Obispo County*

The figure on the next page shows the racial and ethnic demographics of the counties neighboring San Luis Obispo County. Overall, all communities experienced both a drop in the white population and a rise in the Latino population between 2000 and 2013. However, neighboring counties experienced population changes almost twice as large as that of San Luis Obispo County. Most strikingly, the demographics of San Luis Obispo County are drastically different from its neighbors. While San Luis Obispo County has maintained a population that is more than 70% white, the neighboring counties have white populations 22 to 33 percentage points smaller. The Latino population is larger as well in neighboring counties, from 43% to 56%, in comparison to San Luis Obispo County's 21%. While African Americans comprise a narrow band of the population across the area, only Santa Barbara County has an equally small population as San Luis Obispo County. Similarly, the Asian population is smallest in San Luis Obispo County, although narrow across the area.



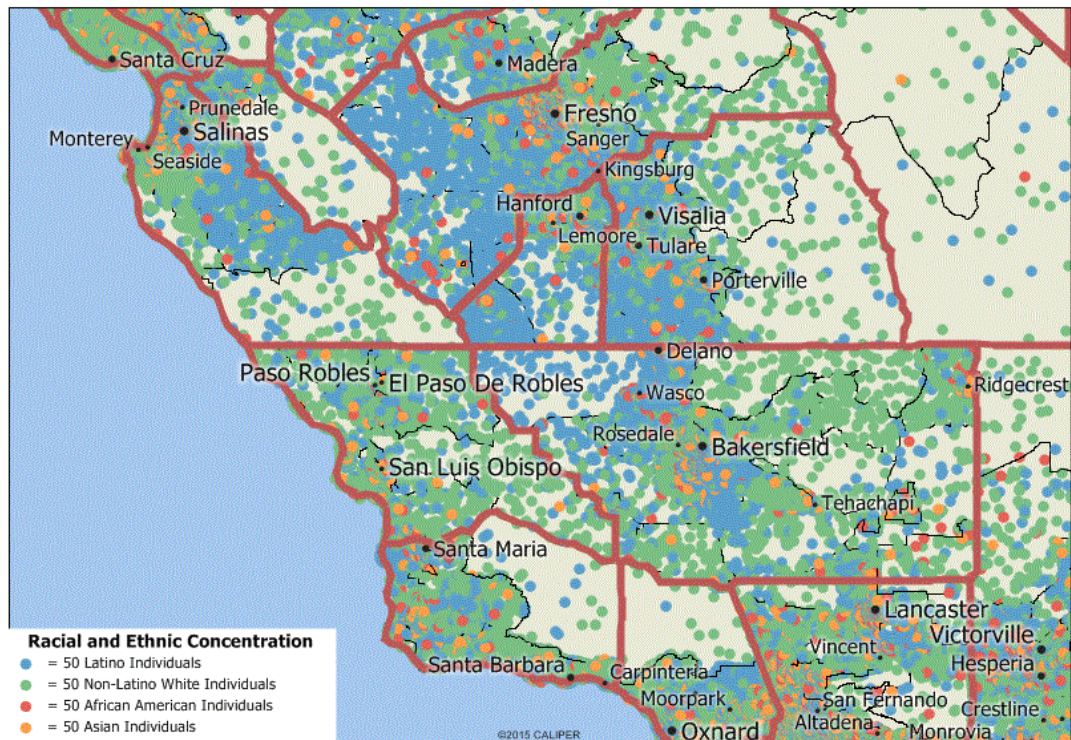
**Figure 11: Racial and Ethnic Demographics – SLO and Neighboring Counties – 2000, 2010, 2013**



While calculating segregation indices for neighboring communities is beyond the scope of this AI, a glance at the indices can give us a hint as to neighboring patterns of segregation. The dissimilarity indices for the Santa Barbara-Santa Maria-Goleta, CA MSA show a low to moderately-low (28 to 45) level of segregation, with the highest segregation existing between White and Latino populations (45). The Hanford-Corcoran, CA MSA (Kings County) indices also have low to moderately-low dissimilarity numbers (28 to 50), with exposure and isolation indices in line with population percentages. The Bakersfield-Delano, CA MSA (Kern County),

by contrast, has moderate levels of segregation across racial and ethnic groups, with numbers from 40 to 52. Exposure and isolation indices, however, indicate group members are more likely to live near other group members than population percentages predict. Finally, Salinas, CA MSA (Monterey County) exhibits the highest levels of segregation, with dissimilarity indices from 34 all the way up to 61, with White-Black and all Latino indices at 50 or above. As the map below shows, there are patterns of racial and ethnic occupancy in central California, with non-Latino white populations concentrated on the coasts and Bakersfield; Latino populations heavily clustered in the inland counties; and African American and Asian populations becoming more prevalent further towards southern California.

Central California: Racial and Ethnic Population Concentration



### Conclusions

Examining county level data tells us that levels of segregation within San Luis Obispo County are relatively low for most racial and ethnic groups, but moderate for African American residents. This indicates that barriers to mobility on the basis of race and ethnicity constrain the housing choice of African Americans who seek to move from one location *within the County* to another more than any other group.

Taking a broader view of the region, however, indicates that more segregation exists than is captured by viewing the County data. When the focus is broadened to include nearby counties, racial and ethnic populations across the board vary across counties, with the Latino population in San Luis Obispo County being noticeably smaller. Although neighboring counties seem to be experiencing higher isolation and exposure indices within their borders, population numbers

indicate that, while housing constraints exist within the counties, opportunities are available for racial and ethnic groups to move into the counties. Given the population contrasts between neighboring counties and San Luis Obispo County, there may be greater barriers to housing choice for those racial and ethnic groups who seek to move *into* San Luis Obispo County than can be measured in dissimilarity indices.

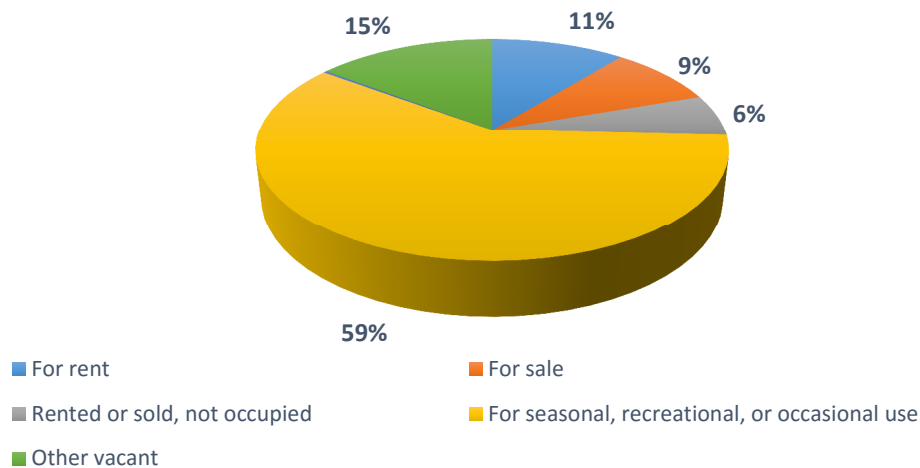
# CURRENT HOUSING PICTURE

## FORECLOSURES AND VACANCIES

As of May 2015, the foreclosure rate for San Luis Obispo County was 1 in 1498 homes. This is a lower rate than for California as a whole, which had a foreclosure rate of 1 in 1142 homes in 2015.

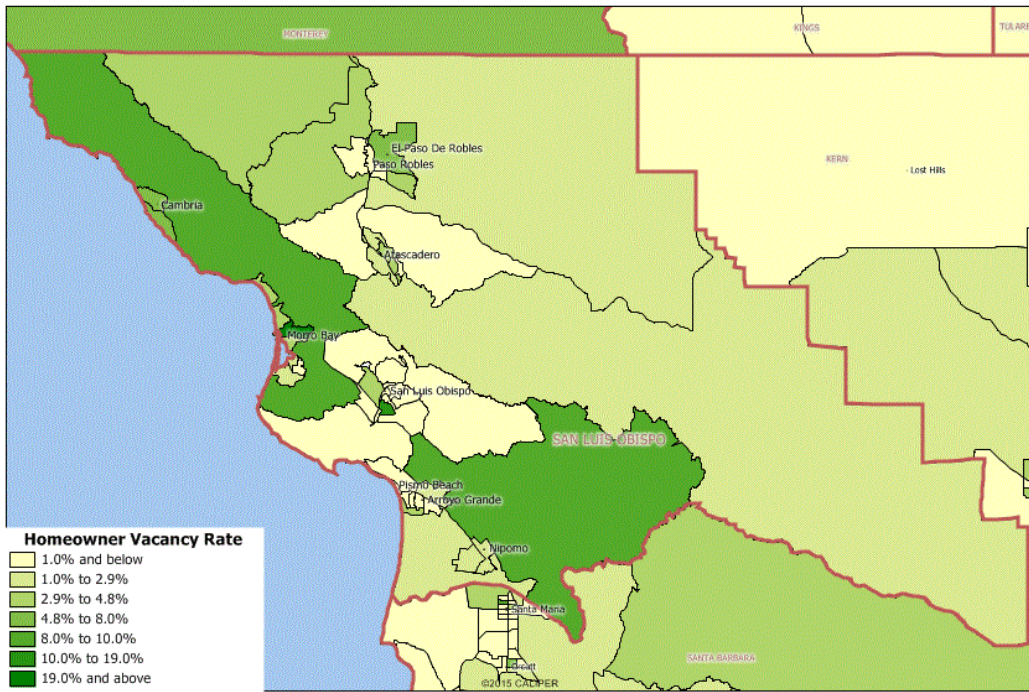
In 2013, approximately 15,630 out of the total of 117,784 housing units in the county (roughly 13%) were vacant. Foreclosures may be one factor contributing to high vacancy rates. However, in San Luis Obispo County, most vacant units are for seasonal, recreational, or occasional use. Other vacant units are all vacant housing units that do not fit into one of the other four categories of vacant units. Units that are classified as “other vacant” are more likely to be a source of blight than are other units.

Figure 12: Vacant Housing Units – San Luis Obispo County – 2013

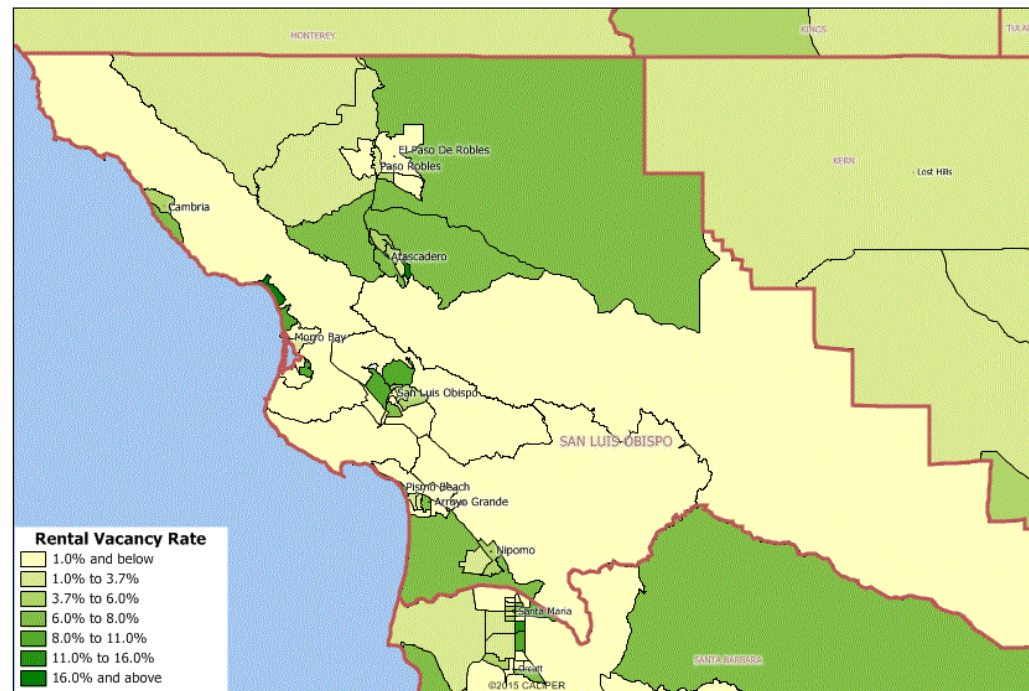


As the maps on the next page demonstrate, rental vacancy rates are highest outside of Paso Robles and Atascadero, while homeowner vacancy rates peak in the coastal area above Morro Bay and in the southern most portion of the County.

San Luis Obispo County: Homeowner Vacancy Rate by Census Tract



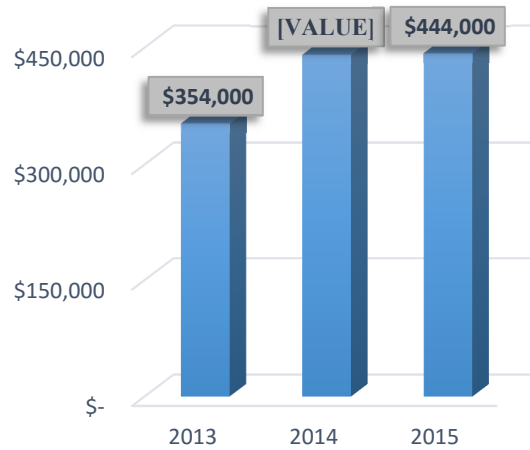
San Luis Obispo County: Rental Vacancy Rate by Census Tract



### HOUSING PRICES AND COSTS

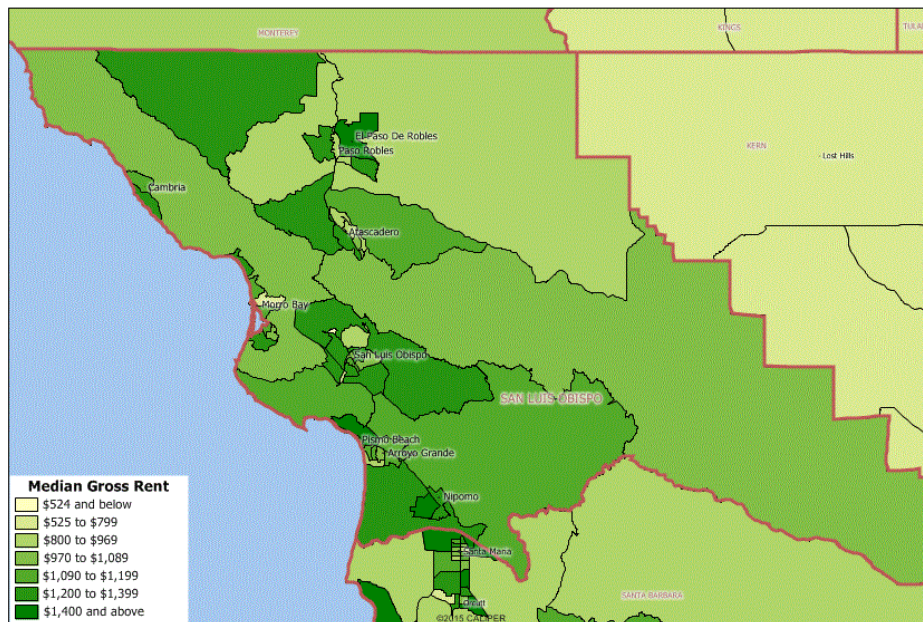
The median sales price of a house in San Luis Obispo County in the first quarter of 2015 was approximately \$444,000. This represents only a slight increase from the same quarter in 2014, when the median price was \$443,000. However, the 2014 median price had increased 25% from the 0median of \$354,000 in 2013.

**Figure 13: Median Housing Price – San Luis Obispo County – 2013-2015**



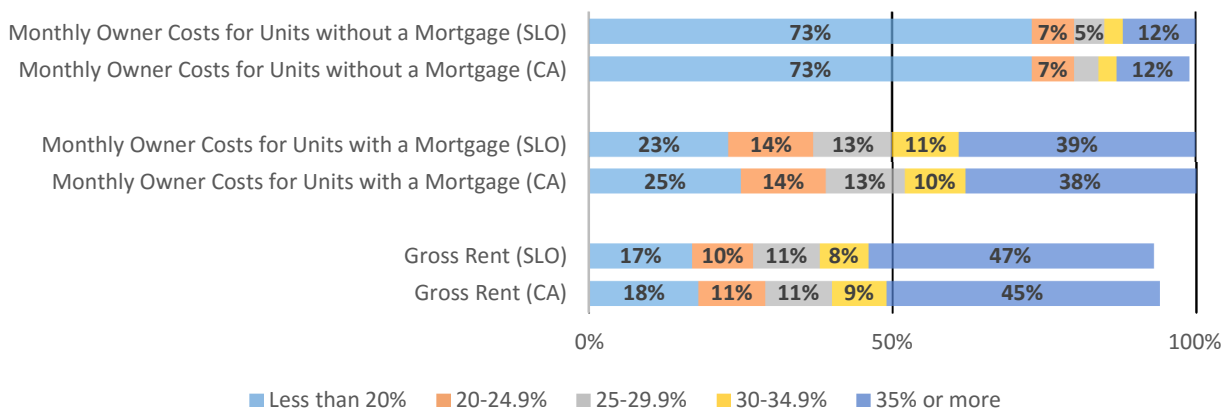
The median gross rent for residents of San Luis Obispo County is approximately 35% of household income. This is comparable to the median gross rent for the state, which is approximately 34% of household income. As the map below demonstrate, the median gross rent varies greatly across the County, but does not fall below \$800, save a small sliver of Morro Bay.

**San Luis Obispo County: Median Gross Rent by Census Tract**



Housing costs as a share of household income are significantly less for homeowners with a mortgage, whose median monthly owner costs represent approximately 26% of household income, and for homeowners without a mortgage, whose median monthly owner costs represent approximately 11% of household income. Roughly half of renters are spending more than 35% of their household income on housing, compared to approximately 39% of owners with a mortgage and 12% of owners without a mortgage.

**Figure 14: Gross Rent and Owner Costs as Percentage of Household Income, San Luis Obispo County and California – 2013 (5 Year ACS)**

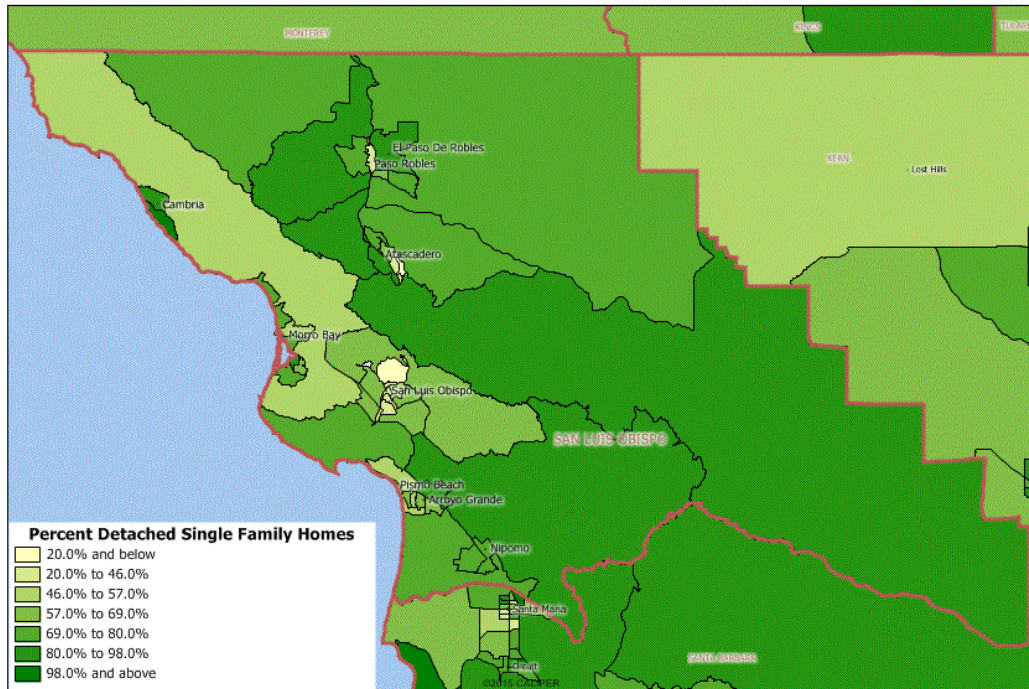


### UNITS IN STRUCTURE

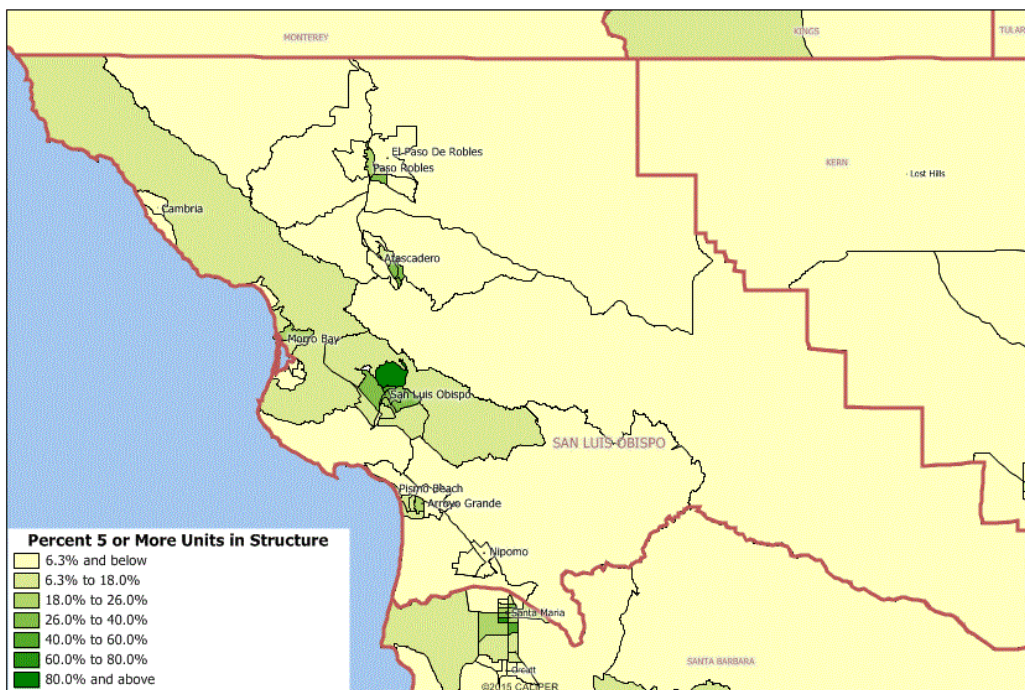
In 2013, San Luis Obispo County had approximately 117,784 housing units, including 15,630 vacant units. Most of the housing units in the county, about 72.4%, are single-family units (including 67.1% detached and 5.3% attached). Multi-family units of various sizes make up about 18.5% of the total units (8.4% two to four units, 10.1% five or more units). In addition, the county has a relatively large number of mobile homes, representing approximately 8.9% of the total housing units.

As the maps on the next page show, multi-family structures with 5 or more units are rare, and concentrated in the City of San Luis Obispo.

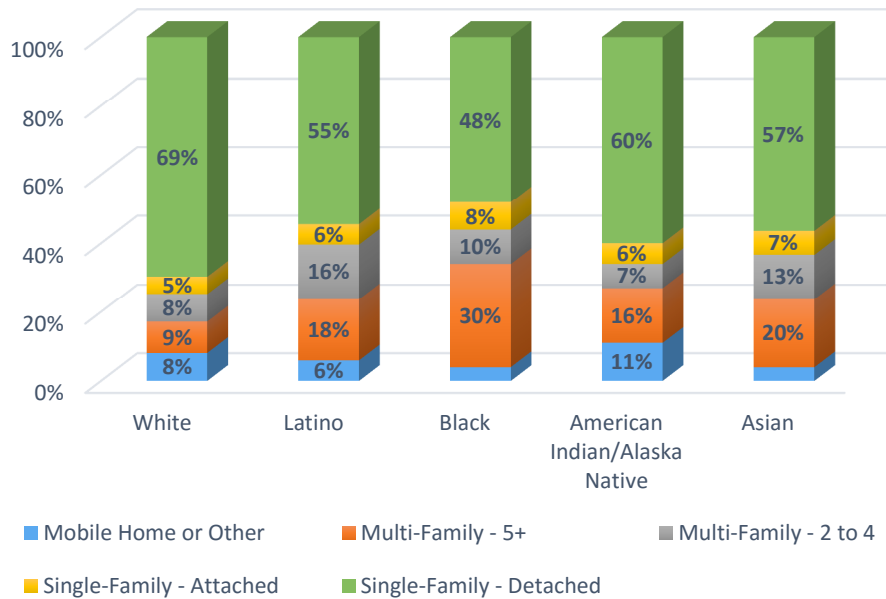
San Luis Obispo County: Detached Single-Family Homes by Census Tract



San Luis Obispo County: % Housing Units in Structures with 5 or More Units by Census Tract





**Figure 15: Units in Structure by Race/Ethnicity – San Luis Obispo County**

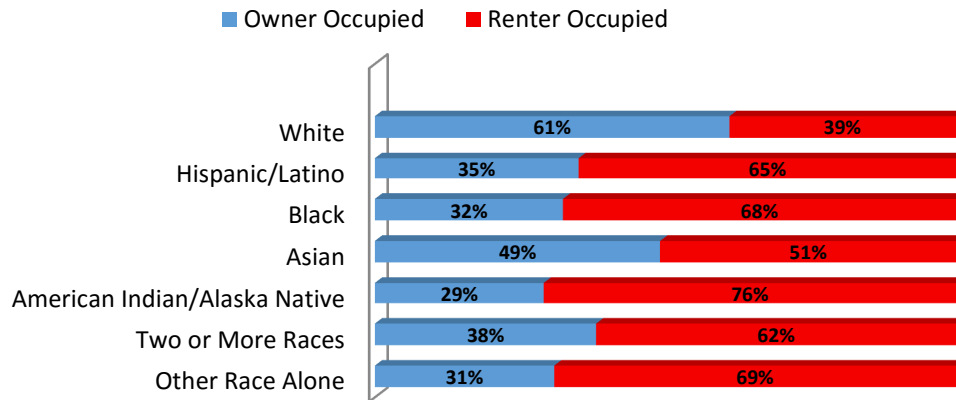
In general, the residents of San Luis Obispo County are more likely to live in detached single-family homes than any other type of housing unit. However, the proportion of such dwellings varies significantly across races. For example, 69% of white residents live in detached single-family homes, compared to only 48% of black residents and 55% of Latino residents. Non-white residents are more likely than white residents to live in large multi-family buildings (including 30% of black residents, 20% of Asian residents, and 18% of Latino residents, but only 9% of white residents).

### GROUPS AT RISK OF DISCRIMINATION

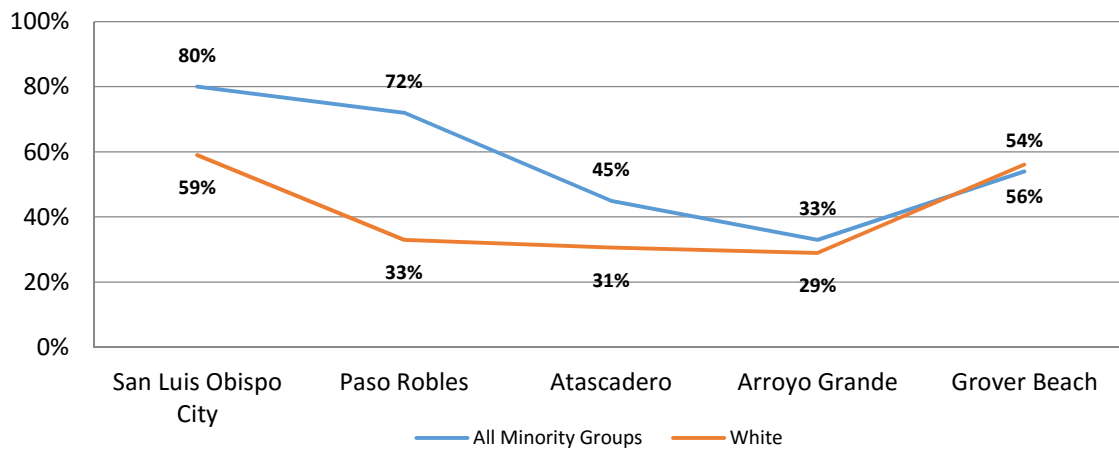
Historically, some groups are more at risk for housing discrimination, such as renters and single-parent households. The risk is often escalated due to an individual's perceived lack of power and lack of information regarding their housing rights.

#### *Renters*

In San Luis Obispo County, there are approximately 102,154 occupied housing units, of which 58.4% are owner occupied and 41.6% are renter occupied. Compared to the state of California, the County has a slightly lower percentage of renter occupied units (41.6% compared to 44.6%), and a slightly higher percentage of owner occupied (58.4% compared to 55.3%). In addition, white County residents rent homes at nearly the same rate as white residents statewide (39% compared to 40%), and Latino County residents rent at a much higher rate than Latino residents do statewide (65% compared to 56%).

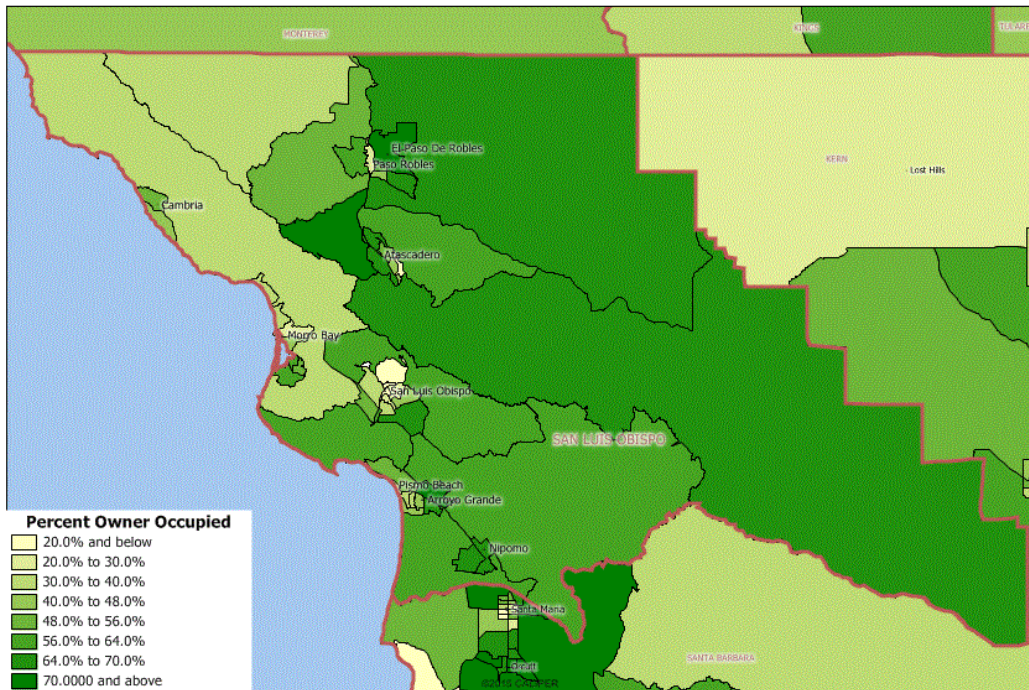
**Figure 16: San Luis Obispo County Tenure by Race and Ethnicity**

Notably, countywide, all minority groups are more likely to be renters than their white counterparts are. For example, 65% of Latino households rent their homes, in comparison to 39% of white residents, and as the chart below indicates, this trend continues at the City level.

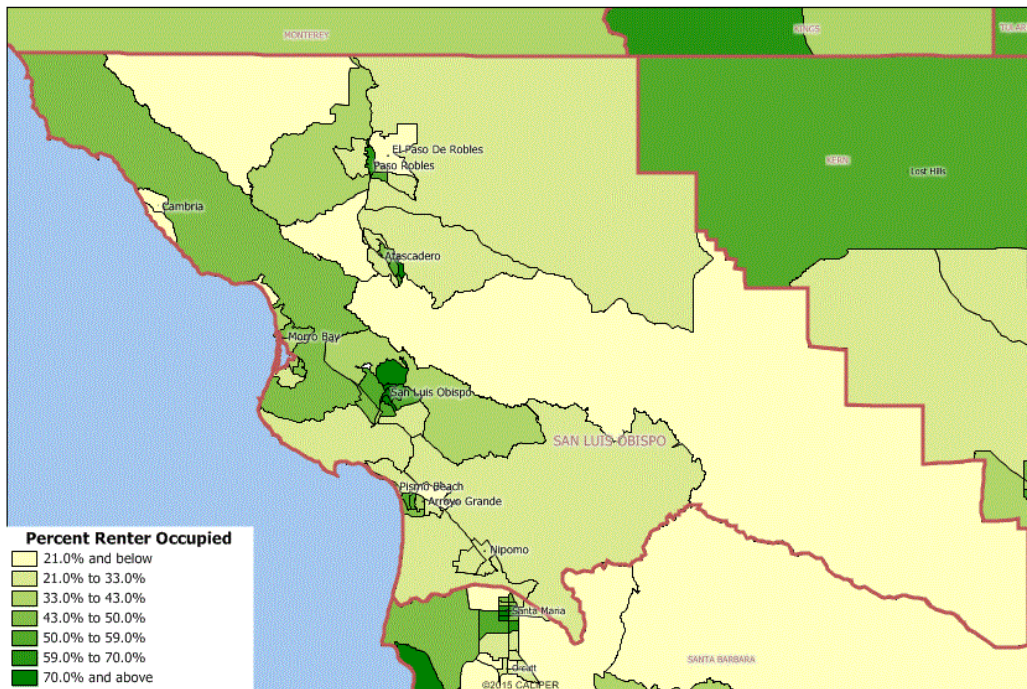
**Figure 17: Renter-Occupier Rates by Race**

The maps on the next page demonstrate the locations of owner-occupied and renter-occupied homes in San Luis Obispo County.

San Luis Obispo County: % Owner-Occupied Housing Units by Census Tract



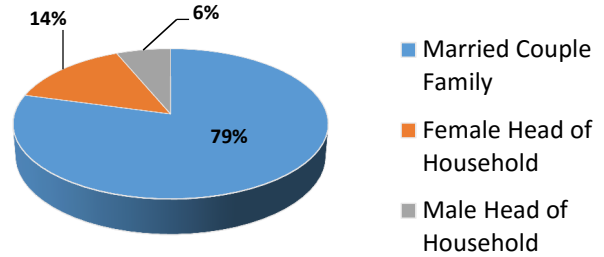
San Luis Obispo County: % Renter-Occupied Housing Units by Census Tract



*Families with Children*

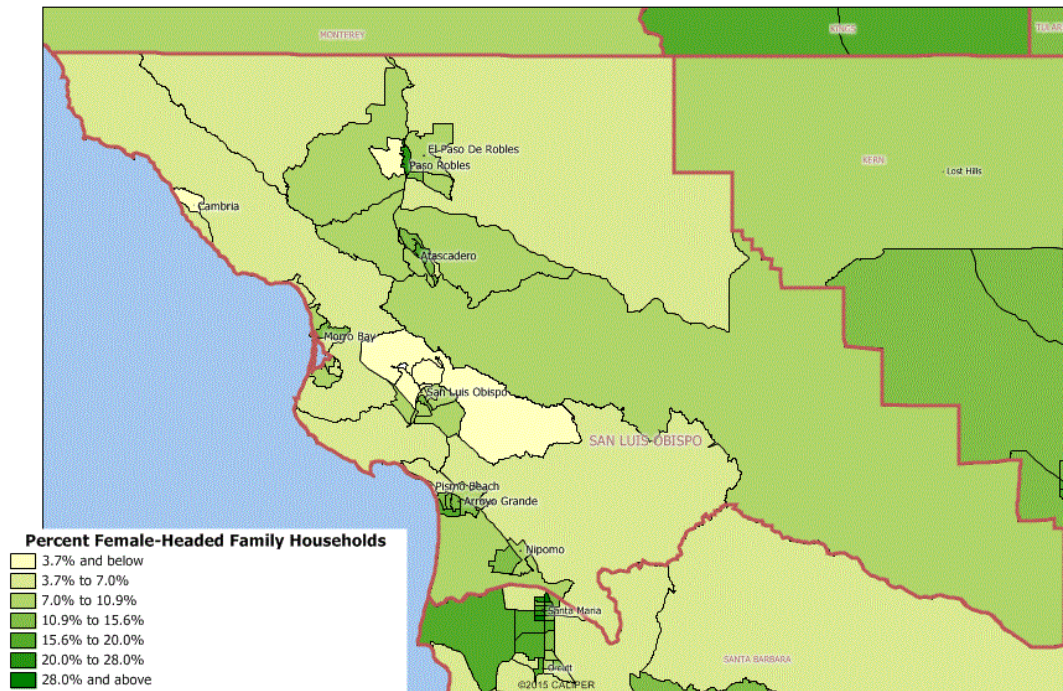
Discrimination against families with children is prohibited under the Fair Housing Act. There are approximately 102,154 households in San Luis Obispo County, with an average household size of 2.5 persons. Of that total, 64,756 (or 63.3%) are occupied by families as opposed to non-family households, with an average size of 2.99 persons. The majority (79%) of households are headed by a married couple. Of the roughly 13,471 households with a single head of household, the majority (69.3%) are headed by females.

**Figure 18: San Luis Obispo County Families with Children by Household Type**



In general, family households headed by a single parent are a minority in all racial and ethnic groups (demonstrated on the map below). Notably only Native Hawaiian and other Pacific Islander households are more likely to be a single parent household than all other household types. In the County, white households are least likely to be single parent families (11%), followed by Asian households (14%). Latino households are nearly twice as likely to be a family headed by a single parent (20% of Latino households vs. 11% of white households).

**San Luis Obispo County: % Female-Headed Family Households by Census Tract**



# TRANSIT ACCESS

Access to mass transit intersects with fair housing choice in multiple important ways. First, access to public transit is an important community asset that can enhance quality of life. Providing transit services with the intent or effect of denying access on the basis of protected class status potentially violates the Fair Housing Act as discrimination in the terms or conditions of housing. Second, the lack of public transit is often posited as an obstacle to developments that would promote integration. Third, as household preferences change (i.e., gentrification of urban centers), preserving and expanding affordable housing near existing transit infrastructure may be necessary to avoid the displacement of longstanding communities of color. To understand which, if any, of these types of fair housing issues are present in San Luis Obispo, it is necessary to assess the current state of and future plans for public transit in San Luis Obispo County and its incorporated cities.

This section focuses on regional and local public transportation systems. Accordingly, those cities without a subsection on the following pages describing their transit efforts are those that do not operate local public transportation systems. Unmet transit needs may be more severe in those communities than they are in those discussed below. Additionally, it is important to note that the low frequency of service on bus lines in the County makes it more difficult to attract ridership and generate revenue. Devising strategies to overcome the high cost of expanding service is beyond the scope of this analysis but remains a long-term challenge for the County.

## The County of San Luis Obispo

### *Current Public Transportation System*

In San Luis Obispo County, the vast majority (84.7%) of residents travel to work by car or truck. About 74% of workers drive to work alone, 10.8% carpool, 1.4% use public transit, 2% bicycle, 4% walk to work and 6.9% work at home. These patterns remain consistent when race is taken into account with white workers more likely to drive alone (75% compared to 71% of Latino workers and 60% of African Americans), and Latino workers more likely to take public transportation (2.6% compared to 2.3% of African American workers and 1.3% of whites). Additionally, although residents of San Luis Obispo County living at or below the poverty line are more likely to use public transit (4%), they overwhelmingly also arrive to work by car or truck (73%, with 63% driving to work alone). Census data on commuting only reflects weekday and peak period conditions. Since low-income people who are disproportionately members of protected classes may be more likely to work unconventional hours, available data may not adequately reflect their needs.

This data suggests that the County of San Luis Obispo can facilitate the development of affordable housing throughout the County without being constrained by proximity to mass transit. The high proportion of low-income workers who commute by car demonstrates that the County can provide low-income workers with affordable housing in low-poverty, high opportunity areas. Building affordable housing in transit-inaccessible areas will foster residential integration and increase fair housing choice for residents throughout the County. That is not to

say that no affordable housing development should take place near transit. Particularly, when transit-accessible sites are located in low-poverty areas or when comprehensive community development activities are occurring in transit-accessible areas that may have higher rates of poverty, it is appropriate for some portion of affordable housing resources to be invested in those areas, alongside investments in high opportunity areas without transit access.

The San Luis Obispo Regional Transit Authority (RTA) operates a fixed five-route bus service, which provides 76 round trips per week (weekdays) and runs along Highways 1 and 101, connecting cities throughout San Luis Obispo County including: Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Paso Robles, Pismo Beach, San Luis Obispo, and others. The RTA also oversees the administration of South County Transit (SCT), which operates in the Five Cities area of Shell Beach, Pismo Beach, Grover Beach, Oceano, and Arroyo Grande. In addition, local fixed-route bus transportation systems in the City of San Luis Obispo, Atascadero, and Paso Robles supplement the RTA's county-run bus service. RTA now operates the fixed-route systems of Morro Bay and Paso Robles.

Regionally, there are several barriers to connectivity between RTA bus lines and the local fixed-route services, which if improved, would assuage fair housing concerns, promote integration, and better serve the region. Currently, there are no RTA regional weekday bus connections with local fixed-route services in the early morning or late evening (North, North Coastal and South County) due to incompatible service spans. Typically, outside the City of San Luis Obispo, local services do not start early enough or run late enough to enable customers to transfer to or from the community, unless they live or work in walking or biking distances to the RTA stop. This often necessitates access to an automobile to be dropped off or picked up at a designated park-and-ride lot. Many low-income passengers, lacking such private options, must take a later morning local bus to reach the RTA stop or an earlier end of the day bus to return home, which limits their access to opportunity in several areas. Additionally, the SCAT system is a loop that runs too slowly to facilitate efficient connections to the RTA system. Grover Beach and Oceano lack direct feeder access to regional buses that run on the 101. There is an unmet need for bus connections to Santa Maria, particularly from communities such as Oceano with large numbers of residents for whom Spanish is their first language.

RTA also provides complementary ADA para-transit services through the Runabout system, which serves eligible-certified ADA customers within a three-quarter mile corridor of all fixed route bus lines in the region. Runabout complements all local and regional fixed-route services operating at the same hours and the same days as individual fixed routes. In addition, the Consolidated Transportation Services Agency (CTSA) (i.e., Ride-On Transportation) fills its own niche in specialized transportation. It serves those individuals whose needs are neither fully met by the declining general public Dial-A-Rides, nor by the federally mandated Runabout. The County also funds the Nipomo Dial-A-Ride system, which serves the general public. RTA operates the system under contract with the County.

San Luis Obispo County is serviced by two Amtrak trains: the Coast Starlight, which operates from Los Angeles to Seattle with stops in Paso Robles and San Luis Obispo two times per day; and the Pacific Surfliner, which operates from San Diego and Los Angeles to San Luis Obispo (and Grover Beach) four times per day. The current California State Passenger Rail Plan calls for

an expansion in FY 2017-18 that will add a Coast Daylight service to link downtown San Francisco and downtown Los Angeles.

### *Future Transportation Efforts*

The County is aware that many challenges face the regional transit system, including a lack of schedule coordination. These challenges place a substantial strain on low-income households, for whom maintaining ownership or access to an automobile is difficult. The major impediment appears to be the lack of connectivity and schedule coordination to allow for easy transfers. Currently, transferring from an inter-City regional bus to an intra-City local bus is difficult because bus schedules do not align, causing long wait times and unreliable transit. Additionally, the current system lacks local or regional bus access to the Regional County airport and adjacent businesses.

The San Luis Obispo Regional Transportation Plan (RTP) projects local bus transit ridership to increase by 90% over the next 20 years, as residents of the region continue to age, become more transit dependent, and travel more into the County's downtown areas. With the development of the 2015-16 Joint Transit Plan, opportunities exist to address the regional transportation challenges of increased ridership. The Joint Transit Plan between the RTA and SLO Transit should examine schedule coordination of local and regional services, re-align local and regional time points at all transfer nodes (especially at the new Central Area Regional and Local Transportation Center), and provide compatible service spans for seamless connections. In South County, the recent proposal to add a new route could help improve travel choices for service workers along the US 101-frontage road. These future planning efforts should build upon the model of cooperation between the RTA and the City of Paso Robles, which have begun to successfully coordinate their efforts in this area.

To build upon the success of its Day and 31-Day Regional Passes (both Regular and Discounted), RTA is working with Santa Maria Area Transit to explore the possibility of a super-regional pass. Such a pass could significantly enhance the connectivity of transit systems, especially for low-income Latino workers.

The County of San Luis Obispo is continuing its effort with local agencies in support of expanding and improving the public transportation system in order to provide a viable alternative to car dependency for all of its residents.

### *Conclusion*

Consistent with the broader region, residents in San Luis Obispo County largely rely on automobiles for commuting purposes. Although there are not dramatic racial or ethnic disparities in commuting patterns, Latino workers are more likely to take public transportation. The County's regional transit infrastructure is multi-modal, including rail and bus, but is poorly integrated with the local transit systems to offer ease of transfer and accessibility. The commuting patterns data demonstrates that transit access should not be viewed as a necessary precondition to the development of affordable housing in the County, though it would be helpful and may promote integration. As a longer-term goal, it will be important to increase transit connectivity between the four sub-regions of the County.

## The City of San Luis Obispo

### *Current Public Transportation System*

Compared to the County, the City of San Luis Obispo is far more dependent on public transit. A greater percentage of residents use public transportation for commuting (3%), but most drive alone (69%), carpool (10%), or walk (8%). According to the 2007-2011 American Community Survey, 7.6 percent of households were zero-car households without access to a vehicle. This higher use of public transportation is likely attributable to members of the Cal Poly State University community who use public transportation to commute to and from the Cal Poly campus.

Nearly 64% of households in the City of San Luis Obispo are within one-quarter mile of a transit line, and 88% are within one-half mile. The City makes up most of the Central County sub-region and accounts for approximately 41,000 jobs or 43% of the countywide total. Due to its strategic location between the three other sub-regions, most of the transportation systems in the county directly or indirectly intersect in the City of San Luis Obispo. The City is the primary focus of commuting patterns during morning and evening peak periods as traffic flows in, out, or through the City. As a transit hub, there is great potential for the City to develop additional affordable housing for low-income individuals. While most residents drive, the proximity of public transit lines will provide low and moderate-income individuals access to different areas of the City and broader region.

The City of San Luis Obispo's Transit Division operates a fixed seven-route bus service and seasonal trolley service. There are seven regular bus routes on weekdays, six routes on Saturdays, and four routes on Sundays, as well as a Downtown Trolley Thursdays through Sundays. Five routes operate Monday through Friday evenings during the school year. SLO Transit vehicles operate approximately 119 hours per day, and travel approximately 1,351 miles per day Monday through Friday.

The City is part of a regional transportation system and there are a variety of other transportation providers operating within SLO Transit's service area. The San Luis Obispo Regional Transit Authority (RTA) operates Runabout (the ADA complementary para-transit service) within the City in addition to the RTA fixed-route regional bus. Three of RTA's five routes serve the City of San Luis Obispo, with the fourth route serving the City as well during weekday rush hours.

Amtrak provides both rail and Thruway bus service to San Luis Obispo from the Amtrak train depot on Santa Rosa Street. Limited rail service on the Pacific Surfliner (to San Diego via Los Angeles) and the Coast Starlight (Los Angeles to Seattle) connects San Luis Obispo with destinations to the north and south. Thruway bus service connects San Luis Obispo to the San Joaquin Valley.

### *Future Transportation Efforts*



In the City of San Luis Obispo, there are many individuals who are transit dependent due to age, income or disability, and who rely upon public transportation for mobility. In planning for the future of transit service in San Luis Obispo, the City needs to better coordinate with the RTA to improve both connectivity and ridership. SLO Transit provides local circulation within the City and RTA provides regional connections. The lack of coordination prevents more people from fully utilizing the regional transit system. A policy of closer cooperation with schedules, fare media, and marketing should be adopted. This would increase awareness of region-wide transit and improve the convenience of transfers between the two systems. The city's participation in the Joint Transit Plan should lead to solutions that ameliorate these concerns.

As San Luis Obispo continues to grow, the City should take advantage of its location as a transit hub and increase the amount of affordable housing in the City. The City should duplicate its Margarita Specific Plan, which was planned as a Transit-Oriented Development. The plan developed primarily higher-density affordable housing for seniors and others. In addition, the City should invest in future service corridors to serve residential neighborhoods underserved by transit. That might include the Oceanaire Drive/Laguna Lakes area, Chorro Street north of downtown, as well as any other possible crosstown corridors. As the City grows and develops available land, transit services should be coordinated to improve mobility in these new areas.

### *Conclusion*

The City of San Luis Obispo is located in the center of California's central coast. It is the county seat and the largest city in the county. It has been growing in recent years and, with the presence of Cal Poly State University and other job generating industries, will continue to grow into the future. To accommodate this growth and development the City should expand service to residential corridors underserved by transit. Further, while most people drive to work, a large segment of the population depends on alternative forms of transportation, like public transit and walking. To better serve them, the City should work with the County to increase regional and local transit connectivity between the four sub-regions of the County and create more transit-oriented development that provides affordable housing.

## **The City of Paso Robles**

### *Current Public Transportation System*

The vast majority (89%) of Paso Robles residents travel by car or truck to work. About 77% of workers drive to work alone, 12% carpool, 1.9% use public transit, and the remaining 9% take other means or work from home. These patterns remain consistent when race is taken into account, with Latino workers more likely to drive alone (81% compared to 78% of white workers, and 44% of African American), and African American workers more likely to take public transportation (7% compared to 3.1% for Latino workers and 1.7% of whites). Additionally, although residents of Paso Robles living at or below the poverty line are more likely to use public transit (13%), they overwhelmingly also arrive to work by car or truck (80%, with 67% driving to work alone). In the City, 4.4% of households are zero-car, transit-dependent households. The area immediately southwest of downtown Paso Robles is the highest density of zero-car households, which likely corresponds with the location of the area's senior population.

About half of the workers in the City commute outside of the area for their job. The high proportion of low-income workers who commute by car provides the City with the opportunity to build affordable housing without the constraints a lack of transit imposes. Areas of high opportunity, with high performing schools and low poverty, can be integrated and facilitate the development of affordable housing.

The Paso Express provides fixed route service within the Paso Robles City limits with service to major activity centers like schools, social services, and commercial centers. Transfers to RTA are available at the North County Transportation Center. Paso Express operates Routes A and B, which run 12-hour service spans on Monday through Saturday from 7:00 AM to 7:00 PM. All Paso Express routes operate on hourly headways, but Routes A and B leave the North County Transportation Center (traveling in opposite directions) every 30 minutes. The former Route C was consolidated into RTA Route 9 in 2014, greatly enhancing connectivity while maintaining the same level of local service.

The San Luis Obispo Regional Transit Authority's (RTA) fixed route transit system provides regional transit linkages throughout San Luis Obispo County. RTA Route 9 provides hourly north-south service between San Miguel and San Luis Obispo. Route 9 operates a 14-hour service span on weekdays between 5:30 AM to 7:30 PM. Saturday and Sunday service operates from 8:00 AM to 6:30 PM and 8:00 AM to 5:30 PM respectively. The major transfer points are located at the route's anchors – the North County Transportation Center and the San Luis Obispo Transit Center – as well as the Las Tablas Park-and-Ride and the Atascadero Transit Center.

Paso Express Dial-A-Ride (DAR) is a general public demand responsive service for travel between any pick-up and drop-off point within Paso Robles' City limits. The service currently runs between 7:00 AM and 1:00 PM, Monday through Friday only. Trips must be reserved at least two hours in advance for same day pick-ups and customers may place reservations up to one week in advance. DAR is a particularly useful service for persons with disabilities.

#### *Future Public Transportation Efforts*

A lack of a comprehensive transit system can pose a substantial strain on low-income households, especially the 12.1% in Paso Robles who live below the poverty line. The transit dependent population in Paso Robles is growing, and the City should explore additional routes and increased DAR service to medical destinations. In addition, Regional Route 9 and local Paso Robles Routes A and B should consider expanding their hours to allow residents who work later hours to commute home on public transportation.

Looking forward, the partial build-out of specific planning areas, including the Chandler Ranch, Beechwood, Olsen, and North Paso Robles development opportunities, would leave large portions of this new development underserved by transit service. The future Wal-Mart in North Atascadero and the newly developed Regency Center in Paso Robles are expected to generate increased ridership because of their proximity to North Cuesta College. The City should plan for this increased ridership through adding additional routes and services.

Paso Express underwent a major transition between January and June 2014, working closely with its local contractor First Transit Group, the RTA and the City of Atascadero to stage the gradual

transition of all local services (fixed route and DAR) to the RTA. The City should continue to work with RTA, the City of Atascadero, and San Luis Obispo Council of Governments (SLOCOG) toward the goal of consolidation and increased efficiency.

### *Conclusion*

The City of Paso Robles largely relies on cars and trucks to commute to work. However, Paso Robles residents living below the poverty line are more likely to take public transportation than other county residents who are living below the poverty line. To improve fair housing choice, the City should continue coordinating with the RTA on schedules and service hours to better improve service and reliability. Additionally, they should continue consolidation of transit agencies for increased efficiency and effectiveness. The City's existing public transportation is concentrated in the built out part of the City, leaving newer developments underserved, which will require expansion of transit service. As previously noted, a high number of the City's low income residents travel by cars and trucks, and therefore the City is not seriously constrained on developing affordable housing in areas that are not proximal to public transit.

## **The City of Atascadero**

### *Current Public Transportation System*

According to the 2013 American Community Survey, the vast majority (88%) of Atascadero residents travel by car or truck to work. About 78.5% of workers drive to work alone, 9.8% carpool, 1.2% use public transit, 0.6% walk, and 8.1% work from home. When race is taken into account, the distribution remains the same; however, the racial and ethnic distributions do not match the rest of the County. African American workers more likely to drive alone (88% compared to 79% of Latino workers, and 78% of white), and white workers more likely to take public transportation (1.4% compared to 0% of African American workers, and 0.6% of Latino). Additionally, residents of Atascadero living at or below the poverty line are least likely to use public transit (less than 1%), and overwhelmingly also arrive to work by car or truck (82%, with 75% driving to work alone). These statistics are likely attributable to the low numbers of African American and Latino residents of Atascadero (0.8% and 13% respectively).

The data suggest that, in this jurisdiction, a lack of access to mass transit does not hinder building affordable housing. The high proportion of low-income residents who commute in a car or truck indicates that affordable housing will be supported in low-poverty, high opportunity neighborhoods without proximity to mass transit.

The San Luis Obispo Regional Transit Authority (RTA) Route #9 regional bus service replaced the local Atascadero Transit fixed-route bus. RTA provides hourly service that covers Atascadero along El Camino Real. Additionally, Atascadero is located on the Southern Pacific Line with freight and Amtrak connections in San Luis Obispo, 18 miles south, and Paso Robles, 10 miles north. Because it is difficult to efficiently serve all parts of the City of Atascadero with fixed-route bus service, the city operates a Dial-A-Ride system with up to two vehicles at peak times.

### *Future Transportation Efforts*

Like other cities in the region, Atascadero faces many challenges in establishing a comprehensive transit system including better coordination and connectivity with the larger region. The 2012 North Country Transit Plan made several recommendations for expansion of service, most of which RTA is leading with the cooperation and coordination of the Cities of Atascadero and Paso Robles and SLOCOG.

### *Conclusion*

The population of the City of Atascadero largely relies on automobiles for commuting purposes. The City's current public transportation infrastructure is largely fixed-route bus based. Commuting pattern data reflect large percentages of lower-income residents driving to work; therefore, affordable housing can be built without proximity to transit. The typical situation where a lack of transit acts as a barrier to affordable housing should not be an impediment for the City of Atascadero.

## **The City of Morro Bay**

### *Current Public Transportation System*

The vast majority (83.5%) of Morro Bay residents travel by car or truck to work. About 74% of workers drive to work alone, 9.4% carpool, 1.1% use public transit, and the remaining 15% take other means or work from home. These patterns remain consistent when race is taken into account with white workers more likely to drive alone (76% compared to 74% of Latino workers) and Asian workers more likely to take public transportation (32.4% of Asian workers compared to less than 1% of whites). Additionally, residents of Morro Bay living at or below the poverty line overwhelmingly arrive to work by car or truck (92%). These statistics are likely due to the low number of Morro Bay residents living below the poverty line.

The commuting data suggest that affordable, multifamily housing can be built in Morro Bay without the usual encumbrances requiring proximity to mass transit. The City can increase density and build affordable housing that integrates housing types and increases housing choice for low-income residents of Morro Bay and the greater San Luis Obispo region.

The City of Morro Bay operates Morro Bay transit, a fixed-route bus, consisting of one line. The bus operates Monday through Friday from 6:25 AM to 6:45 PM, and Saturday from 8:25 AM to 4:25 PM. The City's "Call-A-Ride" bus service is a route deviation service that utilizes the same bus as the fixed-route system. The city also has a downtown trolley service for Morro Bay residents and visitors. The City's Trolley service has been operating since the summer of 1994. It is a general public seasonal transit system linking the North Main Street and Downtown business districts, waterfront and the State Parks at each end of Morro Bay. The trolley operates weekends only from Memorial Day weekend through the first weekend in October and weekdays from the third week in June through Labor Day.

The regional transportation governing body RTA operates two routes through Morro Bay, including Route 15 (Morro Bay to San Simeon) and Routes 12 (Morro Bay-Cuesta College-San Luis Obispo with limited service to Cal Poly State University). Many of these services operate every hour on weekdays, with the exception of some express trips during peak hours into San Luis Obispo.

For residents with a disability, the RTA operates the intercity paratransit service Runabout, which runs throughout San Luis Obispo County and is the supplemental Americans with Disabilities Act (ADA) service to the RTA.

### *Future Transportation Efforts*

Public transit plays an important role in the transportation of Morro Bay residents. Many rely on public transit to travel to various destinations in the City. The dependency creates challenges to the City to provide a cost effective transit plan. Prospectively, the City should work with the regional stakeholders and pursue strategies to connect Morro Bay with Atascadero by way of Highway 41 although traditional bus service may not be the most effective way of doing so.

### *Conclusion*

The City of Morro Bay is largely reliant on automobiles for commuting purposes and the existing transportation infrastructure is centered on local and regional fixed buses. Long-term, it will be important to increase transit connectivity between Morro Bay and the larger San Luis Obispo region through better schedule coordination. The data concerning commuting patterns demonstrate that transit access should not be viewed as a necessary precondition to the development of affordable housing in the City. Affordable, multifamily housing can be built in Morro Bay without the usual encumbrance of requiring proximity to mass transit.

## EDUCATION

Sixty years after the landmark *Brown v. Board of Education* decision that ended *de jure* segregation of public schools in the country, California schools have entered a new era of *de facto* segregation, especially for Latino students. Statewide, Latinos attend schools that are 84 percent students of color and 70 percent low-income. More than 50 percent of the state's Latino students attend intensely segregated schools (zero to 10 percent whites). The average African American student attends a school with a population that is 82 percent students of color, and the proportion of hyper-segregated schools doubled in two decades, with 1 in 14 schools now comprised of 99-100% students of color.

The racial divisions in California schools also reflect growing economic segregation. In 1993, African American and Latino students attended schools with 52 percent and 58 percent poor children, respectively. By contrast, today, a typical African American or Latino student attends a school where 70 percent of students are poor, while the average white or Asian student attends a school where about 40 percent of their schoolmates are poor. These statistics underscore the relationship between poverty, race, and ethnicity in California schools.

For myriad reasons, the schools districts in San Luis Obispo County do not mirror the racial and economic segregation that exists on the state level. Countywide, eleven school districts serve 34,776 K-12 students, of which 53.6% are white and 46.8% are minorities. Across the 84 schools, Latino students make up 38% of the student population compared to 52.7% statewide. In addition, less than half of students (43%) qualify for free or reduced price lunch, with Latino students accounting for 38% of that population and white students accounting for 53.6%. The table below breaks down the County data on race by school district.

Table 7: Racial and Ethnic Demographics of Schools – SLO County

District	Hispanic or Latino	American Indian or Alaska Native	Asian	Pacific Islander	Filipino	African American	White	Two or More Races	Not Reported	Total Students
Atascadero Unified	26.30%	1.16%	1.25%	0.17%	0.89%	1.36%	65.57%	2.94%	0.36%	4,722
Cayucos Elementary	14.51%	0.00%	3.11%	0.00%	0.00%	0.00%	76.68%	3.63%	2.07%	193
Coast Unified	57.89%	0.14%	1.14%	0.43%	0.28%	1.00%	36.70%	0.43%	1.99%	703
Lucia Mar Unified	42.64%	0.45%	1.63%	0.25%	1.15%	0.87%	49.93%	2.92%	0.16%	10,710
Paso Robles Joint Unified	51.21%	0.47%	0.96%	0.29%	0.43%	1.60%	42.15%	1.92%	0.96%	6,555
Pleasant Valley Joint Union Elementary	43.61%	0.00%	0.75%	2.26%	0.75%	0.00%	47.37%	2.26%	3.01%	133
San Luis Coastal	27.58%	0.43%	3.64%	0.17%	2.02%	1.03%	60.33%	4.58%	0.21%	7,636

District	Hispanic or Latino	American Indian or Alaska Native	Asian	Pacific Islander	Filipino	African American	White	Two or More Races	Not Reported	Total Students
Unified										
SLO County Office Of Education	61.49%	1.21%	0.40%	0.40%	0.81%	2.42%	29.64%	3.63%	0.00%	496
San Miguel Joint Union	46.41%	0.24%	0.24%	0.59%	0.59%	0.82%	49.23%	1.77%	0.12%	849
Shandon Joint Unified	72.95%	0.34%	0.00%	0.00%	0.00%	0.68%	23.29%	1.03%	1.71%	292
Templeton Unified	22.07%	0.64%	1.45%	0.12%	0.36%	0.52%	69.80%	4.06%	0.97%	2,487

In the largest school district, Lucia Mar Unified, a typical African American or Latino student attends a school that is 49.7% African American or Latino, and a typical white or Asian student attends a school that is 60% white or Asian. Of the 5,400 students receiving free and reduced price meals in the district, 43.5% are African American or Latino. The typical African American or Latino student attends a school with 56% of students who are poor, and the typical white student attends a school where 44.5% of students are poor.

In San Luis Coastal school district, the second largest district, a typical African American or Latino student attends a school that is 32.2% African American or Latino, and a typical white or Asian student attends a school that is 63.1% white or Asian. Of the 2,886 students receiving free and reduced price meals, 28.6% are African American or Latino. In all ten school districts, only one school, Oceano Elementary in Lucia Mar Unified school district, has a Latino population above 80%, and no school has a white population above 80%. These statistics indicate that the County's schools are far less segregated than those Statewide.

The relationship between lower educational achievement, poverty, and segregation is well established. Countless studies have found that concentrating students with social and economic disadvantages in racially and economically homogenous schools depresses student performance. In 1999, California passed the *Public Schools Accountability Act*, which measures the academic performance of all California public schools through an Academic Performance Index (API). There is a strong .45 correlation between a California school's API score and its share of white students, and a moderate .33 correlation between API scores and share of Asian students. Contrastingly, there is a -.39 and -.53 negative correlation in scores when considering the share of Latino and African American students, respectively, in a school.

San Luis Obispo County schools again deviate from the achievement trend found in the rest of the state. As seen in the table below, seven out of eleven school districts averaged an API score above the state's goal of 800. Only 18 schools (not including alternative schools) failed to meet the API score of 800, and seven of those schools are small schools, which typically do not have a large enough population to make the numbers reliable for comparison purposes. Furthermore, schools are ranked statewide by type (elementary, high, etc.) and in comparison to similar schools through the use of a School Characteristics Index (SCI). When ranked, all SCIs are sorted from highest to lowest, divided into ten equal groups, and numbered 1 – 10 (with 10 being the highest). Each school receives a ranking in comparison to all schools and in comparison to

100 similarly situated schools (through the SCI). SCI allows schools to be compared to peers based on the challenges they face due to student demographics (such as socioeconomic factors or the percent of students who are limited English speakers) and school and teacher characteristics (such as class size or percent of teachers fully credentialed). The table below shows the average API, school ranking and SCI for each district in the County.

**Table 8: Academic Achievement of School Districts – SLO County - 2012**

School District	2012 API	Average School Rankings	Average SCI
Atascadero Unified	813	5.81	2.62
Cayucos Elementary	908	9.00	10.0
Coast Unified	819	6.67	7.67
Lucia Mar Unified	819	6.56	5.00
Paso Robles Joint Unified	798	5.00	5.20
Pleasant Valley Joint Union Elementary	834	6.00	N/A
San Luis Coastal Unified	849	7.73	5.13
San Luis Obispo County Office Of Education	504	N/A	N/A
San Miguel Joint Union	789	4.50	4.00
Shandon Joint Unified	765	4.00	9.00
Templeton Unified	860	7.16	4.00

**Table 9: Academic Achievement of Schools -  
Luna Mar Unified School District - 2012**

Lucia Mar Unified			
School	API	School Rank	SCI
Branch Elementary	890	9	5
Dana Elementary	813	5	5
Fairgrove Elementary	828	6	5
Grover Beach Elementary	788	4	4
Grover Heights Elementary	862	8	9
Harloe Elementary	855	7	4
Lange (Dorothea) Elementary	821	6	4
Nipomo Elementary	802	5	5
Ocean View Elementary	900	9	7
Oceano Elementary	771	3	4
Shell Beach Elementary	902	9	5
Judkins Middle	849	7	7
Mesa Middle	810	6	4
Paulding Middle	867	8	4
Arroyo Grande High	798	7	3
Nipomo High	778	6	5
Lopez Continuation High*	621	N/A	N/A

Schools in the Lucia Mar school district average a school ranking of 6.56 and an SCI of 5.00. Paso Robles Joint United schools average a school ranking of 5 and an SCI of 5.2. San Luis Coastal Unified schools average a ranking of 7.73 and an SCI of 5.13. The large high schools in San Luis Coastal average APIs of 828 and a ranking of 8.5, and although neither Lucia Mar nor Paso Robles high schools meet the State goal of 800, all large schools surpass the California state average of 753.



**Table 10: Academic Achievement of Schools – Paso Robles Joint Unified - 2012**

<b>Paso Robles Joint Unified</b>			
<b>School</b>	<b>API</b>	<b>School Rank</b>	<b>SCI</b>
Bauer/Speck Elementary	746	2	1
Georgia Brown Elementary	798	4	2
Kermit King Elementary	847	7	3
Pat Butler Elementary	845	7	7
Virginia Peterson Elementary	803	5	7
Winifred Pifer Elementary	814	5	7
Daniel Lewis Middle	851	7	9
George H. Flamson Middle	827	7	6
Paso Robles High	775	6	5
Independence High*	608	1	N/A
Paso Robles Independent Study Center*	781	4	N/A
Liberty High (Continuation)	576	N/A	N/A

\*=Small school. APIs based on small numbers of students are less reliable and therefore should be carefully interpreted. Similar schools ranks are not calculated for small schools.

**Table 11: Academic Achievement of Schools – San Luis Coastal Unified - 2012**

<b>San Luis Coastal Unified</b>			
<b>School</b>	<b>API</b>	<b>School Rank</b>	<b>SCI</b>
Baywood Elementary	794	4	1
Bellevue-Santa Fe Charter	915	9	1
Bishop's Peak Elementary	912	9	7
Del Mar Elementary	844	7	7
Hawthorne Elementary	840	7	9
Los Ranchos Elementary	912	9	4
Monarch Grove Elementary	868	8	6
Pacheco Elementary	856	7	3
Sinsheimer Elementary	883	8	6
Smith (C. L.) Elementary	828	6	6
Teach Elementary	975	10	10
Laguna Middle	867	8	5
Los Osos Middle	838	7	4
Morro Bay High	824	8	5
San Luis Obispo High	832	9	3
PEEP - de'Groot - Prepare	N/A	N/A	N/A
Pacific Beach High*	609	N/A	N/A

The schools in San Luis Obispo County perform very well compared to the statewide averages for API. This suggests that their low levels of intensely segregated schools may have resulted in positive outcomes for their students, but also offers important opportunities to expand integrated options and support lasting community integration.

*Conclusion*

In California and beyond, concentrated poverty and intensely segregated schools are strongly correlated with lower educational opportunities and outcomes. The larger school districts in San Luis Obispo County have avoided the hyper-segregation prevalent in other school districts in the state. While this should be commended, over the last fifteen years the Latino population in the County has increased by 43%, and it appears poised to continue increasing. For that reason, it is important for to policymakers to remain diligent in their school integration efforts. Ensuring residents have access to fair housing can be part of the solution in San Luis Obispo County because increasing residential integration contributes to less racially and ethnically isolated schools.

## MUNICIPAL SERVICES & COMMUNITY ASSETS

San Luis Obispo County and the seven incorporated cities located within it provide a variety of municipal services, including police and fire protection, water and sewer services, parks and recreation facilities, street maintenance, and code enforcement. Municipalities that provide such services must do so in a non-discriminatory manner in order to comply with the Fair Housing Act, the equal protection guarantees of the Fourteenth Amendment, and state law. *See Committee Concerning Community Improvement v. City of Modesto*, 583 F.3d 690 (9th Cir. 2009); *Kennedy v. City of Zanesville*, 505 F. Supp. 2d 456 (S.D. Ohio 2007)).

Inequities in access to municipal services can be difficult to discern, especially in relatively small geographic areas like the cities of San Luis Obispo County. Most of the cities have only one police and fire station, so it is difficult to draw conclusions from the placement of these facilities within each city. If the response times from the police or fire stations vary significantly across a city in a way that suggests disparate access to services based on race, ethnicity, disability, etc., that city should reevaluate the locations of these services.

Parks and recreation facilities appear in greater numbers. Therefore, even when they are not perfectly distributed throughout a city, few residents are likely to live far from a facility. Other services, like water and sewer systems, code enforcement, and street maintenance, are not visible on maps. The municipalities should take steps to ensure that these services are provided equitably to all residents.

There have been some public controversies in recent years concerning the provision of municipal services throughout the County, most often concerning police services. A recent report indicated that the racial and gender makeups of the police departments in the San Luis Obispo County area do not reflect the population of the area. The County as a whole is about seventy percent white, but every city's police force except Grover Beach has eighty to ninety percent white officers, and eighty-six percent of the deputies in the County sheriff's office are white. Women are also underrepresented, making up three to thirty-one percent of the various departments. Some of the cities in the county, including Arroyo Grande and Atascadero, have also been the subjects of recent lawsuits alleging sexual harassment or discrimination within their police departments. The municipalities of San Luis Obispo County should consider increasing the diversity of their police departments and other municipal service providers in order to better serve their communities.

### SAN LUIS OBISPO COUNTY

The San Luis Obispo County Sheriff's Office provides service to the unincorporated areas of the county. The Sheriff's Office headquarters and county jail are adjacent to and northwest of the City of San Luis Obispo, and patrol stations are located in Los Osos, Templeton, and Oceano.

The California Department of Forestry and Fire Protection contracts with the county to function as the San Luis Obispo County Fire Department. The County, along with some special districts, provides fire services to the unincorporated communities and also coordinates regional emergency response efforts.

The public works department maintains the County-owned roads, lands, and water and sewer facilities. The Local Agency Formation Commission reviews proposals for the creation of new local agencies. The county manages seven large regional parks and eleven smaller community parks, as well as several pools, a skate park, and three golf courses. These recreational facilities can be found throughout the county, as represented in the map below.



Addresses:

- Sheriff:
  - Sheriff's Office: 1585 Kansas Avenue, San Luis Obispo, CA 93405
  - Coast Station: 2099 10th Street, Los Osos, CA 93402

- North Station: 356 North Main Street, Templeton, CA 93465
- South Station: 1681 Front Street, Oceano, CA 93445
- Civil Division: 1035 Palm Street, Room 236, San Luis Obispo, CA 93408
- County Fire Department: 635 North Santa Rosa Street, San Luis Obispo, CA 93405
  - Cambria Fire Station: 6126 Coventry Lane, Cambria, CA 93428
  - Cayucos Fire Station: 108 Chaney, Cayucos, CA 93430
  - San Luis Obispo Fire Station: 635 North Santa Rosa Street, San Luis Obispo, CA 93405
  - Morro Toro Fire Station: Highway 41, Atascadero, CA 93422
  - South Bay Fire Station: 2315 Bayview Heights Drive, Los Osos, CA 93402
  - Nipomo Fire Station: 450 Pioneer Avenue, Nipomo, CA 93444
  - Airport Fire Station: 4671 Broad Street, San Luis Obispo, CA 93401
  - Mesa Fire Station: 2391 Willow Road, Arroyo Grande, CA 93420
  - Paso Robles Fire Station: 2510 Ramada Drive, Paso Robles, CA 93446
  - Heritage Ranch Fire Station: 4820 Heritage Road, Paso Robles, CA 93446
  - Oak Shores Fire Station (PCF): Lower Ridge Rider Road, Bradley, CA 93426
  - Las Tablas Fire Station: 275 Cypress Mountain Drive, Paso Robles, CA 93446
  - Parkhill Fire Station: 6140 Parkhill Road, Santa Margarita, CA 93453
  - La Panza Fire Station: 5398 Pozo Road, Santa Margarita, CA 93453
  - Carrizo Plain Fire Station: 13080 Soda Lake Road, California Valley, CA 93453
  - Creston Fire Station: 6055 Webster Rd, Creston, CA 93422
  - Shandon Fire Station: 501 Centre Street, Shandon, CA 93461
  - Meridian Fire Station: 4050 Branch, Paso Robles, CA 93446
  - Avila Valley Fire Station: 1551 Sparrow Road, San Luis Obispo, CA 93405
  - Shell Beach Fire Station: 2555 Shell Beach Road, Pismo Beach, CA 93449
  - Pismo Beach Fire Department: 990 Bello Street, Pismo Beach, CA 93449

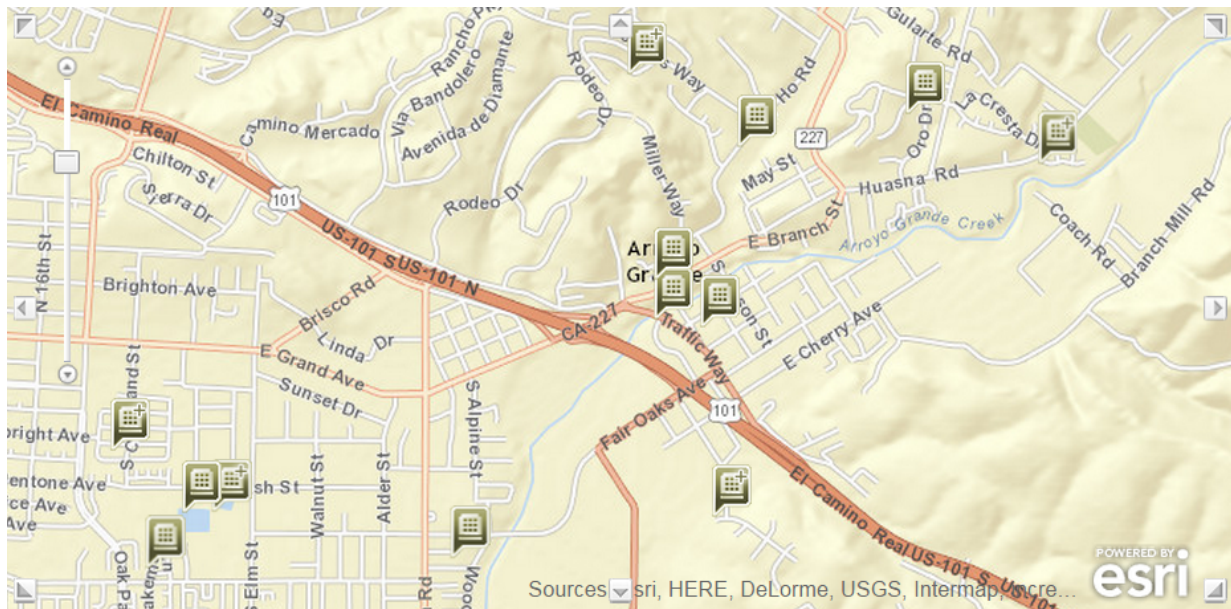
### **CITY OF ARROYO GRANDE**

Arroyo Grande's police department headquarters are located in the center of the city. The police department's Neighborhood Services Technician is responsible for both code and parking enforcement. The public works department maintains the city's streets, parks, and water and sewer facilities.

The Cities of Arroyo Grande and Grover Beach, as well as the unincorporated community of Halcyon, the Oceano Community Services District, and the Oceano Dunes State Vehicle Recreation Area, have collaborated to form the Five Cities Fire Authority. This Authority has three stations, including one in Arroyo Grande.

Arroyo Grande maintains various recreational facilities for the use of its residents, including parks, community gardens, barbecue areas, wildlife preserves, and sports and fitness facilities. The recreational facilities are fairly well distributed throughout the city as shown in the map on the next page.

## Recreational Facilities



One of the most controversial events in the recent history of Arroyo Grande involved the response of the police department and other city officials to a cross burning. On March 18, 2011, an eleven-foot cross was burned outside the home of a woman of mixed race. Some media reports stated that a police commander or the city's mayor initially described the incident as a "prank." However, the police chief and other officials denied these reports, and the police department investigated the matter as a hate crime in collaboration with several other law enforcement agencies, including the Federal Bureau of Investigation. Four people were ultimately convicted.

Addresses:

- Police department: 200 N. Halcyon Road
- Public works: 1375 Ash Street
- City Hall: 300 E. Branch St.
- Five Cities Fire Authority:
  - Station 1: 140 Traffic Way, Arroyo Grande, CA 93420
  - Station 2: 701 Rockaway Avenue, Grover Beach, CA 93433
  - Station 3: 1655 Front Street, Oceano, CA 93445

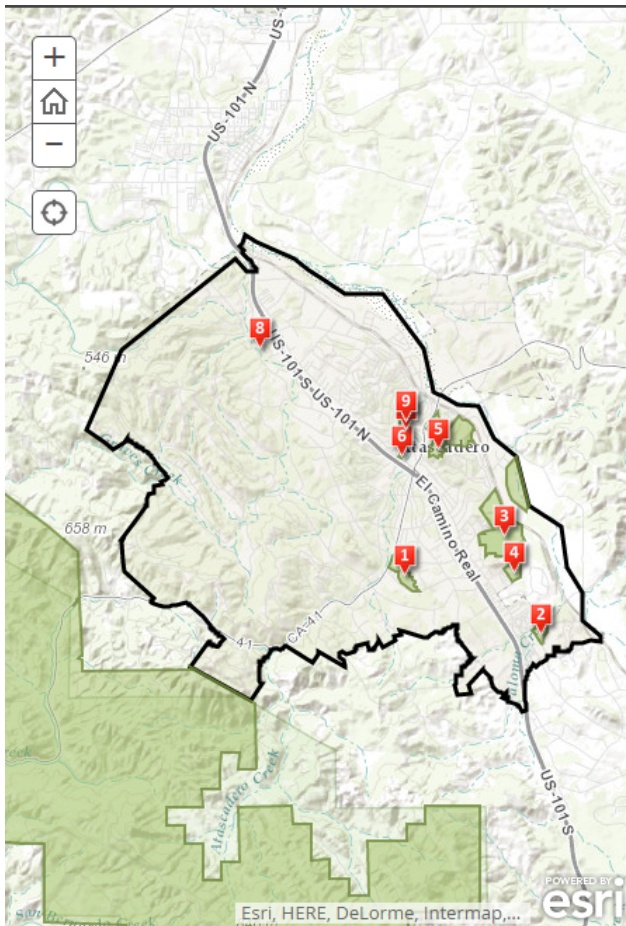
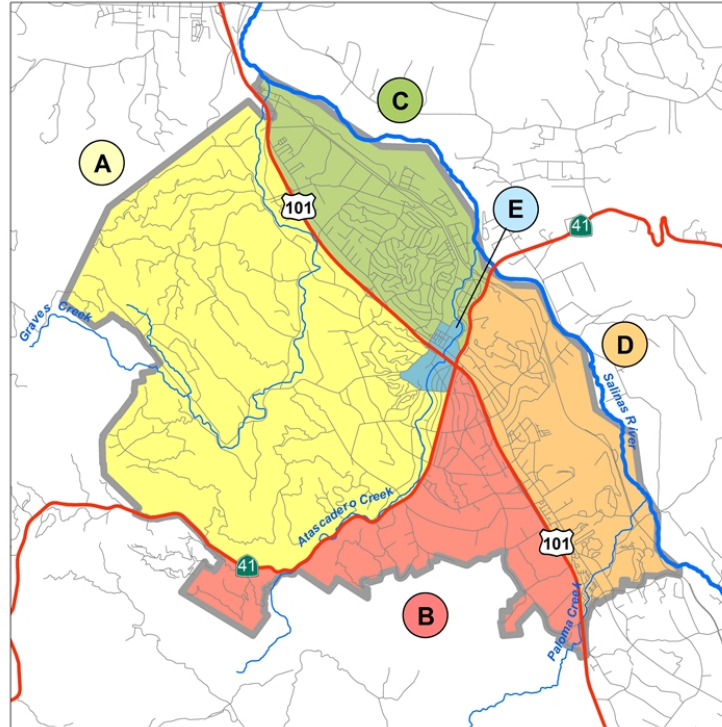
## CITY OF ATASCADERO

Atascadero's fire department has two fire stations, one in the central commercial area of the City and one in the southeast. The fire department is also responsible for code enforcement. The public works department manages the maintenance of streets, facilities, and water and sewer systems.

The police department is also located in the center of the City. The department divides the city into five service areas and assigns an Area Coordinator to each service area who serves as the main contact for non-emergency concerns for that area's residents. As shown in the map on the

following page, the service areas seem to be appropriately divided such that the service area in the dense downtown is smaller than the service areas for the less dense parts of the City.

**Police Service Areas**



**City Parks and Community Centers**

Atascadero has nine city parks and community centers. Although they are clustered in the northeastern part of the city, as shown in the map to the left, this matches the population distribution of the City.

Addresses:

- Fire Station One: 6005 Lewis Avenue
- Fire Station Two: 9801 West Front
- Police department: 5505 El Camino Real
- City Hall: 6500 Palma Avenue

City of Grover Beach

Grover Beach participates in the Five Cities Fire Authority and has one fire station in the city. The fire and police stations are located close to each other in a central location. The public works department is responsible for code enforcement as well as street construction and repair and facilities maintenance. The city maintains several recreation facilities at the following locations:

- Grover Heights Park (Atlantic City Avenue and N.8th Street)
- 16th Street Park (16th Street and Mentone Avenue)
- Mentone Basin Park (Trouville Avenue and S. 14th Street)
- Hero Community Park (Farroll Road and S. 16th Street)
- Ramona Garden Park (Ramona Avenue and 9th Street)

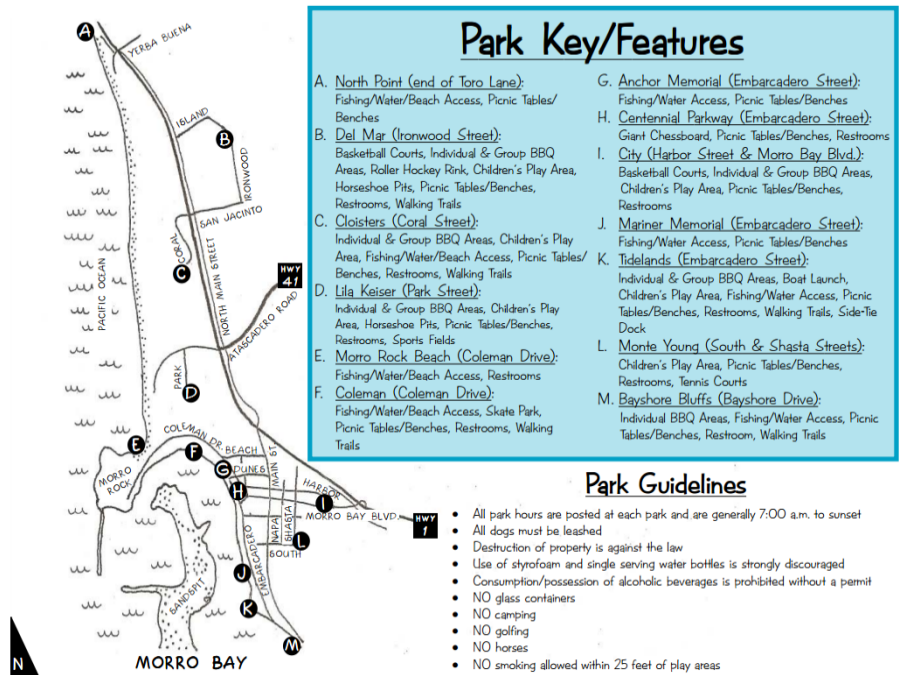
Addresses:

1. Police department: 711 Rockaway Avenue Grover Beach, CA 93433
2. City Hall: 154 S. Eighth Street, Grover Beach, CA
3. Five Cities Fire Authority:
  - a. Station 1: 140 Traffic Way, Arroyo Grande, CA 93420
  - b. Station 2: 701 Rockaway Avenue, Grover Beach, CA 93433
  - c. Station 3: 1655 Front Street, Oceano, CA 93445

**CITY OF MORRO BAY**

Morro Bay’s police station is situated in a central location, as is the fire department’s headquarters and main fire station. The City also has a secondary non-staffed fire station, located in the northern strip of the City, which is used by off-duty fire fighters when additional resources are needed.

The City’s streets and water and sewer systems are maintained by the public works department. Code enforcement is currently shared by several departments including the police, fire, and public works departments. The City has several parks, mostly located along the coastline, as shown in the map above.





Several recent controversies in Morro Bay have revolved around the City's water and sewer services. First, in March 2015, Morro Bay's City Council voted to raise the City's water and sewer rates to more than twice the previous rates. This sharp increase could disproportionately affect low-income residents.

Last year, the City announced plans to construct a new sewage treatment plant and water reclamation facility just outside city limits. The property selected for the project is adjacent to a mobile home and recreational vehicle community. The decision to locate the plant on this property could adversely affect the mobile home community, which is likely one of the most affordable housing options in the area. The City should take care to consider the interests of the residents of the mobile home park, even if they live outside the city limits.

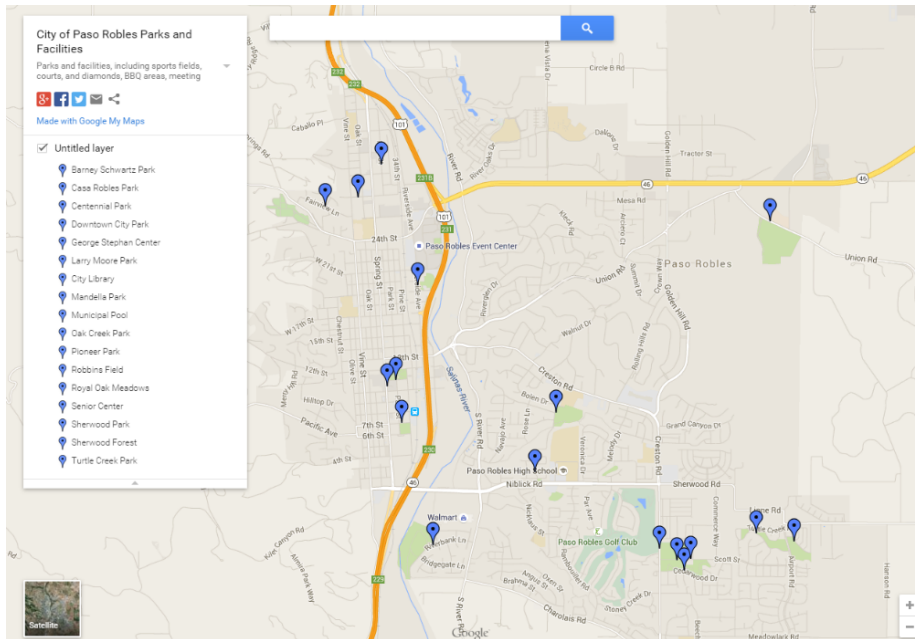
Addresses:

- Police department: 850 Morro Bay Boulevard
- Fire department headquarters and Fire Station 53: 715 Harbor Street
- Fire Station 54: 460 Bonita Street
- Public works department: 955 Shasta Avenue
- City Hall: 595 Harbor Street

### **CITY OF PASO ROBLES**

The Paso Robles police and fire stations are located toward the western boundary of the City. Although they are not in a central location, they lie in the densest portion of the City, which may be the most appropriate location. The police department handles code enforcement matters. The public works department is responsible for maintaining the city's streets, airport, parks, and water and sewer facilities. The recreation department maintains 18 different recreational facilities throughout the City as depicted in the map below. The City also features the only city-run library in the County.

## Recreational Facilities



Some residents of the more rural areas of Paso Robles have recently criticized the City and County's water use policies. During the severe drought of the last several years, water levels in the Paso Robles Groundwater Basin, the large aquifer that supplies water to the area, have dropped significantly. Many rural residents feel that the City's surging wine industry is to blame for the dropping water levels and have called for restrictions on the use of water on vineyards.

The Paso Robles Groundwater Basin is identified under the State's recently adopted Sustainable Groundwater Management Act as a high priority basin, meaning that there must be a Groundwater Management Plan adopted by the year 2020. In 2016, landowners in the basin voted against forming a Groundwater Management District to oversee the creation of the plan and implementation efforts, so San Luis Obispo County officials are currently considering various other options to meet this requirement. In evaluating their water policies, County and city officials should be sure to take the needs of rural residents into consideration.

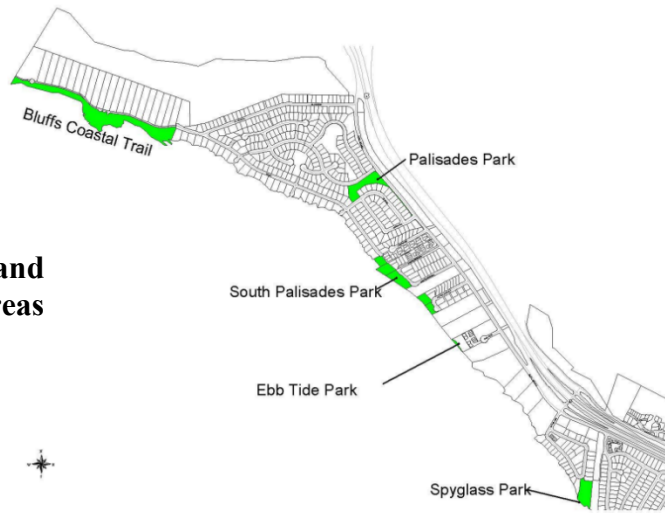
Addresses:

- Police and fire departments: 900 Park Street
- City Hall and public works department: 1000 Spring Street

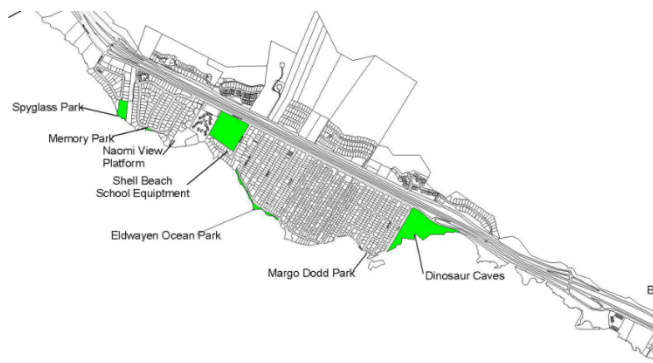
### CITY OF PISMO BEACH

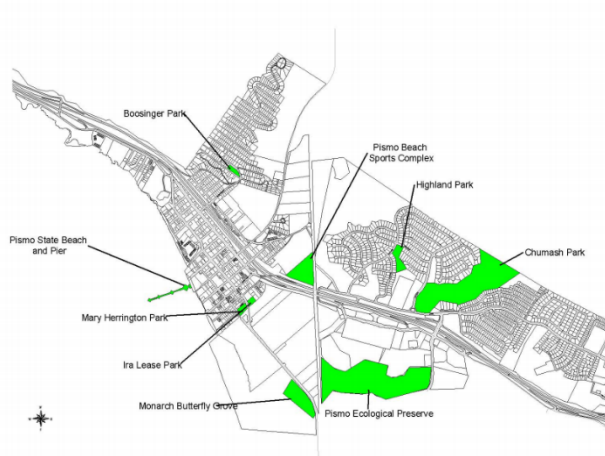
The police and fire departments are both centrally located within Pismo Beach. The public works department designs and maintains the city's facilities and infrastructure, and the parks division oversees the city's seven parks and two halls. The maps below indicate the locations of parks and other recreational facilities in the northern, central, and southern portions of the City.

### Parks and Recreational Areas



### Parks and Recreational Areas





Two recent incidents were reported regarding potential racial discrimination.

In March 2015, an African-American resident of Pismo Beach filed a lawsuit against the City and three police officers alleging that the officers discriminated against him on the basis of race. He alleged that the officers wrongfully identified him as the suspect of a burglary because of his race, arrested him, and caused him to spend three days in jail before he was released on bail. The court dismissed the complaint because the statute of limitations had passed.

„ In 2014, a resident of Pismo Beach claimed that police officers used excessive force during a wrongful arrest after the officers mistook her seizures for drunkenness and combativeness. The resident, who has epilepsy, claimed that she called for an ambulance after having seizures. Instead, police officers arrived, mistook her illness for intoxication, injured her during the arrest, and denied her medical care. The officers maintained that she was intoxicated and resisted arrest and that they took her to a hospital. The resident was charged with public intoxication, resisting arrest and battery on a police officer and ultimately pleaded guilty to public intoxication. She has not filed suit against the city.

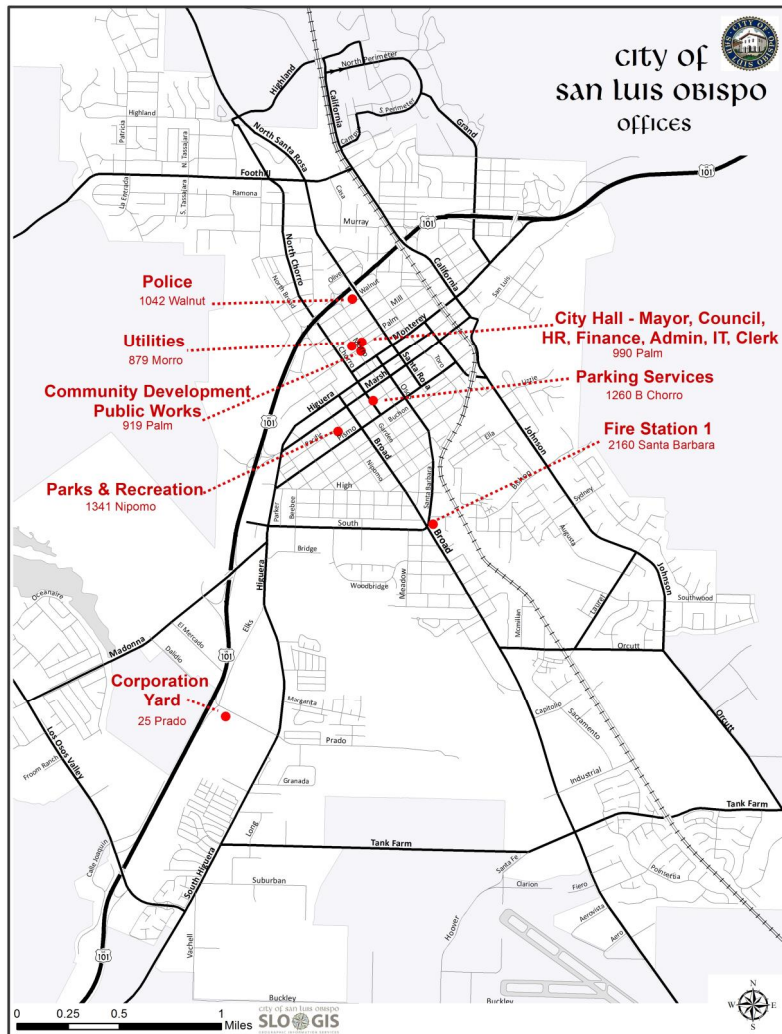
These two claims that did not result in formal findings of misconduct do not necessarily indicate discrimination in the provision of police services. However, they should serve as encouragement for the police department and other city officials to continue improving their interactions with minority residents and residents with disabilities.

Addresses:

- City Hall, fire and public works departments: 760 Mattie Road
- Police department: 1000 Bello Street

### **CITY OF SAN LUIS OBISPO**

San Luis Obispo's police and fire stations and other City offices are centrally located, as shown in the map below. The city's Code Enforcement Officers and Neighborhood Services Specialists, who work in the Community Development Department, are responsible for code enforcement.



The City also maintains several parks, located at the following addresses:

- 870 Mission Street
- 100 Block Buena Vista
- Santa Rosa and Marsh
- 680 Industrial Way
- 1651 Spooner Drive
- San Luis Drive near California Avenue
- 1316 Beach Street
- 170 Brook Street
- 1040 Fuller Road
- 1151 Tank Farm Road
- 1020 Southwood
- 890 Mirada
- 504 Madonna Road
- 2333 Meadow
- 1400 Osos
- Santa Rosa and Oak
- 900 Southwood
- 510 Cerro Romauldo
- 1170 Vista Lago

In 2012, the City of San Luis Obispo and its Chief of Police were the subjects of a lawsuit alleging that the police discriminated against homeless individuals. According to the complaint, the City's police department discriminatorily targeted the homeless population for enforcement of a city ordinance making it unlawful to sleep or live in a vehicle. The superior court judge issued a preliminary injunction ordering the police to stop issuing citations to homeless individuals sleeping in their cars. In his order, the judge noted that the police were not only ticketing homeless individuals but seemed to be using threats and intimidation designed to force the homeless population to leave the City. The City Council resolved the suit through a settlement agreement stipulating that the City would dismiss all such tickets issued that year.

Approximately four thousand residents of San Luis Obispo County are homeless. The police departments and other municipal service providers in the county should be mindful of the needs and rights of homeless persons and should consider additional steps to ensure that homeless persons have equal access to services.

Addresses:

- Police department: 1042 Walnut Street
- Fire department: 2160 Santa Barbara Avenue
- City Hall: 990 Palm Street
- Public works department: 919 Palm Street

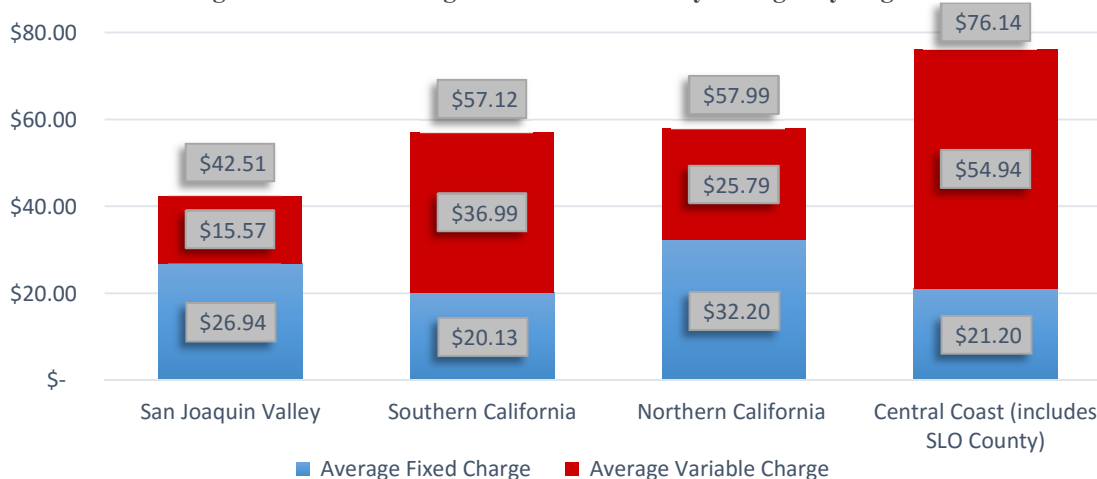
## WATER ISSUES

Water is a valuable and scarce resource in San Luis Obispo County. As the County enters its fifth year of a severe drought, the conflicting demands on the limited water supply pose difficult policy choices. The historically high water prices in the County, coupled with impending water shortages have the potential to threaten future development of affordable housing and impact fair housing choice. In drought conditions, opposition to affordable housing development may be cloaked in an unfounded concern over the amount of water a new multi-family development will expend. As such, it is important to understand the challenges the County faces with its water supply to effectively evaluate impediments to fair housing choice. This requires looking at the cities in the County because individually they can, within the limits prescribed by the State of California, set their own policy with respect to source, price, and delivery of water.

### Background

Water resource allocation is of special concern to San Luis Obispo County; the Central Coast pays among the highest residential water rates, mostly due to the cost of transporting and treating surface water delivered from other regions. In addition, a combination of poor water source diversification and a history of lax regulation have contributed to high water costs and relative water insecurity.

Figure 19: 2013 Average Residential Monthly Charges by Region



<sup>1</sup>Based on Residential Use of 15cc<sup>3</sup> (11,220 gal) per month

Prior to legislation passed in 2014, California was the only western state that lacked groundwater regulation. Landowners were, in general, entitled to the reasonable use of groundwater on property overlying the groundwater basin. As the historic drought intensified, an increasing number of landowners in California drilled more wells and extracted more ground water, which led to more pumping than what was naturally being replaced in basins. This trend directly affected San Luis Obispo County, which draws 80% of its water from groundwater sources, while on average, groundwater provides 40% of total annual agricultural and urban water uses in California. In the Paso Robles groundwater basin, over-pumping by farmers and residents has

caused aquifers to drop by 70 feet or more in some areas, with much of the over-pumping attributed to a significant increase in irrigated vineyards overlying the basin.

The problem of over-pumping is not unique to San Luis Obispo County, and lower prices in other regions can be attributed to a number of factors, including more abundant local surface water supplies, fully paid-off capital storage and delivery systems, and lower-cost contracts for water. For example, Santa Barbara County similarly relies on groundwater for the majority of its water supply. However, the County has more diverse sources of potable water, including water recycling, surface water, and Lake Cachuma, which augment their groundwater and create a more balanced supply. In addition, the County's allocation of water from the California Department of Water Resources (DWR) State Water Project (SWP) is far greater than San Luis Obispo County (45,486 compared to 25,000 AFY).

### Water Costs

The cost of water and development costs associated with establishing water service to new single and multi-family developments warrant scrutiny to determine whether they can be impediments to development of housing. The tables below compare some water rates throughout the County and detail the initial water system hookup fees for developers.

Table 12: Water and Development Costs – San Luis Obispo County and Incorporated Cities

	Rate Format	Minimum Fixed Monthly Charge	Rates (1 unit = 748 gallons)		Average Monthly Bill (based on 10 units/month)	Water Hook-up Fee	
			Units	Rate/Unit		Residential	Multi-Family
San Luis Obispo	Inclining	\$5.28	First 8 units	\$6.92	\$81.83	\$10,755	\$7,542
			Over 9 units	\$8.65			
Morro Bay	Inclining	\$23.00	First 3 units	\$3.00	\$68.00	\$1,630	\$1,215
			4 – 10 units	\$6.00			
			11 – 50 units	\$9.00			
			50 + units	\$12.00			
Pismo Beach	Inclining	\$25.43	First 10 units	\$2.60	\$51.43	\$10,483	\$8,202
			11 – 20 units	\$3.22			
			21 – 35 units	\$3.80			
			35 + units	\$5.20			
Grover Beach	Inclining	\$10.06	First 12 units	\$3.34	\$43.89	\$2,896	\$2,896
			13 – 21 units	\$3.53			
			22 – 41 units	\$4.04			
			42 + units	\$4.57			
Atascadero	Inclining	\$18.00	3 – 16 units	\$2.10	\$33.71	\$19,600	\$4,900 (dedicated landscape meter)
			17 – 33 units	\$3.25			
			34 – 67 units	\$5.25			\$9,800 (no dedicated landscape meter)
			68 – 100 units	\$6.50			
			101 – 133 units	\$8.00			
134 + units	\$10.00						
Paso Robles	Flat	\$0	1+ units	\$4.10	\$41.00	\$23,719	\$13,083



Fees and extractions for developing residential housing, if excessive, can have a significant impact on a developer's ability to provide affordable housing. They constrain development decisions and often change income targeting for affordable developers. In San Luis Obispo County, the data indicates that development impact fees for water differ greatly throughout the County, but are not excessive relative to the rest of the state.

The County and its cities should consider adopting best practices such as the payment deferral in Paso Robles. Paso Robles defers the payment of the impact fees from when the building permit is issued, to when the certificate of occupancy is issued. Postponing the fees helps mitigate the constraint to affordable housing developers that would occur if payment of the fees were due upon issuance of the building permit. To further the development of affordable housing, the County and its cities should also consider partially waiving or reducing water and sewer hookup fees for selected projects.

In addition, over the last four years, most cities within San Luis Obispo County have raised their water rates, and most now have tiered or inclining rate structures, which are designed to encourage households to conserve water. Going forward it is important to effectively manage the County's water resources to ensure the price of water does not become prohibitively expensive for affordable housing development.

### **Water & Residential Development**

Water management and land use are inextricably linked. In a time of drought and household rationing, concern over new residential development is understandable. However, it is important that policies arising from drought conditions do not unduly limit housing choice and affordable housing development under the guise of water conservation. The reality is that new housing is needed to keep up with demand in San Luis Obispo, and that agriculture, not residential use, accounts for about 80 percent of the state's water consumption.

To alleviate some of the concern over new development, the County should encourage the cities to adopt water demand offset programs for new developments similar to the program in place in the County's unincorporated areas of Los Osos and Nipomo. The City of San Luis Obispo used a similar program from approximately 1990 to 2005. While in effect, the City's program required a 2:1 offset for new development and relied on toilet replacements as the primary demand reduction mechanism, although other efficiency measures were allowed and utilized. In addition, the City offered a credit toward the development impact fee for completing retrofits. The toilet replacement program works for a limited time until the older toilet models have been replaced.

Through development, the County can better manage its water resources because new development uses less water than existing homes due to efficient appliances and landscaping. The County requires new developments to install efficient plumbing and water efficient landscape, and may consider encouraging developers to sub-meter individual multi-family units with tiered water rates. This would help ensure water conservation and efficient allocation of resources because individual units would use less water if water utilities were decoupled from rent.

The County's water crisis is further proof that environmental and water resources issues must be better integrated into economic development plans and projects. The increased competition for

finite water supplies coupled with the constantly changing and growing agricultural, urban, and environmental water demands create a challenging planning environment. In San Luis Obispo County, local surface water supplies are limited, imported water supplies (i.e., State Water Project) are expensive and subject to hydrologic variability, and groundwater has been relied upon too heavily, leading to the need for increased and sustainable management to maintain both water quantity and quality. These issues have profound impacts on future development in the County and better water resource management may lead to an increase in fair housing choice.

# SECTION II: CURRENT STATUS OF FAIR HOUSING

## PUBLIC SECTOR COMPLIANCE

### COUNTY RESOURCE ALLOCATION POLICIES

The County of San Luis Obispo and six of the cities within it— Arroyo Grande, Atascadero, Morro Bay, Paso Robles, Pismo Beach, and the City of San Luis Obispo—have entered into a Cooperation Agreement to form an Urban County for the purpose of jointly administering HUD housing and community development programs and funds. The three main sources of federal funding for housing and community development programs in the Urban County are the Community Development Block Grant (CDBG), the HOME Investment Partnerships Program (HOME), and Emergency Solutions Grants (ESG). CDBG funds are divided between the county and the participating cities on a formula basis, with the cities receiving about 56% of the CDBG funds and the county retaining the remaining 44%. The county alone administers HOME and ESG funds.

Each year, as required by HUD, the Urban County prepares a Consolidated Annual Performance and Evaluation Report (CAPER) outlining that year's accomplishments related to housing and community development. The most recent CAPER covers Fiscal Year (FY) 2013–2014, from July 1, 2013 through June 30, 2014. A review of this document reveals how the Urban County has used the federal funds available for housing and community development. For FY 2013–2014, the Urban County distributed the following funds:

- CDBG spending during this reporting period totaled \$2,435,353
- HOME spending during this reporting period totaled \$1,471,388
- ESG spending during this reporting period totaled \$187,184

The Urban County allocated these federal funds among four general priorities: 1) Affordable Housing; 2) Addressing Homelessness; 3) Economic Development; and 4) Public Facilities and Services. Funds allocated to the Affordable Housing Strategy included:

- A total of \$2,060,789 (\$1,273,200 in HOME and \$787,589 in CDBG funds) to increase the availability of affordable and decent rental housing for low- and moderate-income persons and families through the creation of six new deed-restricted affordable housing units in the City of San Luis Obispo and the construction of a 35-unit family-occupancy apartment complex in the City of San Luis Obispo.

- A total of \$80,874 (\$34,812 in CDBG and \$46,062 in HOME funds) to maintain and upgrade existing neighborhoods and housing units occupied by low- and moderate-income households. The accomplishments related to this objective were the rehabilitation of two women's shelters; performing minor home repairs at three homes and assisting six income-qualified households to install solar panels; and the rehabilitation of the HVAC system to the Atascadero Gardens Multi-Family Apartments in the City of Atascadero, benefitting 18 households.

Funds allocated to the Addressing Homelessness Strategy included:

- A total of \$393,712 (\$223,928 in CDBG and \$169,784 in ESG funds) to help operate and provide shelter to a total of 5,121 homeless individuals through the Maxine Lewis Memorial Shelter for the Homeless, the Prado Day Center for the Homeless, the El Camino Housing Organization, the Women's Shelter of San Luis Obispo County, and the Central Coast LINK.
- \$77,326 in HOME funds to help prevent homelessness by enabling people to obtain or retain decent affordable housing and supportive services. The Housing Authority of the City of San Luis Obispo and the Paso Robles Housing Authority used these funds to assist 54 households with special needs through the Tenant Based Rental Assistance program, which provides rental and deposit assistance.

Funds allocated to the Economic Development Strategy included:

- \$26,231 in CDBG funds for technical assistance workshops to small businesses through the Mission Community Services Corporation, benefitting 12 people.

Funds allocated to the Public Facilities and Public Services Strategy included:

- \$1,044,533 in CDBG funds to assist communities and neighborhoods that consist primarily of low- and moderate-income residents and cannot afford necessary public facilities and facilities that benefit low-income residents. Fourteen projects received CDBG funds during FY 2013–2014, mostly to increase the accessibility of roads, sidewalks, and public buildings. Seven of those projects were completed during this reporting period, benefitting 15,325 people.
- \$23,897 in CDBG funds to assist 1,407 low- and moderate-income people who could not afford necessary public services. The projects included the provision of recreational opportunities for residents with disabilities, a food pantry, a youth scholarship fund, and a senior nutrition program.

The CAPER indicates that most of the individuals who received assistance through CDBG-funded programs were non-Latino white residents. Of the 18,627 total individuals assisted through CDBG funds, 11,956 (roughly 64%) were non-Latino white, while 3,370 (18%) were Latino and 1,965 (11%) were multi-racial. Fewer than five percent of the residents assisted through CDBG funds were African-American (546 or 3%), Asian (420 or 2%), American Indian/Alaskan Native (265 or 1%), or Native Hawaiian/Other Pacific Islander (102 or less than 1%). Similarly, HOME funds assisted 63 non-Latino white residents, 40 Latino residents, one African-American resident, and one resident of another or multiple races.

The Urban County also distributed additional non-federal funds to these and other housing programs. During FY 2013–2014, the Urban County leveraged approximately \$1,295,101 from other sources for the CDBG, HOME and ESG programs. HUD requires a local match of 25% of the HOME funds used to develop affordable housing, which the Urban County fulfilled through public sector grants, tenant contributions, and local redevelopment agency funds. Recipients of ESG funds must match the federal funds dollar for dollar from either local government agencies or private donors. For FY 2013–2014, the programs that received ESG funds in the Urban County secured matching funds from San Luis Obispo County’s General Funds and through fundraisers, local cash, and in-kind services. There is no requirement for matching CDBG funds, but most activities that used CDBG funds involved both federal and non-federal funds.

Apart from the CDBG, HOME, and ESG programs, the County of San Luis Obispo also contributed \$40,161 from its General Fund to the Housing Trust Fund to facilitate the provision of grants and loans to developers of affordable housing projects. The Urban County also receives HUD-VASH vouchers to house veterans, and the County Department of Social Services has provided housing and other services to homeless individuals through a state grant. The County also spends \$180,000 in General Fund monies on homeless services each year.

Since 2013, the Urban County has used a \$1 million CalHome grant from the California Department of Housing and Community Development to fund its First Time Home Buyer Program. This program, previously funded through HOME funds, increases first-time homeownership opportunities for low- and moderate-income households.

The Urban County recently released its 2015–2019 Consolidated Plan, which discusses the housing needs of the county and outlines its strategic housing and community development plan for the next five years. The top two priorities for the Urban County over this time period are providing affordable rental housing for very low, low, and moderate income residents and providing services to the homeless population. Therefore, the Urban County’s strategy is to dedicate CDBG, HOME, and ESG funds to projects that address these priorities.

The Consolidated Plan anticipates a decrease in CDBG funds compared to the prior five-year period. In response, the Urban County plans to use General Fund money, rather than CDBG funds, for public services projects, so it can direct the limited CDBG funds toward affordable housing and public facilities projects. HOME funds are also expected to decrease, so the Urban County will apply these funds to one shovel-ready affordable housing project each year. In contrast, ESG funds have been increasing, and they will support a variety of projects and services benefitting individuals who are homeless or at risk of becoming homeless.

## CITY RESOURCE ALLOCATION POLICIES

### **City of San Luis Obispo**

The City of San Luis Obispo receives Community Development Block Grant (CDBG) funding from HUD on an annual basis. Through a Cooperation Agreement with the county, the City and county share the administration costs of the CDBG program. The City established four priorities for the distribution of CDGB funds for Fiscal Year (FY) 2015: 1) emergency and transitional shelters, homelessness prevention, and services for homeless individuals; 2) developing and enhancing affordable housing for low-income persons; 3) promoting accessibility and removal of architectural barriers for individuals with disabilities and elderly individuals; and 4) economic development, including low- and moderate-income jobs.

For FY 2015, the City of San Luis Obispo received \$466,109 in CDBG funding from HUD. The City allocated the funds as follows:

- Community Action Partnership of San Luis Obispo County - Maxine Lewis Homeless Shelter: \$69,916
- Housing Authority of San Luis Obispo - Affordable Housing Property Acquisition: \$197,971
- City of San Luis Obispo - ADA Curb Ramps: \$105,000
- City Administration: \$32,628
- County Administration: \$60,594

The City's funding priorities and allocation demonstrate significant efforts to support housing services for homeless individuals and affordable housing for low-income individuals. In particular, the funding for the construction of an affordable housing project, which will include eighteen units affordable to low- and very-low-income households, is a positive step to increase affordable housing in the City.

### **Pismo Beach**

Pismo Beach is a member of the Urban County Consortium of San Luis Obispo County, which is a consortium of participating jurisdictions that includes the Cities of Paso Robles, Atascadero, San Luis Obispo, Arroyo Grande and Pismo Beach for the purpose of receiving and allocating CDBG funds. For Fiscal Year 2015, Pismo Beach received \$23,170 in CDBG funding. The City allocated the entirety of its 2015 CDBG funding to the Community Action Partnership of San Luis Obispo County (CAPSLO) for home repairs for low-income households, individuals with disabilities, and seniors. The repairs will include the removal of architectural barriers to increase the ability of elderly residents and persons with disabilities to move around their homes, as well as other necessary or safety-related home repairs. CAPSLO will also advise the residents of other available social services. This allocation of resources supports fair housing by assisting low-income households, seniors, and individuals with disabilities so that they can continue living in homes to which they might otherwise lose access.

## Arroyo Grande

The City of Arroyo Grande receives an annual formula-based allocation of Community Development Block Grant (CDBG) funds as a member of San Luis Obispo County's Urban County Consortium. The City has entered into a Cooperation Agreement with the County to coordinate the administration of these funds and share operating expenses. Pursuant to HUD requirements, Arroyo Grande distributes the funds to a variety of community development projects that further at least one of three national objectives: benefiting low- and moderate-income persons; aiding in the prevention or elimination of slums or blight; or addressing urgent community development needs that pose a serious or immediate threat to public health or welfare.

For the Fiscal Year (FY) ending June 30, 2014, Arroyo Grande distributed a total of \$62,583 of CDBG funds to the following programs:

- Community Action Partnership of San Luis Obispo County - Adult Wellness and Prevention Screening Program: \$8,657
- City of Arroyo Grande - Removal of Architectural Barriers: \$35,401
- Façade Grant: \$5,000
- City Administration: \$8,657

In 2015, the City adopted a new policy for the distribution of its CDBG funds. Starting with the FY 2015 allocation, the City will devote the full amount of the CDBG funds to the removal of architectural barriers in public facilities to ensure compliance with the Americans with Disabilities Act (ADA). Any public service programs that previously received CDBG funds will instead be funded entirely through the City's new Community Service Grant Program, which awards monetary grants to non-profit groups that directly provide social service, educational, cultural, beautification and recreation programs and projects. Through this new policy of allocating CDBG funds solely to ADA compliance efforts, the City intends to minimize the burdens of complying with HUD's funding restrictions and oversight requirements. This approach will allow the City to dedicate more funds to public service programs than the fifteen percent of the CDBG funding that HUD allows the City to apply to these programs.

Thus, for FY 2015, Arroyo Grande has allocated its \$73,993 in CDBG funding as follows:

- City of Arroyo Grande - Removal of Architectural Barriers: \$59,194
- City Administration: \$5,180
- County Administration: \$9,619

Through its new Community Service Grant Program, the City distributed a total of \$20,000 to eleven public service programs, including three programs focusing on services for homeless individuals. This is a higher amount than the fifteen percent (\$11,099) of the City's total CDBG funding that it could have allocated under HUD requirements. However, it was not sufficient to fulfill the \$60,948.48 requested by the public service program applicants. From a fair housing perspective, the City's policy of devoting the entirety of its CDBG funding to ADA compliance and grant administration, rather than affordable housing or supportive housing for homeless individuals, may be a matter of concern.

## Paso Robles

The City of Paso Robles is a member of the Urban County Consortium of San Luis Obispo, which is a consortium of participating jurisdictions that includes San Luis Obispo County and the Cities of Paso Robles, Atascadero, San Luis Obispo and Arroyo Grande for the purpose of receiving and allocating CDBG funds. Under the Cooperation Agreement, the City of Paso Robles is guaranteed a certain annual percentage of CDBG funds allotted to the County, based on a formula that considers population and income profiles.

- In 2015, CDBG funding for the City Paso Robles totaled \$191,465. The City allocated their funding to be spent as follows:
  - \$124,453 to replace four non-ADA-compliant ramps, and link sidewalks that are up-lifted on Vine Street between the intersection of 16th and Vine Street and 18th and Vine Street.
  - \$28,720 to the El Camino Homeless Organization to operate a homeless shelter for individuals and families in northern San Luis Obispo County.
  - \$38,292 to administer the CDBG program and implement programs identified in the City's Housing Element of the General Plan to benefit low and moderate-income persons and to aid in the prevention or elimination of slums or blight.
- In 2014, CDBG funding for the City Paso Robles totaled \$165,079. The City allocated their funding to be spent as follows:
  - \$110,317 to install new ramps and replace existing ramps that do not comply with the requirements of the Americans with Disabilities Act (ADA).
  - \$24,762 to the El Camino Homeless Organization to operate a homeless shelter for individuals and families in northern San Luis Obispo County.
  - \$30,000 to the City to administer the CDBG program and implement programs identified in the City's Housing Element of the General Plan to benefit low and moderate-income persons and to aid in the prevention or elimination of slums or blight.

The City spent 85% of its two-year CDBG allocation on replacing or installing ramps and administering the CDBG grant program. From a fair housing perspective, the City's prioritization of ADA spending and grant administration and dearth of funding for affordable housing or supportive housing for homeless individuals, raises concerns. The primary goals of CDBG funding are to assist development of affordable housing, establish and maintain a suitable living environment, and expand economic opportunities for low and moderate-income residents. Going forward the City should consider allocating its resources to better accomplish these goals, especially as it relates to affordable housing.

## Atascadero

The City of Atascadero is a member of the Urban County Consortium of San Luis Obispo, which is a consortium of participating jurisdictions that includes San Luis Obispo County and the Cities of Paso Robles, Atascadero, San Luis Obispo and Arroyo Grande for the purpose of receiving and allocating CDBG funds.



- In 2015, CDBG funding for the Atascadero totaled \$131,714. The City allocated their funding to be spent as follows:
  - \$86,614 to the City for sidewalk accessibility improvements
  - \$8,000 to the City for youth activity scholarships
  - \$8,000 to Atascadero Loaves and Fishes to operate a food pantry
  - \$3,757 to the El Camino Homeless Organization to operate a homeless shelter for individuals and families in northern San Luis Obispo County.
  - \$25,343 to the City to administer the CDBG program
- In 2014, CDBG funding for the Atascadero totaled \$121,388. The City allocated their funding to be spent as follows:
  - \$72,042 to the City for handicapped accessibility barrier removal projects
  - \$7,138 to R.I.S.E. for HVAC Improvements
  - \$4,552 to the City for youth activity Scholarships
  - \$4,552 to Atascadero Loaves and Fishes to operate a food pantry
  - \$9,104 to the El Camino Homeless Organization to operate a homeless shelter for individuals and families in northern San Luis Obispo County.
  - \$24,000 to the City to administer the CDBG program

The City of Atascadero allocated \$235,102 in CDBG funding for 2015 and 2014. Of this total, not a single award was distributed for the purpose of creating or preserving affordable housing. In fact, 88% of the federal money went toward ADA compliance spending and grant administration. This distribution of funding raises potential fair housing concerns. While ADA compliance is important, the City should consider reprioritizing its spending of CDBG funds address needs for affordable housing and supportive housing for homeless individuals.

### **Morro Bay**

In 2011, the City of Morro Bay agreed to join with the Urban County Consortium of San Luis Obispo, which is a consortium of participating jurisdictions that includes San Luis Obispo County and the Cities of Paso Robles, Atascadero, San Luis Obispo and Arroyo Grande for the purpose of receiving and allocating CDBG funds.

- In 2015, CDBG funding for the City of Morro Bay totaled \$72,405. The City allocated their funding to be spent as follows:
  - \$57,924 to the City for a sidewalk accessibility improvements
  - \$14,482 to the City to administer the CDBG program
- In 2014, CDBG funding for the City of Morro Bay totaled \$52,205. The City allocated their funding to be spent as follows:
  - \$7,830 to the Senior Nutrition Program of San Luis Obispo County
  - \$33,934 to the City for their Pedestrian Accessibility Project
  - \$10,441 to the City to administer the CDBG program

The City of Morro Bay should make the creation and preservation of affordable and supportive housing a higher priority in its CDBG funding decisions. The City spent 94% of its two-year CDBG allocation on replacing or installing handicapped ramps and administering the CDBG grant program and needs to support housing services for homeless individuals and affordable housing for low-income individuals.

## COUNTY ZONING AND LAND USE

Zoning and land use regulations play an important role in determining the location, type, and amount of housing that is developed in a community. Exclusionary zoning that severely constrains the production of affordable housing which is likely to be disproportionately occupied by low-income people of color is a frequent cause of fair housing litigation and a major fair housing issue nationally. Exclusionary zoning may operate by limiting the production of affordable housing overall or limiting affordable housing to certain geographic areas but not others. Additionally, zoning and land use regulations can have a significant impact on fair housing choice for persons with disabilities by either directly targeting types of housing in which persons with disabilities are likely to reside, such as group homes or supportive housing, or by making it difficult for homeowners, landlords, and tenants to modify their homes to make them accessible.

Under California law, the seven incorporated cities in San Luis Obispo County have zoning and land use authority within their jurisdictions, and the County has authority over its remaining land area. This section of the AI will look first at the County's relevant zoning and land use regulations and then at each of the cities in turn. In assessing the County's regulations, points of emphasis will include zoning in and around the County's more heavily populated Census-Designated Places (CDPs) and on broadly applicable zoning and land use regulations.

### *Land Use Regulation and the Production of Housing*

There are a few relevant layers of regulation that affect the production of housing in unincorporated areas in San Luis Obispo County. The County has established permitted, conditional, and prohibited uses for each of these districts. The residential districts include – from least dense to most dense – Rural Lands, Residential Rural, Residential Suburban, Residential Single-Family, and Residential Multi-Family.

Unlike zoning ordinances in other locales, allowable density may vary widely within each zoning district. For each site that can be developed, allowable density is determined in accordance with factors like utility connections, emergency response time, geographic remoteness or proximity, and slope. For example, permitted density for Residential Multi-Family developments is determined in accordance with the intensity of the use, which is categorized as low, medium, or high. The factors for determining the intensity of use are type of road access, sewer service, and distance from a central business district. A site's intensity is the lowest intensity that it receives for any of these three categories. Thus, a site that is on a paved collector or arterial road (high intensity) and has access to community sewer (also high intensity), but is over one mile from a central business district (low intensity) must be developed at low intensity density levels. Higher density properties may be developed at higher intensity sites. The opposite is true as well – a lower intensity site allows for a lower density development. The table below depicts the allowable densities for multi-family housing at various levels of intensity.

**Table 13: Allowable Densities in Multi-Family Residential Districts –  
Unincorporated San Luis Obispo County**

Intensity Factor	Maximum Number of Units Per Acre	Maximum Floor Area	Minimum Open Area
Low	15	35%	55%
Medium	26	48%	45%
High	38	65%	40%

For the broad range of single-family districts, similar factors are used to determine the minimum lot size required for the site. As with the multi-family district, the intensity determination test results require that the lowest density seen controls any development. The table below shows the range of possible minimum lot sizes for the various districts.

**Table 14: Minimum Lot Sizes in Single-Family Residential Districts –  
Unincorporated San Luis Obispo County**

Zoning District	Lowest Minimum Lot Size	Highest Minimum Lot Size
Rural Lands	20 Acres	320 Acres
Residential Rural	5 Acres	20 Acres
Residential Suburban	1 Acre	5 Acres
Residential Single-Family	6,000 Square Feet	1 Acre

In light of housing market conditions in the County, only the Residential Single-Family zoning classification affords a reasonable prospect for the development of single-family homes that are affordable or at least within reach of moderate-income households. Less dense districts are generally used outside of populated areas where they reduce sprawl and preserve open space. However, when they are used in CDPs within Urban Reserve Lines (URLs), their use raises fair housing concerns. If undeveloped parcels within URLs are zoned Rural Lands, Residential Rural, or Residential Suburban, the County should consider rezoning those parcels as Residential Single-Family or Residential Multi-Family to promote more affordable housing. Additionally, as previously developed sites within URLs become available for redevelopment or new uses, the County should likewise consider upzoning.

A review of the land use maps for several CDPs reveals varying, but at times substantial, amounts of land with minimum lot sizes of 1 acre or more within URLs. In Templeton, most land west of Highway 101 is zoned Residential Rural or Residential Suburban. This land is all within the Urban Service Line (USL) in addition to the URL. In Los Osos, proportionally more of the single-family land is zoned Residential Single-Family; however, there remain significant portions of the southern and eastern portions of the CDP that are zoned Residential Suburban as well some land at the eastern end of the CDP that is zoned Residential Rural. In Los Osos, the zoning map may be more justifiable than in Templeton, as the low density land is generally outside of the USL. Nipomo appears to follow a similar pattern to Los Osos, with significant amounts of land zoned Residential Suburban, but with that land generally falling outside of the USL. One positive feature in the County's zoning of Nipomo is that Residential Multi-Family districts appear to comprise a more substantial portion of the area within the USL. In Cambria, nearly all single-family parcels are zoned Residential Single-Family, but relatively little land is zoned for multi-family housing. Nearly half of Oceano is zoned Residential Multi-Family, and no parcels are zoned for the least dense categories of single-family housing. The County's zoning in Oceano allows the development of multi-family housing but also raises some fair housing concerns as discussed below in the section concerning the distribution of housing.

The County also has a number of planning areas and sub-areas with requirements that may operate to further reduce allowable density. Although a review of the regulations for all of the planning areas and subareas is beyond the scope of this AI, a few examples are instructive. In the San Luis Obispo Sub-Area of the South County Planning Area, the minimum lot size for Residential Rural districts is increased from five acres to ten acres. In Templeton, multi-family development is limited to a maximum density of 26 units per acre, which is below the 38 units per acre allowable under the generally applicable provisions of the ordinance. On the other hand, the area-specific provisions for Templeton create an explicit incentive for affordable housing development by allowing single-family homes with minimum lot sizes as small as 6,000 square feet in affordable developments but requiring at least 7,500 square feet in market-rate developments. Although limits in the availability of housing subsidies suggest that more stringent requirements for market-rate developments may squeeze housing affordability overall, modest differences in density requirements like this one may serve to incentivize affordable housing development while not unduly limiting housing supply.

Like planning area and sub-area requirements, the California Coastal Commission also plays a role in regulating land use. Because of the unique role of a state agency in that process and the County's comparatively limited influence, the role of the California Coastal Commission is addressed in greater detail in another section.

In addition to complying with the use restrictions of the underlying zoning district and the intensity or minimum lot size requirements, developments must comply with a range of other regulations that may exert secondary effects on density. The most significant of these are maximum building heights and setback requirements. The County's setback requirements do not appear to be unreasonable on their face; however, the County should be receptive to any feedback from residential developers suggesting that setback requirements are increasing the cost of housing. For example, the County's Planned Development ordinance was written with developer input and allows setback flexibility for certain development projects. On the other hand, the maximum building height of 45 feet, approximately four stories, in high intensity multi-family development and the maximum height of 35 feet, about three stories, in low and medium intensity multi-family development appear to be unduly restrictive. The County should use a variety of land use and zoning techniques to allow for greater flexibility in high intensity multi-family development to promote affordable housing.

Next, a range of permitting requirements which may apply to developments on the basis of development characteristics and underlying zoning can also limit housing supply. For example, both single-family and multi-family housing are subject to a permitting requirement. The type of permit – and the time and expense of securing the permit – varies by the size of the development. Residential developments with four or fewer units must obtain a zoning clearance permit. Developments with five to 15 units must undergo site plan review. Those with 16 to 24 units must obtain discretionary approval of a minor use permit. Lastly, developments of 25 or more units must obtain a discretionary approval of a conditional use permit (CUP). The requirement of conditional use permits for any development of 25 units or more offers the County a vast amount of discretion and has the potential to provide local opponents of affordable housing the leverage necessary to stymie development attempts. The process of obtaining a CUP also adds time and cost to the development process and thus drives up the cost of housing units themselves. The

County should consider a shift in policy toward permitting residential development as of right where the requirements of the underlying zoning are met.

Lastly, San Luis Obispo County has a Growth Management Ordinance (GMO), which limits the availability of new construction permits to the number that would accommodate a 2.3% annual increase in the number of dwelling units in the County's unincorporated areas. No one developer can receive permits for more than 5% of any given year's allocation. More stringent constraints apply in some specific areas like Nipomo, where growth is limited to 1.8% annually. Growth management policies may raise competing concerns from a fair housing perspective. A positive effect of the GMO is that it channels population growth into more compact, urban development. This increases the prospects for residential racial and ethnic integration by decreasing the geographic distance between more expensive and less expensive housing. However, the GMO limits the overall supply of housing – and even when coupled with exceptions for affordable housing – any development limit could drive up the cost of housing in a manner that is likely to have a disproportionate impact on communities of color and persons with disabilities. It must be noted that the GMO has had very little impact on growth in the county. The 2.3% limit on housing unit permits / allocations has been reached in only four years between 1991 and 2015. During those four years, not all of the permitted / allocated units were built. If the 2.3% limit had been reached during every year since 1991, the GMO would have cumulatively allowed up to 25,000 new residential units. This would be in addition to the exemptions granted to affordable housing, secondary dwellings and farm support quarters. The 25,000 units would be roughly equivalent to 21 percent of the total number of dwelling units in the county as a whole in 2010.

A few provisions in the Growth Management Ordinance go some length toward mitigating this potentially harmful outcome. First, affordable housing, secondary dwellings, and farm support quarters – all of which are more likely to be occupied by members of protected classes than other types of housing – are exempt from the annual growth cap. These exemptions create positive incentives. For instance, multi-family developers may be more likely to structure their projects as mixed-income housing as the ability to build more units could help them to attain certain economies of scale that would otherwise be unattainable. Property owners with the space to add secondary or accessory dwellings might do so because of demand that is unsatisfied in light of the shortage of other types of housing. Another positive provision of the ordinance reserves 35% of the annual growth allocation for multi-family housing and relatively compact single-family development. Since the existing balance of the County's housing stock – particularly in the unincorporated areas – is skewed towards single-family homes, this provision will help encourage more compact, economical housing types.

Even with these positive features, the County's Growth Management Ordinance may constrain fair housing choice. Constraints on market-rate development have a strong effect on overall housing production, even when affordable housing units are exempt. In the future, if the GMO were to create a year-to-year limit on housing production, the County should consider upward revisions to the limit on annual growth permit / allocations. As an alternative, the County could also consider exempting market-rate units in inclusionary housing developments from the permit cap if the amount of inclusionary housing units is high enough – 15% to 20% - to warrant such an incentive.

### *Land Use Regulation and the Distribution of Housing*

In addition to affecting the amount of housing available and the affordability of housing, zoning and land use regulations play a role in determining the location of different types of housing in relation to each other. If housing types that are comparatively likely to be affordable, such as apartments or mobile homes, are clustered in one part of a jurisdiction but other areas exclusively feature single-family homes on large lots, residential racial and ethnic segregation may result. Because of the relatively small size the County's developed CDPs, multi-family districts do not appear to be especially concentrated. Multi-family districts tend to be located along major arterial roads, which can lead to the appearance of some concentration, but apartment dwellers still live within close geographic proximity of single-family homes and children residing in different housing types are likely to attend the same schools. The County should still look for opportunities to disperse multi-family housing within CDPs, particularly larger ones such as Los Osos and Nipomo where there appears to be greater potential for disparate access to community assets. Nonetheless, the concentration of multi-family housing within portions of individual CDPs does not appear to be a driver of segregation and, as a result, is not a significant impediment to fair housing choice.

The concentration of land zoned for multi-family housing in Oceano but not other unincorporated County communities raises potential fair housing concerns. Oceano has a high percentage Latino population and a poverty rate of 18.9%. In order to address that imbalance, the County should upzone land in other CDPs that are more heavily non-Latino white and have lower poverty rates. Templeton, Cambria and Los Osos should be given priority for upzoning. Such upzoning would present opportunities to foster increased diversity and integration in these communities.

### *Regulations That Target Persons with Disabilities*

Zoning and land use regulations can also raise fair housing concerns if they are used to target housing likely to be occupied by persons with disabilities or if they are enforced rigidly in a manner that ignores public entities' duty to provide reasonable accommodations under both the Fair Housing Act and Title II of the Americans with Disabilities Act. In general, San Luis Obispo County treats types of housing that are likely to be occupied by persons with disabilities in the same manner that it treats uses of the same level intensity. For instance, residential care facilities with six or fewer residents are a permitted use in all zoning districts, subject to the requirement that the dwelling itself comply with the underlying district regulations. Likewise, both supportive housing and transitional housing are subject to the same requirements as other single-family housing if they are single-family and the same requirements as other multi-family housing if they are multi-family.

Residential care facilities that house seven or more people are the exception to this general trend and require a CUP in all zoning districts. There are legitimate reasons for distinguishing between smaller residential care facilities and larger ones, both in terms of the land use impact of the intensity of the use and the need to promote more meaningful community integration for persons with disabilities. Nonetheless, if the CUP process is administered in a way that defers to discriminatory animus toward persons with disabilities or that denies reasonable accommodations to which housing providers are legally entitled, that would clearly raise significant fair housing issues. The County should monitor the implementation of the CUP

process for large residential care facilities to ensure that the fair housing choice of persons with disabilities is respected.

In addition to the requirement of a CUP for large residential care facilities, the County has one other potentially problematic provision. The definition of a “family” in the ordinance includes “[o]ne person living alone or two or more persons related to all others by blood, marriage, or legal adoption, or a group of no more than five unrelated persons living in a single dwelling.” The County ordinances allow residential care facilities by right (without a permit) when the facility serves six or fewer boarders / clients. A group of six or fewer persons with disabilities seeking to live with each other in a manner that does not constitute a residential care facility could face difficulties under this definition. Although the definition is facially neutral, it could have disparate impact on persons with disabilities, and the County may be required to provide relief from the definition as a reasonable accommodation.

The County helps to ensure that such requests will be processed properly by having an explicit reasonable accommodations policy written into its zoning ordinance. The policy is a good starting point but could be improved. The primary virtues of the policy are that it provides clarity to potential applicants and demonstrates the County’s commitment to following the law. However, the policy makes some categorical statements regarding instances when the County is not required to provide an accommodation which, while possibly true on a case-by-case basis, are not in accord with the law. For instance, the policy states that “[a] reasonable accommodation cannot waive a requirement for a land use permit when one is otherwise required or result (sic) in approved uses otherwise prohibited by the County’s Ordinances and General Plan.” The apparent reasoning behind this statement is that granting such accommodations would result in a fundamental alteration of the County’s zoning policies. It is true that the fundamental alteration defense is a shield to liability for refusal to provide reasonable accommodations; however, the inquiry into whether such a waiver constitutes a fundamental alteration is a fact-sensitive one that must be undertaken on a case by case basis.

The other primary deficiency in the reasonable accommodations policy is its failure to acknowledge that requests that do not comply with the requirements spelled out in the policy may still be valid requests that trigger legal duties on the part of the County. The establishment of a reasonable accommodations policy does not provide jurisdictions with a safe harbor from liability. If, for example, an applicant orally requests an accommodation, obligations are still triggered on the part of the County. The County should amend its policy to clarify how it will respond to and process requests that do not conform to the requirements set out in the ordinance.

### *Conclusion*

The County’s zoning and land use intersect with fair housing choice in a variety of complex ways. While there are positive aspects to the County’s zoning regulations, clear opportunities for improvement exist. Specifically, the County should seek to minimize the use of residential zoning districts that require minimum lot sizes of one acre or more within URLs and increase the use of multi-family zoning, particularly in Templeton, Cambria, and Los Osos. The County should also consider reducing the permit requirements for large residential developments, particularly those that comply with underlying zoning. The County should consider adjustments to its Growth Management Ordinance (GMO) to allow for more development overall in the event

that the GMO begins to restrict the year-after-year allocation of residential permits. With respect to housing for persons with disabilities, the County should monitor the application of the CUP requirement for large residential care facilities and the definition of a family in order to ensure that they are not being administered in a way that discriminates against persons with disabilities. The County should amend its reasonable accommodations policy to more closely track established law by not presuming that certain types of changes would constitute fundamental alterations of the County's zoning policy and by establishing protocols for processing accommodation requests that do not conform to the requirements of the ordinance but which are still valid under federal law.

## CITY ZONING AND LAND USE

### City of San Luis Obispo

#### *Zoning and Land Use*

The City of San Luis Obispo has four main residential zoning districts and three additional zoning districts that also allow residential uses. All four residential zones allow for mobile home parks as a matter of right.

Housing costs in San Luis Obispo are high. In 2013, the median cost of a house in the City of San Luis Obispo was \$569,000, compared to a median of \$390,000 in San Luis Obispo County. A large population of students attending Cal Poly State University and Cuesta College reside in San Luis Obispo, and groups of students are often able to out-compete non-student households for housing in single-family neighborhoods. The high costs and competition from student groups may prevent low-income families from accessing much of the housing in the City.

The Housing Construction Objectives listed in the Housing Element of the General Plan call for the construction of 800 new multi-family dwellings, and only 344 single-family dwellings, between 2014 and 2019, and the City provides a variety of resources for affordable housing programs.

The table below shows the types and densities of these seven zoning districts, and the map on the next page shows the distribution of the zoning districts throughout the City.

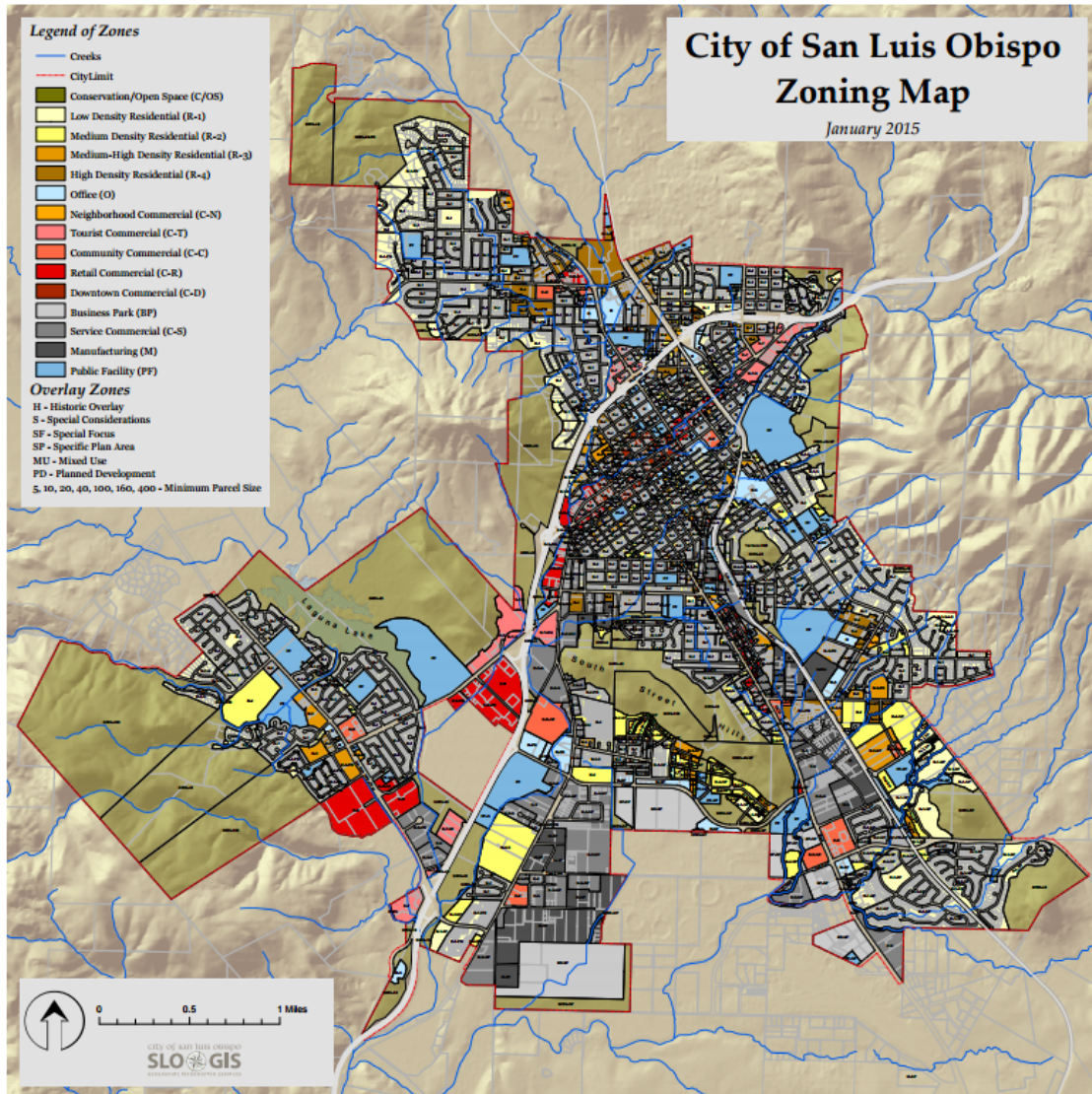
Table 15: Housing Permitted in the City of San Luis Obispo

Zoning District	Single-family, multi-family, or both	Maximum Density	Minimum Lot Area
Low-Density Residential (R-1)	Single-family	7 units/acre	6,000 square feet
Medium-Density Residential (R-2)	Both	12 units/acre	5,000 square feet
Medium-High Density Residential (R-3)	Both	18 units/acre	5,000 square feet
High-Density Residential	Both	24 units/acre	5,000 square feet



(R-4)			
Conservation / Open Space (C/OS)	Single-family	One dwelling/5 or more acres	5 acres or more as required by zone
Agricultural (AG)	Single-family	One dwelling/20 acres	5 acres or more as required by zone
Office (O)	Both	12 units/acre	5,000 square feet

Figure 20: Zoning Map for the City of San Luis Obispo



A review of the San Luis Obispo zoning map shows that the Low-Density R-1 zone is the most common zone, particularly around the border of the City, away from the commercial area in the center of the City. Approximately twenty percent of the City is zoned for low-density, single-family residential use. The higher-density R-2, R-3, R-4, and O zones are scattered throughout the City and are especially common near the central commercial area. Approximately eleven percent of the City is zoned for multi-family use, either R-2, R-3, or R-4 districts.

Fair housing objectives could be better met through an increase in districts allowing multi-family dwellings and a more even distribution of the high-density districts throughout the City. In particular, rezoning some portions of the low-density residential areas around the border of the City to allow for more multi-family dwellings could help increase access to these areas for low-income residents.

### *Regulations That Impact Persons with Disabilities*

San Luis Obispo's zoning regulations generally treat residential care facilities the same as other residences. Apart from Agricultural zones, residential care facilities regardless of size may be located in any zoning district that allows single- or multi-family dwellings: the zoning regulations permit residential care facilities in all four residential zoning districts (R-1, R-2, R-3, and R-4) as well as the Conservation/Open Space and Office districts.

San Luis Obispo has a reasonable accommodations provision that allows individuals with disabilities to request a reasonable accommodation in the application of zoning requirements. The provision states that the Community Development Director will review requests for reasonable accommodations and will grant a request if the accommodation is necessary to make housing available to an individual with disabilities and does not place an undue financial or administrative burden on the City or require a fundamental alteration in the nature of a City program or law.

## **Pismo Beach**

### *Zoning and Land Use*

Pismo Beach maintains two zoning codes. The 1983 Coastal Zone Code regulates approximately two-thirds of the City along the coast and sets out six types of residential zoning districts. The 1998 Non-Coastal Zone Code applies to the remaining one-third of the City lying outside the Coastal Zone and identifies four residential zoning districts. The City also provides for a density bonus for developers of affordable housing units, which allows a twenty-five percent increase in the number of dwelling units that would normally be allowed on the site.

The high housing costs in Pismo Beach acts as a barrier to fair housing. In 2008, the median price of a Pismo Beach house was \$784,000. Housing costs grew faster in Pismo Beach than in the county during a housing boom between 2003 and 2006 and declined more slowly after the boom ended in 2006. An increase in conversions of dwellings to seasonal vacation homes has also contributed to a shortage of affordable housing in Pismo Beach. While numerous single-

family houses have been built in the past decade, few new apartment buildings have been added to the area. The City has one affordable housing project that includes twelve units.

The residents of Pismo Beach have a higher median age than San Luis Obispo County as a whole at forty-seven years. Pismo Beach is also less racially diverse than the county, with a eighty-nine percent white population compared to the county's seventy percent. Approximately sixty-three percent of the housing units in Pismo Beach are single-family dwellings and seventeen percent are multi-family dwellings.

An additional twenty percent of the housing units in Pismo Beach are mobile homes and recreational vehicles. Mobile homes are among the most affordable housing options in the City; in 2009, the median sales price of a mobile home was \$155,900, plus costs to lease the land. However, there are no mobile home options in Pismo Beach for families or younger individuals because all mobile home parks in Pismo Beach are limited to seniors.

The table below shows the types and densities of the residential zoning districts in the Coastal and Non-Coastal Zones, and the figures below show the boundaries of the Coastal Zone and the distribution of zoning districts throughout the City.

**Table 16: Housing Permitted in Pismo Beach - Coastal Zone Code**

Zoning District	Single-family, multi-family, or both	Maximum Density	Minimum Lot Area
Single-Family Residential (R-1)	Single-family	1 unit per parcel	5,000 sq. ft.
Two and Three Family Residential (R-2) and Multi-Family Residential (R-3)	Both	22 units per acre	5,000 sq. ft.
Resort-Residential (R-R)	Both	30 units per acre	5,000 sq. ft.
Commercial Recreation (C-R)	Recreational Vehicles		two acres
Mobile Home (M-H)	Mobile Homes		two acres

**Table 17: Housing Permitted in Pismo Beach – Non-Coastal Zone Code**

Zoning District	Single-family, multi-family, or both	Maximum Density	Maximum Dwelling Units per Parcel	Minimum Lot Area
Single-Family Low Density Residential (RSL)	Single-family	1 to 8 units per acre	1 unit per parcel	5000 sq. ft.
Single-Family Medium Density Residential (RSM)	Single-family	9 to 15 units per acre	1 unit per parcel	5000 sq. ft.
Resort Residential-Low Density (RR-L)	Both	9 to 15 units per acre	1 unit per each 2,000 sq. ft. of parcel area	5,000 sq. ft.
Resort Residential-High Density (RR-H)	Both	16 to 30 units per acre	1 unit per each 1,450 sq. ft. of parcel area	5,000 sq. ft.

Figure 21: Coastal Zone Boundary Map

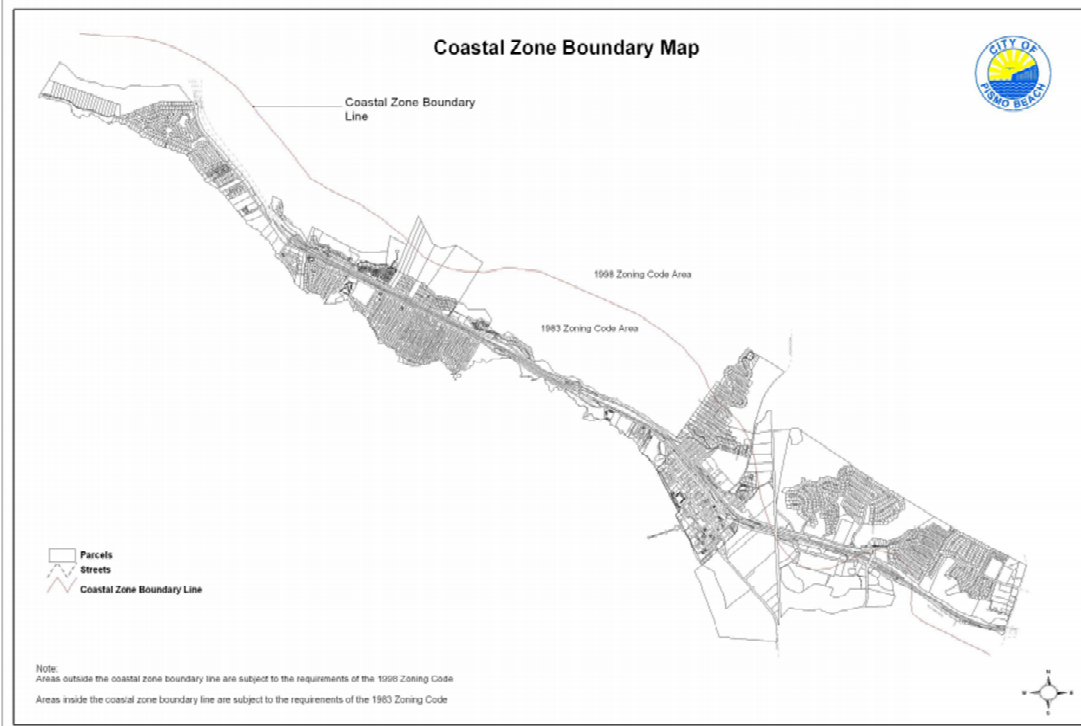


Figure 22: Coastal Zone Map North



Figure 23: Coastal Zone Map – South

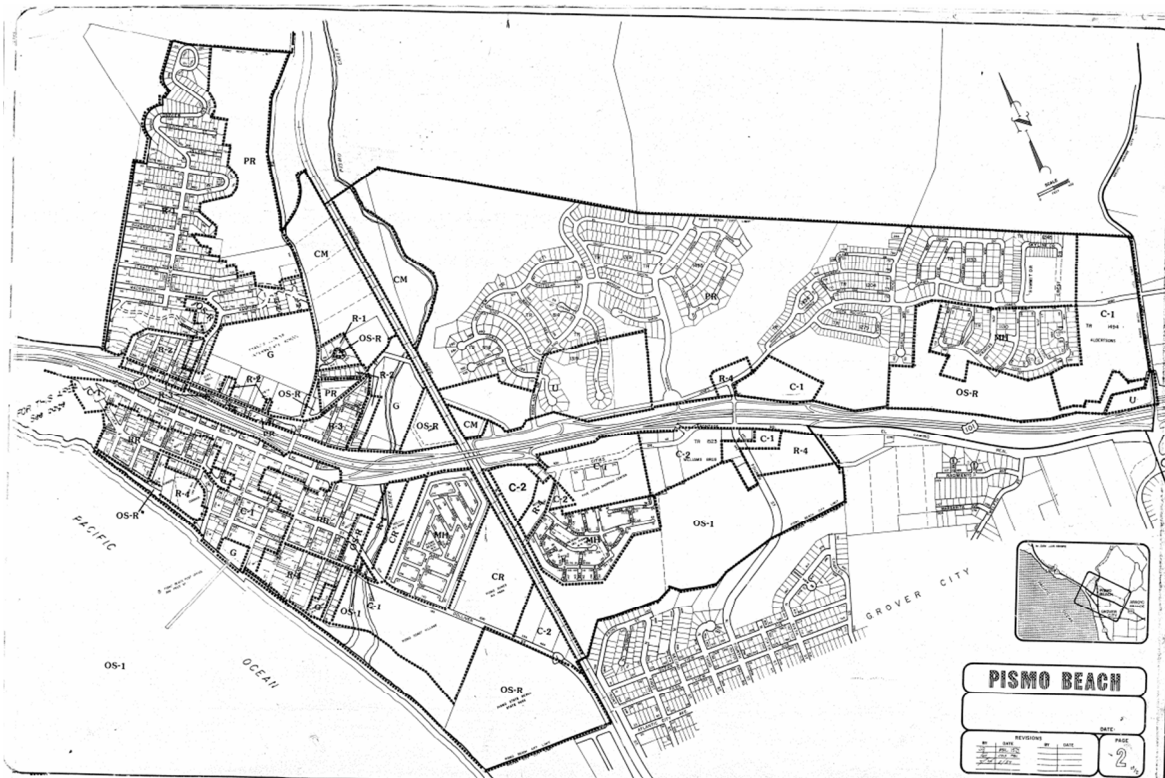


Figure 24: Non-Coastal Zone Map - North

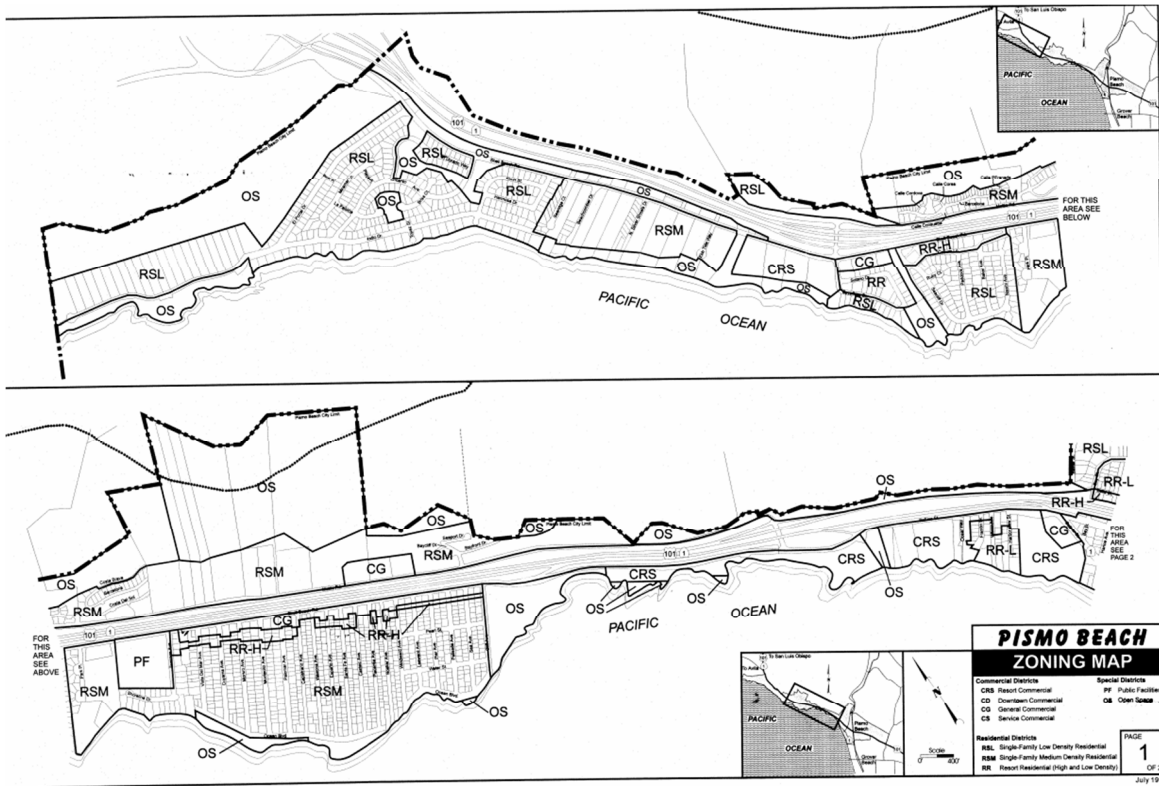
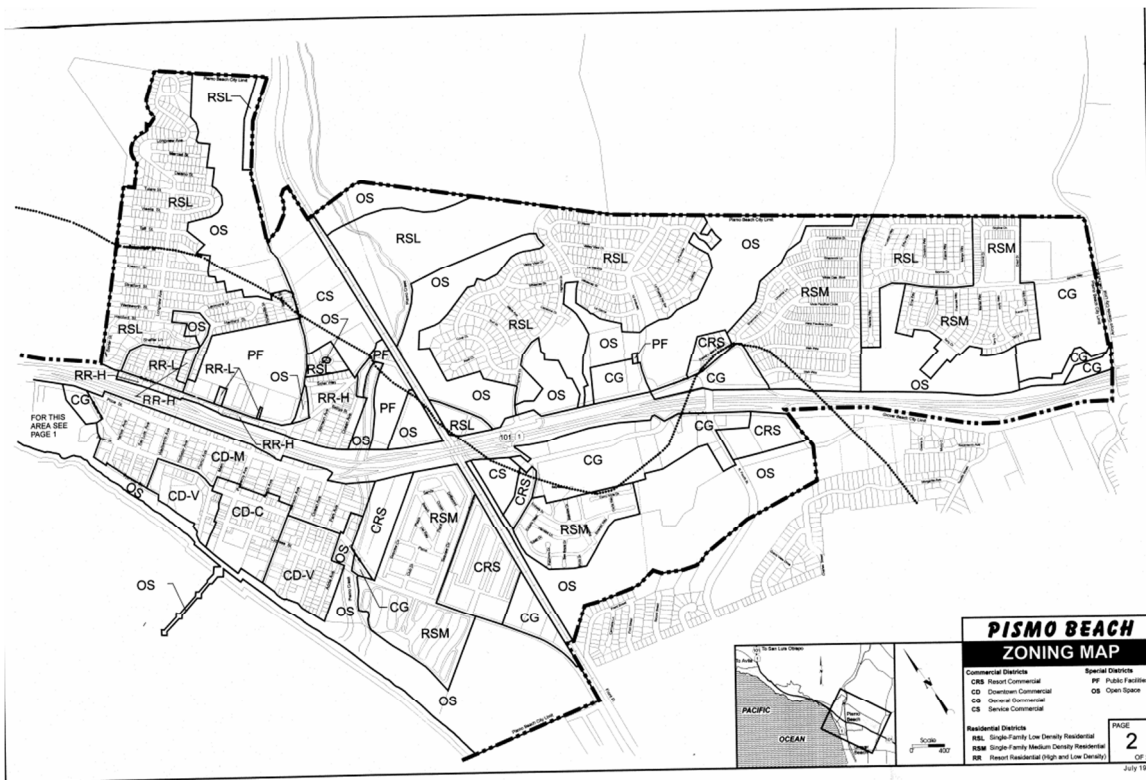


Figure 25: Non-Coastal Zone Map – South



The City of Pismo Beach encompasses a long, narrow area along Highway 101. The single-family districts are more common and cover much of the City, particularly along the coast. The denser multi-family and resort residential districts are less common and are generally located along the central highway rather than along the coast to the south or the open spaces to the north.

Outside of the Coastal Zone, mobile homes are permitted in any residential zoning district, as are mobile home parks upon issuance of a Conditional Use Permit. Within the Coastal Zone, however, mobile home parks are restricted to the Mobile Home (M-H) district, and mobile homes to the M-H, Single-Family (R-1), and Resort-Residential (R-R) districts. Given the relative affordability of mobile homes and the current lack of mobile home options for non-senior residents, Pismo Beach should consider allowing mobile homes in all residential districts in the Coastal Zone and encouraging the establishment of a mobile home park for families.

### *Regulations That Impact Persons with Disabilities*

In the Non-Coastal Zone, residential care facilities with six or fewer residents are allowed by right in any residential district, while residential care facilities with seven or more residents are conditionally permitted in the residential districts. In contrast, the Coastal Zone Code only allows residential care facilities with six or fewer residents in the residential districts with a Conditional Use Permit. The Coastal Zone Code also prohibits residential care facilities with seven or more residents in the Single-Family Residential (R-1) and Two and Three Family Residential (R-2) districts, and conditionally permits them only in the Multi-Family Residential (R-3) and Resort-Residential (R-R) districts. The requirement of a permit for all small facilities in the Coastal Zone and the exclusion of larger facilities from the less dense districts in the Coastal Zone may raise concerns about the ability of individuals with disabilities to access these areas.

Pismo Beach adopted a reasonable accommodations ordinance in 2013 to facilitate requests by individuals with disabilities that the City make a reasonable accommodation to land use rules and procedures. The ordinance outlines the procedure for requesting an accommodation, the criteria on which the community development director will evaluate the request, and the process for appealing a decision.

## **Arroyo Grande**

### *Zoning and Land Use*

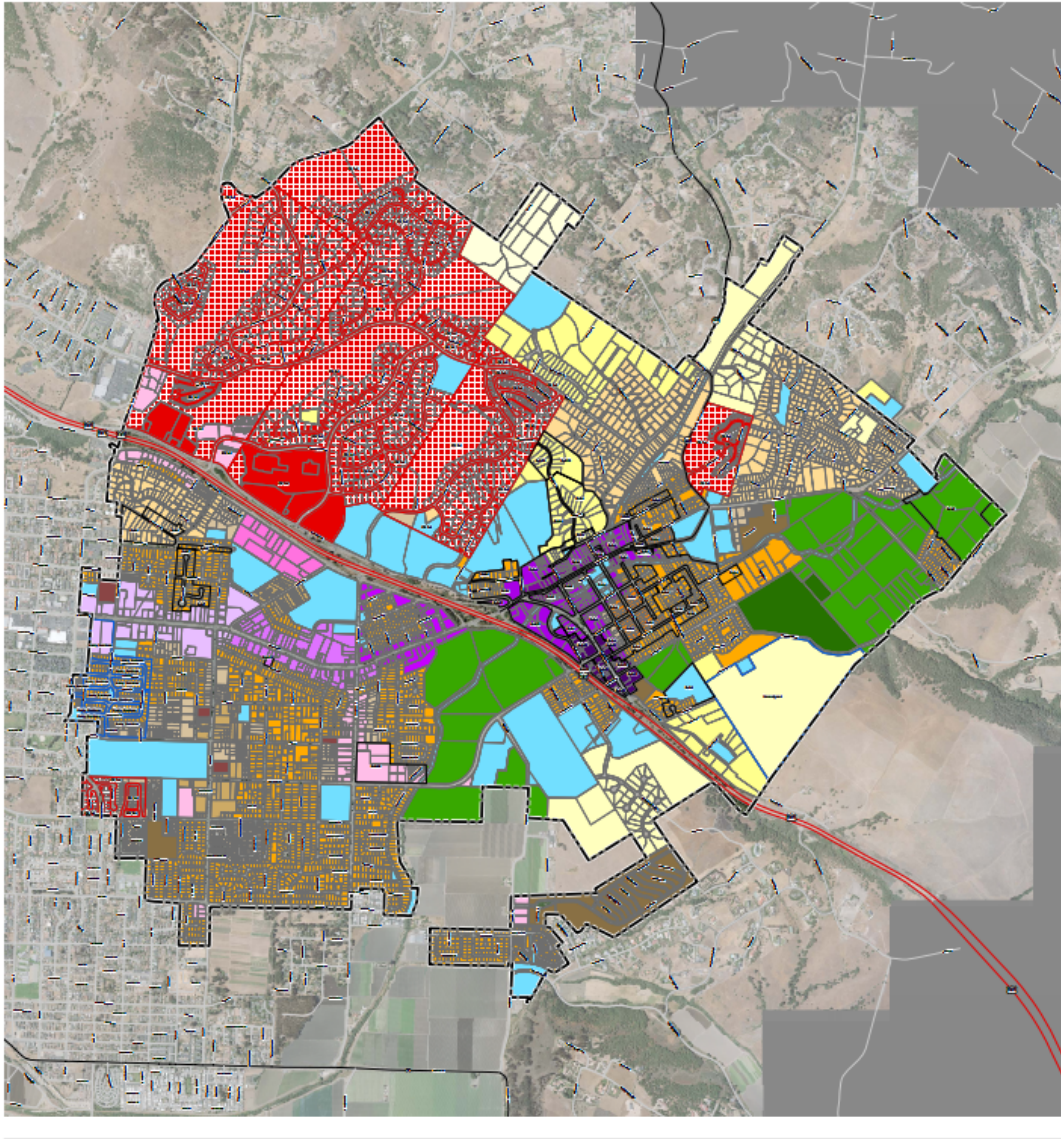
Arroyo Grande's General Plan lays out the City's development policies and programs. According to the Housing Element of the General Plan, Arroyo Grande had a total of 7,565 housing units in 2008. Seventy-six percent of the units were single-family units, while seventeen percent were multi-family units and seven percent were mobile homes. Arroyo Grande has ten zoning districts that permit residential use only and five mixed use districts which permit both commercial and residential development. The table below summarizes the types and densities of these zoning districts, and the figure below shows the distribution of the zoning districts throughout the City.

Table 17: Housing Permitted in Arroyo Grande

Zoning District	Single-family, multi-family, or both	Maximum Density	Minimum Lot Area
Residential Estate (RE)	Single-family	0.4 units/acre	92,500 square feet
Residential Hillside (RH)	Single-family	0.67 units/acre	49,000 square feet
Rural Residential (RR)	Single-family	1.0 units/acre	40,000 square feet
Residential Suburban (RS)	Single-family	2.5 units/acre	12,000 square feet
Single-Family Residential (SF)	Single-family	4.5 units/acre	7,200 square feet
Village Residential (VR)	Single-family	4.5 units/acre	6,750 square feet
Condominium/Townhouse (MF)	Both	9.0 units/acre	10,000 square feet
Multifamily Apartment (MFA)	Both	14.0 units/acre	10,000 square feet
Multifamily Very High Density (MFVH)	Multi-family	25.0 units/acre	20,000 square feet
Mobile Home Park (MHP)	Mobile homes	12.0 units/acre	5 acres
Village Core Downtown (VCD)	Multi-family (with permit)	15 units/acre	2,500 square feet
Village Mixed Use (VMU)	Both (with permit)	15 units/acre	5,000 square feet
Gateway Mixed Use (GMU)	Multi-family (with permit)	25 units/acre (mixed use projects) or 15 units/acre (multi-family housing)	20,000 square feet
Fair Oaks Mixed Use (FOMU)	Multi-family (with permit)	25 units/acre (mixed use projects) or 15 units/acre (multi-family housing)	15,000 square feet
Office Mixed Use (OMU)	Multi-family (with permit)	20 units/acre (mixed use projects) or 15 units/acre (multi-family housing)	20,000 square feet



Figure 26: Zoning Map for Arroyo Grande



Zoning Districts		Zoning Overlays	
Agriculture	Residential Suburban	Multi-Family Very High Density	Design Overlay
Agriculture Preserve	Single Family	Planned Development	Planned Development
Residential Estate	Village Residential	Gateway Mixed-Use	Specific Plan
Residential Hillside	Multi-Family	Fair Oaks Mixed-Use	Public Facility
Residential Rural	Multi-Family Apartment	Highway Mixed-Use	Regional Commercial
	Mobile Home Park	Village Mixed Use	Public Facility
		Village Core Downtown	City Limits
		Traffic Way Mixed-Use	
		Industrial Mixed-Use	
		Office Mixed-Use	

The Residential Suburban (RS) and Single-Family Residential (SF) districts, providing for single-family homes at a medium-level density of 2.5-4.5 units per acre, are the most common districts in Arroyo Grande. In the center of the City lies the downtown Village area, where single- and multi-family dwellings intermingle with commercial and office uses. The Condominium/Townhouse (MF) and Multifamily Apartment (MFA) districts are located primarily to the southwest of the Village, especially along South Elm Street, Ash Street, and Farroll Avenue. There are only a few small areas designated for the Multifamily Very High

Density (MFVH) district, all within the same southwest part of the City. To promote both affordable and fair housing, the City should locate more high-density multi-family districts in parts of the City that are currently zoned only for single-family dwellings.

Arroyo Grande's zoning regulations designate a separate district—the Mobile Home Park or MHP district—specifically for mobile homes. Mobile home parks and subdivisions are also allowed in any other residential zoning district, though not in the mixed-use districts, upon issuance of a Conditional Use Permit. Although mobile homes are permitted in some other districts through issuance of a permit, the existence of the designated zoning district for mobile home parks and subdivisions suggests that these housing options may be highly concentrated within the few MHP districts.

The zoning map shows one large MHP district in the extreme southeast corner of the City and a handful of smaller MHP districts near the eastern and western boundaries of the City. The large southeastern MHP district in particular is isolated from both the main residential areas of the City, located in the southwest and northeast, and the main commercial area in the center of the City. The concentration of mobile homes, which are often among the most affordable housing options in a high-cost area like Arroyo Grande, within the designated MHP districts may impede access to housing in other areas of the City for low-income residents. Thus, to promote fair housing, the City should consider rezoning more central areas into MHP districts and permitting mobile homes in other residential zones as a matter of right rather than requiring a permit.

#### *Regulations That Impact Persons with Disabilities*

Two aspects of Arroyo Grande's land use code raise particular concerns for residents with disabilities. First, the City's regulation of large residential care facilities and other facilities that provide support for individuals with disabilities may implicate Fair Housing Act concerns. In addition, the City's lack of a reasonable accommodations policy may raise questions about the City's practices in granting or denying reasonable accommodation requests.

The City's zoning regulations promote fair housing goals for persons with disabilities by permitting residential care facilities with six or fewer persons in all residential zoning districts. In the mixed-use districts, such facilities require a Conditional Use Permit.

However, the zoning regulations restrict senior independent living, congregate care, assisted living, and convalescent care facilities to only the higher-density Condominium/Townhouse (MF), Multifamily Apartment (MFA), and Multifamily Very High Density (MFVH) residential districts and the mixed-use districts. Within these districts, these facilities must obtain a Conditional Use Permit. Residential care facilities with seven or more residents are also permitted in the mixed-use districts with a Conditional Use Permit. The regulations for the residential districts do not address whether residential care facilities with seven or more residents are permitted. These limitations on larger facilities may limit the ability of individuals with disabilities to live in some residential areas.

In addition, Arroyo Grande does not currently have a reasonable accommodations policy for people with disabilities. The City's current Housing Element of its General Plan and the public draft of the 2014-2019 version of the Housing Element both propose that the City amend its

Development Code to create an explicit policy providing people with disabilities an opportunity to request reasonable accommodations in the application of building and zoning laws.

The City's lack of a formal reasonable accommodations policy is a matter of concern. Although the Housing Element states that the City already has the ability to provide reasonable accommodations to people with disabilities, the lack of clear guidance makes it difficult to predict how the City would respond to a reasonable accommodation request. The lack of an official policy may also hinder the City's ability to inform the public of the availability of reasonable accommodations. As proposed in the Housing Elements, the City should adopt and publicize a written reasonable accommodations policy outlining the procedures for requesting an accommodation and the criteria upon which a request will be reviewed.

## Paso Robles

### *Zoning and Land Use*

The City of Paso Robles has seven base zoning districts that focus on residential uses. In reviewing the City's zoning map, R1-single-family residential (light yellow) is, by far, the most common district. R2-duplex (gold) and R3-multifamily (brown) are the next most common residential classifications. This distribution of zoning has resulted in single-family homes making up the vast majority (75%) of the housing stock. Multi-family dwelling units comprise less than one quarter (21%) of the housing stock, and mobile homes account for the remainder (4%). To ensure greater housing affordability and opportunity the City should make greater use of R3, R4, and R5 zoning, which will allow for increased density through the development of more multi-family units.

**Table 18: Housing Permitted in Paso Robles**

Zoning District	Multi-Family, Single-Family, or Both	Number of Units in Structure Allowed	Maximum Density Allowed	Minimum Lot Size
RA	Single-Family	1	2 Units/Acre	3 Acres
R1	Single-Family	1	4 Units/Acre	0.16 Acres
R2	Both (Duplex/triplex)	2	8 Units/Acre	N/A
R3	Both	3	12 Units/Acre	N/A
R3O	Both	3	12 Units/Acre	.11
R4	Both	1-15	16 Units/Acre	N/A
R5	Both	2+	20 Units/Acre	N/A

Through the implementation of various specific area plans, the City projects future residential development and population to occur on both the West and East Sides of Paso Robles. The plans promote zoning regulations that encourage and enable mixed uses, a wider range of housing types, and higher residential densities. On the West Side, the City projects 1,170 potential new units, added primarily through infill on underdeveloped multi-family zoned properties, and new mixed-use housing in buildings currently zoned for commercial purposes, with the majority of the development encompassed in the Uptown/Town Centre Specific Plan Area. On the East Side, the City projects 3,828 potential new units, with the bulk of future residential development – both single-family and multi-family – to occur within the Chandler Ranch, Olsen Ranch, and Beechwood Specific Plan areas, situated on the eastern and southeastern edges of the City.

**Figure 27: Zoning Map for Paso Robles**

The long-term build-out of the various specific area plans will result in a distribution of housing types featuring higher proportions of multi-family housing than currently exist. While this is commendable, it is important for the City to continue to ensure that housing for all income levels is provided throughout the City. The Housing Element estimates that 647 dwelling units will be constructed between January 1, 2014 and June 30, 2019. Of these units, 105 (16%) are estimated to serve very low and extremely low-income residents, which are concentrated in the Oak Park public housing redevelopment. In Paso Robles, 20% of households are categorized as very and extremely low-income and it is important to ensure that their housing choice is not limited or concentrated in one area.

In addition to whether land use regulations impede or foster the production of housing types that households in groups protected by fair housing laws are disproportionately likely to occupy, it is important to analyze how that housing is distributed. On the East Side of the City, zoning districts that allow multi-family housing, zoned R3 or R4, are primarily, found in corridors along Creston, Buena Vista, Sherwood and Niblick Roads. On the West Side, multi-family housing zone R3 is primarily located on in two clusters along Olive Street. The zoning map shows multifamily districts clustered together, resulting in vast nonintegrated R1 single-family districts. To promote development of more affordable housing, the City should strive to rezone parcels particularly those in which detached single-family homes predominate and in which access to opportunity across a broad range of dimensions is highest.

*Regulations That Impact Persons with Disabilities*

The City of Paso Robles has adopted several land use measures that directly affect housing choice for persons with disabilities. In 2009, the City adopted a reasonable accommodation ordinance that promotes fair housing goals. First, it provided a means to modify zoning restrictions when necessary to provide fair access to housing for persons with disabilities. The zoning administrator now has the authority to consider and act on requests for reasonable accommodation, and there is no fee associated with the request. Second, it established that “Group Care Homes” for six or fewer residents, are permitted by right in all residential zones. In addition, residential care facilities with more than six residents may be located in the R-2, R-3, R-4, R-5 Zones, or site-specific T3-N, T-3F, T-4N, T-4F, TC-1, or TC-2 Zones, subject to approval of a conditional use permit. In this way, the ordinance helps to further fair housing goals by promoting more meaningful community integration for persons with disabilities. We also note that there is currently no supportive housing in the City dedicated specifically to persons with developmental disabilities. However, Ordinance 976 N.S, passed in 2011, updated the zoning code to better address temporary housing and provided emergency homeless shelters in certain zoning districts are “permitted” uses (without a conditional use permit), and that “supportive” and “transitional” housing are permitted uses in all residential zones.

**Atascadero**

Zoning District	Multi-Family, Single-Family or Both	Number of Units in Structure Allowed	Maximum Density Allowed	Minimum Lot Size
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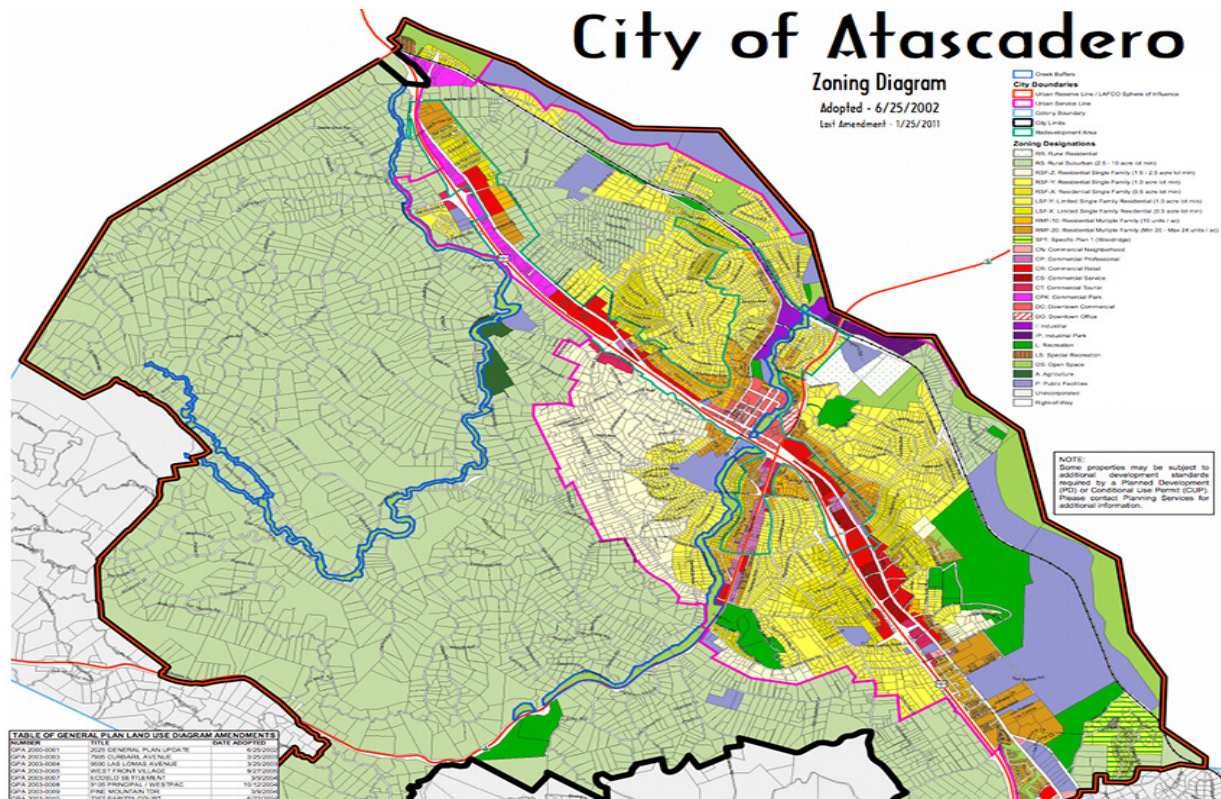
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RS	Single-Family	1	0.4 Units/Acre	2.50 Acres
RSF	Single-Family	1	2 Units/Acre	0.50 Acres
LSF	Single-Family	1	2 Units/Acre	0.50 Acres
RMF	Both	10-24	24 Units/Acre	0.50 Acres

### Zoning and Land Use

The City of Atascadero has four base zoning districts that focus on residential uses. Examining the City's zoning map on the next page, Residential Suburban (light green) is the most common residential district and Residential Single-family (yellow) is the next most common.

**Table 19: Housing Permitted in Atascadero**  
**Figure 28: Zoning Map for Atascadero**



This distribution has resulted in single-family homes constituting 76% of the housing stock in Atascadero. Multi-family dwelling units make up one-fifth (20%) of the housing stock, and mobile-homes account for the remaining home type (4%). To ensure greater housing affordability, the City should consider making greater use of RMF zoning, which will allow for increased density and affordability through the development of residential multi-family units.

The distribution of housing-types in Atascadero potentially raises several fair housing concerns. The City's zoning map shows that areas zoned for multi-family units are exclusively found adjacent to El Camino Real/U.S. Route 101 and in three main clusters surrounding Palma Avenue, Pueblo Avenue, and El Corte Road. In addition, the land zoned RSF is clustered in two main areas: east of U.S. 101, between San Benito to the north, and Traffic Way to the south; and south of CA-41, between Atascadero Lake to the west, and the eastern border of the City. On the

other end of the spectrum, land zoned RR, the least dense residential districts, is almost exclusively found in the western part of the City and around the City’s borders.

*Regulations That Impact Persons with Disabilities*

The City’s planning and zoning regulations promote fair housing goals. They accommodate housing for persons with disabilities through a reasonable accommodation ordinance and permit residential care facilities serving six or fewer residents by right in all residential zones. Residential care facilities serving more than six residents are permitted by right in the RMF zone and conditionally permitted in the RS, RSF, and LSF zones. The difference between the City’s treatment of residential care facilities based on size results in the City’s affirmative favorable treatment of smaller facilities which encourages the development of more integrated housing.

The City of Atascadero’s zoning code also directly affects temporary shelters, which include emergency shelters, supportive housing, transitional housing, and transitional living centers. Transitional and supportive housing are permitted in all residential zones and held to the same development standards as other residential uses of the same type in the same zone. Additionally, the City has an Emergency Shelter (ES) Overlay Zone, which allows emergency shelters on a specific site subject to the development and operational standards outlined in the zoning ordinance.

**Morro Bay**

*Zoning and Land Use*

The City of Morro Bay has six base zoning districts for residential use, as seen on the table below.

**Table 20: Housing Permitted in Morro Bay**

Zoning District	Multi-Family, Single-Family or Both	Number of Units in Structure Allowed	Maximum Density Allowed	Minimum Lot Size
AG	Single-Family	1	1 Unit/Parcel	0.46 Acres
R-A	Single-Family	1	4 Units/ Acre	0.46 Acres
R-1	Single-Family	1	7 Units/Acre	0.14 Acres
R-2	Both	2	15 Units/Acre	0.14 Acres
R-3	Both	2+	27 Units/Acre	0.14Acres
R-4	Both	10-24	27 Units/Acre	0.14 Acres

As seen on the zoning map on the next page, the most common type of district is R-1 Single-family Residential (light yellow), which correlates with the distribution of housing types in the City. In Morro Bay, 72% of the housing units are single-family detached homes, while attached single-family homes provide another 6% of the housing stock. Multi-family units constitute 15% and mobile homes make up 8 % of the housing stock in the City.

In 2013, the median home sale price in Morro Bay was \$429,500, which is only affordable to families with “above moderate” income levels. Because 64% of households in Morro Bay have a household income considered low, very low, or extremely low, there exists a significant need for

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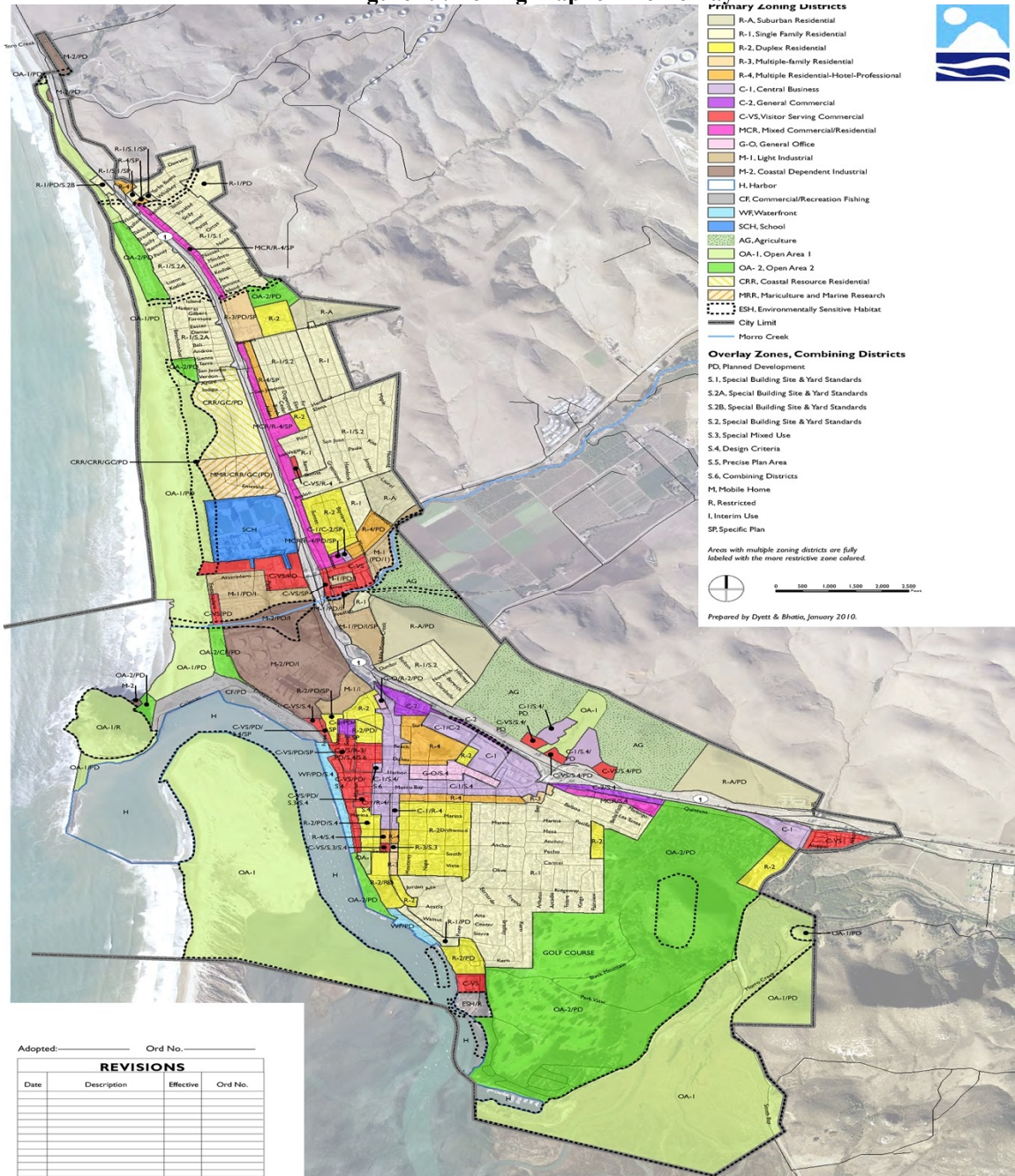
more affordable housing for households in the extremely low-, very low-, and low-income ranges in the City.

As the City is only 10 square miles, the distribution of housing and the concentration of housing for individuals protected by the Fair Housing Act is less of a concern in Morro Bay than other municipalities. With that said, there are only three areas zoned R-3 and seven areas zoned R-4. These zoning districts are well spread throughout the City, and along Route 1. However, there are large tracts of land zoned R-1 around Ridgeway Street north of the golf course, and on the northeastern border of the City which could be rezoned R-3 to promote more multi-family development.

These zoning districts are well spread throughout the City, and along Route 1. However, there are large tracts of land zoned R-1 around Ridgeway Street north of the golf course, and on the northeastern border of the city which could be rezoned R-3 to promote more multi-family development.



Figure 29: Zoning Map for Morro Bay



*Regulations That Impact Persons with Disabilities*

Housing choice for persons with disabilities is important in Morro Bay, as 20% of the population have disabilities that either prevent them from working or make self-care or mobility difficult. For that reason, the City’s regulations concerning residential care facilities and transitional shelters are important and help meet Morro’s fair housing needs. Residential care facilities serving six or fewer persons are permitted in all residential districts by right. Larger group homes

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of more than six and up to twelve persons require a minor use permit, and facilities serving more than twelve persons require a conditional use permit.

On March 11, 2014, the Morro Bay City Council adopted Ordinance No. 584, which amended the Zoning Ordinance to directly address temporary shelters, which include emergency shelters, supportive housing, transitional housing, and transitional living centers. The ordinance now lists these as permitted uses in all zoning districts allowing residential uses and established a reasonable accommodation procedure.

## CALIFORNIA HOUSING POLICY

The State of California plays a significant role in influencing housing choice for persons in groups protected by the Fair Housing Act in San Luis Obispo County and along the Central Coast. It does so through its administration of federal housing subsidies, setting budgetary priorities for the use of state revenues for affordable housing, and setting the legal landscape for municipal action on housing issues. This section reviews the State's actions with respect to those issues, their implications for San Luis Obispo County, and possible actions that the County could take to ensure that the state policies are playing a constructive role in affirmatively furthering fair housing within the County.

### *Low Income Housing Tax Credit Allocations*

The Low Income Housing Tax Credit (LIHTC) program finances the vast majority of the nation's units of new affordable housing. At the state level, the California State Treasurer awards tax credits to developers on the basis of its annual Qualified Allocation Plan (QAP). California also has a state tax credit for affordable housing that is administered and allocated in the same manner as LIHTC. Since the start of the LIHTC program in the late 1980s, 27 developments have been placed into service in San Luis Obispo County. Of these properties, 17 are family-occupancy housing and ten are for seniors. This constitutes a reasonable balance between types of developments from a fair housing perspective.

Nationally, there is evidence that LIHTC projects overwhelmingly have been located in the highest poverty and most racially and ethnically segregated areas of cities with the effect of perpetuating and exacerbating residential segregation. In San Luis Obispo County, which features relatively low levels of residential segregation, these patterns are not apparent; however, allocation patterns within the County provide some evidence of how the QAP incentivizes certain types of development and may reflect barriers to affordable housing development in some communities within the County. Unsurprisingly, the QAP's focus on access to amenities, such as transit, pushes development towards incorporated areas as well as the County's more developed Census-Designated Places (CDPs). Two-thirds of the County's LIHTC developments are in incorporated areas, as opposed to 55.8% of the County's population. The remaining nine developments are located in four CDPs that all have populations of over 6,000 and are among the five largest CDPs in the County. Among larger unincorporated communities, only Los Osos lacks a LIHTC development.

In addition to Los Osos, two incorporated cities – Grover Beach and Pismo Beach – do not have any LIHTC developments. The percentages of LIHTC developments in Atascadero and Paso Robles are less than those Cities' shares of the County's overall population. There is no clear demographic trend with respect to these communities in which there has been relatively little LIHTC development. Atascadero, Los Osos, and Pismo Beach are more heavily non-Latino white than the County as a whole, while Grover Beach and Paso Robles are less so. Atascadero and Pismo Beach have comparatively higher median household incomes than the County as a whole, while Los Osos and Paso Robles are in line with the County overall and Grover Beach has a lower median household income.

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**Table 21: LIHTC Units in San Luis Obispo County and Selected 2013 Demographic Data (ACS 5 Year)**

Development	Low-Income Units	Year Placed in Service	City or CDP	Census Tract	Census Tract % Poverty	Census Tract % Non-White
Poinsettia Street Apartments	20	1989	San Luis Obispo	115.03	13.3%	19.7%
Laurel Creek Apartments	24	1994	San Luis Obispo	110.01	15.4%	24.6%
Ironbark Apartments	20	1995	San Luis Obispo	115.03	13.3%	19.7%
Cawelti Court	28	1996	Arroyo Grande	119.02	7.2%	29.0%
Oceanside Gardens Apartments	21	1996	Morro Bay	105.03	12.6%	21.0%
Oak Forest Apartments	20	1997	Arroyo Grande	119.02	7.2%	29.0%
Schoolhouse Lane Apartments	24	1997	Cambria	104.04	12.4%	35.6%
Juniper Street Apartments	14	1999	Arroyo Grande	119.02	7.2%	29.0%
Sequoia Street Apartments	10	1999	Morro Bay	105.03	12.6%	21.0%
Belridge Street Apartments	11	2000	Oceano	122	19.1%	58.9%
Pismo-Buchon Apartments	10	2000	San Luis Obispo	111.01	32.2%	26.2%
Brizzolara Apartments	30	2000	San Luis Obispo	111.01	32.2%	26.2%
Templeton Place	28	2001	Templeton	127.04	6.7%	15.0%
Villa Paseo Senior Residences	108	2001	Templeton	103	9.1%	27.9%
Carmel Street Apartments	18	2003	San Luis Obispo	111.02	28.6%	29.8%
San Luis Bay Apartments	116	2003	Nipomo	124.02	12.9%	34.0%
Del Rio Terrace Apartments	40	2005	San Luis Obispo	110.02	44.0%	31.2%
Canyon Creek Apartments	66	2006	Paso Robles	102.04	8.2%	41.7%
Cortina D'Arroyo	107	2006	Arroyo Grande	119.02	7.2%	29.0%
Atascadero Senior Apartments	19	2007	Atascadero	125.03	19.8%	31.7%
Cider Village Family Apartments	39	2007	Nipomo	124.02	12.9%	34.0%
Villas at Higuera	27	2008	San Luis Obispo	111.03	17.7%	32.4%
Roosevelt Family Apartments	51	2009	Nipomo	124.02	12.9%	34.0%
Hidden Creek Village	80	2011	Paso Robles	102.04	8.2%	41.7%
Rolling Hills Apartments	52	2011	Templeton	127.04	6.7%	15.0%
The Village at Broad Street	41	2011	San Luis Obispo	111.02	28.6%	29.8%

The effects of the policies of the State Treasurer in administering LIHTC on the development of actual properties on the ground can be difficult to trace and involve multiple interrelated factors. First, the State apportions its allocation geographically by region. Under the 2015 QAP, the Central Coast Region, consisting of Monterey, San Luis Obispo, Santa Barbara, Santa Cruz, and Ventura Counties, has a 5.2% share of the combined federal and state credit ceiling. Those five counties include 5.8% of the state's population so it is likely that the counties will be underrepresented with respect to LIHTC allocations going forward. In light of how extreme the need is for affordable housing in San Luis Obispo County and on the Central Coast, the region should actually receive a greater proportion of the state's allocation than its proportion of the population.

Next, the QAP awards two incentive points to LIHTC applications that are located in qualified census tracts and contribute to a concerted community revitalization plan. The State is required by federal statute to include an incentive to this effect, though it has the discretion to determine how many points to offer. Compared to other states which often attach more points to such incentives, this incentive provides only weak encouragement for LIHTC developments that are part of a community revitalization plan in high poverty areas. Conversely, the QAP does not include any incentives for developments in low-poverty communities which would tend to promote residential integration. As the vast majority of the Census Tracts in the County are relatively low poverty, new incentives for development in such areas would facilitate LIHTC development in the County.

Third, the QAP requires that properties be properly zoned for their intended use by the time the application is submitted. To the extent that low poverty and high opportunity areas often have restrictive zoning, this requirement may impede attempts to build LIHTC housing in such areas. In order to ensure that the LIHTC program promotes equity goals, therefore, local governments like the County and its sub-grantees have an important role to play in collaborating with affordable housing developers to ensure proper zoning for parcels in high opportunity areas.

Lastly, applications can receive up to 20 points for leveraging various resources, including public funds. Thus, the County and its sub-grantees have the opportunity to make affordable housing development proposals within its borders much more competitive through the commitment of CDBG and HOME funds or other resources. With respect to the provision of permanent supportive housing for persons with disabilities, the QAP creates a set-aside of 4% of the total allocation for special needs housing. However, in order to qualify as special needs housing, persons with disabilities must comprise 50% of householders, a level of concentration that would perpetuate the segregation of persons with disabilities. As evidenced by Congress's reforms to the Section 811 program, a maximum of 25% of units, preferably lower, should be set-aside for persons with disabilities in a given development in order to ensure community integration.

### *Inclusionary Zoning*

Mandatory inclusionary zoning (IZ) is a powerful tool for both the production of affordable housing and for promoting social inclusion and residential integration. Under IZ, developments that meet a jurisdiction's chosen threshold criteria are required to set aside a certain percentage of units as deed-restricted affordable housing. Thus, IZ avoids the common pitfall of affordable housing being geographically isolated from economic opportunity. However, litigation over the

validity of IZ ordinances had significantly limited the effectiveness of IZ programs in California in recent years. With a recent decision from the California Supreme Court, that tide may be starting to turn.

On June 15, 2015, the California Supreme Court issued a decision upholding the application of mandatory IZ in owner-occupied developments by the City of San Jose in *California Building Industry Association v. City of San Jose*. The decision clarified that IZ ordinances are land use regulations which are subject to deferential rational basis review when challenged in court. The California Building Industry Association (CBIA), which challenged San Jose's ordinance, had argued that the city had the burden of proving that its IZ requirements were reasonably related to the impact of the developments to which it was being applied, rather than simply being reasonably related to the public health, safety, and welfare. The superior court agreed with CBIA, but the 6th District Court of Appeal reversed, upholding the city's ordinance. The California Supreme Court affirmed the Court of Appeal's decision. This outcome should provide municipalities throughout California with added confidence as they design and implement their IZ ordinances.

In *Palmer/Sixth Street Properties v. City of Los Angeles*, the California 2nd District Court of Appeal affirmed a Superior Court ruling prohibiting the application of Los Angeles's IZ ordinance to new rental properties. The court held that applying IZ to rental properties violates the Costa-Hawkins Rental Housing Act, which limits the use of rental control at the local level. The California Supreme Court declined to review the 2nd District's decision in the case. Although the lower court's order only directly affected Los Angeles's IZ ordinance, many jurisdictions across the State began to voluntarily refrain from applying their ordinances to rental properties out of concern that other courts would follow *Palmer*. This state of affairs has adversely affected the production of affordable rental housing. IZ is a more effective strategy for producing rental units than it is for owner-occupied units. In response, the California State Legislature passed A.B. 1229 in 2013, which would have clarified that the application of IZ to rental properties does not violate the Costa-Hawkins Rental Housing Act. However, Governor Jerry Brown vetoed the bill, and uncertainty continues to prevail.

San Luis Obispo County and many of its cities have IZ ordinances, although the operation of some of the ordinances is functionally limited to the collection of in-lieu fees rather than the development of affordable units on-site. In light of *Palmer/Sixth Street Properties*, the jurisdictions generally exempt rental housing from IZ. The need to encourage the development of rental housing has also been cited as a justification for not pursuing IZ in that context but offsetting incentives, such as increased density bonuses, parking waivers, and fee reductions would more effectively balance those competing concerns. The County should also monitor legislative attempts to fix the effect of *Palmer/Sixth Street Properties*. If those attempts are successful, the County and local cities should consider amending their IZ ordinances to include rental housing.

### *State Affordable Housing Funding Vehicles*

Like jurisdictions throughout California, the ability of multiple cities within San Luis Obispo County – but not the County itself - to produce affordable housing has been damaged by the dissolution of the state's Redevelopment Agencies under the 2011 Budget Act. Previously,

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Redevelopment Agencies were required to spend 20% of their revenue on affordable housing, which amounted to an annual investment of approximately \$1 billion in affordable housing. Although the provision of affordable housing, in and of itself, does not further fair housing, the strategic use of affordable housing resources can play a pivotal role in breaking down barriers to housing opportunity for people of color and persons with disabilities. There have been many attempts to replace that source of funding through bills to reestablish the agencies, but those that were successful were vetoed. Moreover, a proposed initiative in 2014 failed to qualify for the ballot. As a result, localities continue to lack the resources to sustain their prior levels of affordable housing development activities.

The most promising new source of funding for affordable housing in California is the Affordable Housing and Sustainable Communities Program, which will be funded by the state's Greenhouse Gas Reduction Fund at roughly \$200 million per year. Unlike Redevelopment Agencies, the program is administered at the state level. While the County and its cities may not be able to play a direct role in guiding housing investments under this program, they should still cooperate with developers who are seeking to build transit-oriented affordable housing in locations that would increase access to opportunity and with unit targeting in place that would increase the availability of permanent supportive housing for persons with disabilities. This cooperation could take the form of rezoning, the issuance of municipal bonds, or the contribution of CDBG or HOME funds. In light of the limited public transit infrastructure in the County, this type of development is most likely to occur in the City of San Luis Obispo.

Lastly, A.B. 1335, which is pending in the California State Assembly, would create a state affordable housing trust fund that would be financed through a \$75 fee on the recordation of certain documents. Such a proposal has the potential disentangle the funding of affordable housing development from other more volatile issues, like energy or redevelopment. The County should consider supporting the passage A.B. 1335.

### *Conclusion*

The climate for the production of affordable housing in California is uncertain. Although the California Supreme Court's decision in *California Building Industry Association v. City of San Jose* and the creation of the Affordable Housing and Sustainable Communities Program are positive developments, there are still fewer state resources available for affordable housing in California than there were in 2011. Additionally, the regional pool system for LIHTC allocations seems likely to ensure the continued underdevelopment of affordable housing along the Central Coast as the percentage of the state's allocation that is reserved for the region is not commensurate with the region's share of the state's population.

The County and its cities should collaborate with affordable housing developers that are proposing projects that would further fair housing choice under the Affordable Housing and Sustainable Communities Program or LIHTC in order to ensure that their applications are likely to succeed. The County and its cities should also continue to use IZ to promote the inclusive development of affordable housing, with an increased emphasis on on-site development. In its policy agenda, the County should support efforts to make more funding available for affordable housing development, strengthen IZ, and enable the LIHTC program to foster development in high opportunity areas and the development of integrated permanent supportive housing.

## California Coastal Commission

The Cities of San Luis Obispo County that lie wholly or partially in the coastal zone face special regulatory oversight under the California Coastal Act of 1976 (Coastal Act) and the California Coastal Commission (Commission). The priorities established by the Coastal Act and implemented by the Commission include preserving coastal lands, enhancing public access to the coast, and maintaining recreational and agricultural uses within the coastal zone. These priorities may conflict with the fair housing objective of promoting the development of affordable housing, which often takes the form of dense multi-family units, in areas of greater opportunity.

The coastal cities must develop a Local Coastal Program (LCP), a planning document approved by the Commission that includes land use and zoning provisions. Any new development in the coastal zone must satisfy the LCP and the Coastal Act in order to obtain the required coastal development permit from the local government. This additional regulatory hurdle to new development in the coastal zone may complicate the efforts of coastal cities to increase housing access and affordability.

### *Enabling Legislation and Statutory Authority*

The state legislature created the California Coastal Commission as a quasi-judicial agency charged with the primary responsibility for implementing the Coastal Act. The Commission engages in both planning and regulatory functions relating to the state's coastal zone, adopts regulations and procedures to carry out the Coastal Act, and assists local governments in exercising their powers and responsibilities under the Coastal Act.

The Commission has the authority to enforce the coastal permitting requirements of the Coastal Act and may take action against both unpermitted development and development that violates the conditions of a coastal permit. The Commission's primary enforcement tools include Cease and Desist Orders to stop ongoing violations (§ 30810) and Restoration Orders to remove unpermitted development and restore damaged resources (§ 30811). The Commission can also file a suit in court seeking injunctive relief and civil penalties (§ 30803).

### *Operation of the Coastal Act and Role of the Commission*

Together with local governments, the Commission works to advance the objectives of the Coastal Act through the requirement of a coastal development permit for all new development within the coastal zone. The coastal development permit application process for each locality is governed by a planning document called the Local Coastal Program (LCP), which must contain a Land Use Plan, zoning ordinances, and a zoning map. Each local government is responsible for developing an LCP for the areas under its jurisdiction that are located within the coastal zone. The local government then submits the LCP to the Commission for review and certification. Amendments to certified LCPs must also be approved by the Commission, and the Commission reviews existing LCPs at least every five years to ensure that the locality is implementing the LCP in conformity with the Coastal Act.

Once the Commission has certified the LCP, the local government has the authority to review applications for coastal development permits and make determinations based on the certified LCP. An applicant, aggrieved person, or two members of the Commission can appeal any local



government action on a permit application to the Commission. The Commission will consider the appeal if it raises a “substantial issue” about conformity with the LCP and may approve, modify, or deny the proposed development. An aggrieved person may also request judicial review of a decision of the Commission.

All new development in the coastal zone must navigate this coastal development permit process. The Coastal Act defines development broadly to include “the placement or erection of any solid material or structure,” “change in the density or intensity of use of land,” including subdivision and lot splits, “change in the intensity of use of water,” and “construction, reconstruction, demolition, or alteration of the size of any structure.” Thus, many efforts to increase the stock of affordable housing, such as subdividing land to allow for a denser production of units or transforming single-family dwellings into multi-family buildings, would be classified as development and therefore require a coastal development permit.

### *Intersection with Density*

The Coastal Act establishes planning and management policies to guide the Commission and localities in the development of Local Coastal Programs. In general, the policies of the Coastal Act favor open space, recreational, and agricultural uses over the development of residential or commercial uses in the coastal zone. This focus on the preservation of coastal land and resources may conflict with fair housing goals of creating more housing units that are affordable to low- and moderate-income households in areas that currently lack much affordable housing.

Among the Commission’s primary objectives are the protection and maintenance of the coastal zone environment and its resources and the maximization of public access to and recreational opportunities in the coastal zone. Thus, public recreational uses of private lands have priority over private residential uses (§ 30222). Further, the Coastal Act requires that “coastal-dependent developments”—those developments that must be located on the coast in order to function—have priority over other developments (§ 30255). This provision favors many other uses, such as recreational fishing and boating, over residential uses.

The Coastal Act also directs that the “maximum amount” of agricultural land should be maintained for agricultural production (§ 30241). Agricultural uses must be protected through boundaries separating urban and rural areas, limits on the conversion of agricultural land to residential uses, and directives that lands not suitable for agriculture be developed before agricultural lands are converted to other uses. This priority on agricultural uses over residential uses further reduces the amount of coastal land available for residential uses.

Where new residential development is permitted, the Commission directs that it be constructed in a concentrated manner. New development should be located “within, contiguous with, or in close proximity to” areas that are already developed if the existing areas can accommodate the new development (§ 30250). This acts to prevent a city from approving a new multi-family development in a coastal area that is currently low-density.

In addition, the Coastal Act states that new development must protect the scenic and visual qualities of coastal areas (§ 30251), maintain and enhance public access to the coast (§ 30252), and minimize adverse effects including air pollution, energy consumption, and vehicle miles traveled (§ 30253). If new development is located next to an environmentally sensitive habitat

area, it must be designed to prevent any negative impact to the habitat (§ 30240). New development must also protect “special communities and neighborhoods” that attract visitors for recreational uses (§ 30253). This totality of restrictions may make it difficult to construct dense residential units in the coastal zone.

### *Impact on Creation of Affordable Housing*

As initially passed, the Coastal Act specifically directed the Commission to protect, encourage, and provide affordable housing in the coastal zone. However, in 1981, the state legislature removed this language and added a new provision (§ 30500.1) stating that “No local coastal program shall be required to include housing policies and programs.” The legislature also added § 65590 to the Government Code, providing that affordable housing in the coastal zone could be converted or demolished if replacement units were constructed within three miles of the coastal zone or the units were converted or demolished for a coastal-dependent or coastal-related use. Finally, §30607.2 allows the Commission or local government to modify affordable housing requirements that were incorporated into a coastal development permitted issued before 1982 upon the request of the applicant for a permit.

The Coastal Act does retain some protections for affordable housing, and § 30604 instructs the Commission to “encourage housing opportunities for persons of low and moderate income.” Most directly, § 30007 states that “Nothing in this division shall exempt local governments from meeting the requirements of state and federal law with respect to providing low- and moderate-income housing, replacement housing, relocation benefits, or any other obligation related to housing imposed by existing law or any law hereafter enacted.”

Still, the Coastal Act’s restrictions on new development may impede the ability of state or local governments to offer incentives encouraging affordable housing, particularly density bonuses. State law requires local governments to offer density bonuses and other incentives to developers who include a certain percentage of affordable housing units (§ 65915 of the Government Code). For example, Pismo Beach offers developments that include a certain percentage of affordable housing units a density bonus of a twenty-five percent increase in the number of units allowed in the applicable zoning district. The planning commission may also grant a reduction in the normal site development standards, such as setback, coverage, and parking requirements; approval of mixed-use zoning; or other incentives proposed by the developer or the city.

The Coastal Act provides that the local government or Commission may restrict density below these incentive levels if they make a finding based on “substantial evidence” that the density cannot be accommodated in a manner that conforms with the Coastal Act or the LCP (§ 30604). The Commission has also issued guidance to localities stressing that density bonuses for affordable housing should not supersede coastal protection policies such as restrictions on development in environmentally sensitive habitat areas. The Commission directs local governments to balance the coastal preservation goals and the need for affordable housing in coastal areas. This is a very difficult task and may hinder local efforts to increase the number of high-density housing units in coastal areas of the locality.

## HOUSING CHOICE VOUCHER

### *I. Overall Impact of Voucher Program Design*

The Housing Choice Voucher (HCV) Program is significant in providing essential housing assistance for many low-income families, as well as residents with disabilities or who are elderly. When operating at its potential, the voucher program can offer families residential choices beyond the areas where public housing has been concentrated, enabling them to access areas comparatively rich in educational, employment, and other resources, as the benefits of diversity. Because the voucher program is a resource for families, in particular, its locational outcomes shape the opportunities available to multiple generations. From the fair housing perspective, the HCV program is a potential lever to expand housing choice and integration while meeting families' diverse long- and short-term needs. Conversely, HCV administration can operate to raise barriers to fair housing in failing to connect families to opportunities beyond concentrated areas.

At the local level, details in HCV program architecture can have a major impact on individual families and, cumulatively, on a jurisdiction's pursuit of open and integrated housing. Voucher holders are reliant on the program's administration to provide them with fair and open choices in where they live. This entails enabling families to make informed moves across neighborhoods within the jurisdiction, but also across the region. Housing choice may be either facilitated or impeded at numerous junctures by a variety of factors. These include: informational resources and other support supplied to clients, relations with landlords, identification and prioritization of areas of opportunity, and administrative hurdles to flexibility and portability in voucher use. In addition, for administrators to identify and replicate policies that further fair housing and avoid those that impede fair housing choice, ongoing assessments of locational and other outcomes serve a fundamental role.

The jurisdiction's severe shortage of affordable rental housing makes the role of the housing authorities all the more important in ensuring that vulnerable families are able to access housing beyond segregated, high-poverty areas, where voucher use may tend to cluster. Where voucher holders are inadequately served in this respect, progress toward fair housing predictably suffers. In San Luis Obispo County, the two operating housing authorities—the Housing Authority of the City San Luis Obispo (HASLO) and the Housing Authority of the City of Paso Robles—have a total of 1,865 Section 8 vouchers. HASLO manages these vouchers for both PHAs. Of Section 8 households, 72% are extremely low income (30% of countrywide median income), 23% are very low income (50% of median income), and 5% are low income (80% of median income). 79% of Section 8 households throughout the County are white (70.5% of the overall County population and 55% of the City of Paso Robles population is white), 3% Black (2% and 3.7%, respectively), 1% Native America (.4% and .7%), 1% Asian (3.4% and 2.6%), and 16% Hispanic (21.1% and 36.1%).

### *II. Policies and Practices that Impact Fair Housing*

#### *A. Barriers to Portability and Moves*

Voucher clients have portability rights enabling them to retain use of their vouchers when they move between jurisdictions. But administrative limits attached to the porting process can impair

these rights and impede mobility. These include discretionary restrictions that housing authorities place upon families. With limited exceptions, HASLO denies families permission to make elective moves during the family's initial lease term, and up to a maximum of three years following unit selection. These restrictions apply to moves both within HASLO's jurisdiction and under portability procedures during the first year of assisted occupancy. These limits curtail housing choice by restricting moves; at a minimum, the housing authority should provide for elective moves to high-opportunity areas (in addition to its other exceptions, such as moving for employment). This should apply to portability moves as well.

### B. Resident Briefings and Marketing

The briefings provided to voucher clients when they move are an important source of information and guidance about residential opportunities throughout the region. In addition to delivering information about the voucher program, these briefings are often the resident's best or only resource for learning about the relative benefits of various neighborhoods and rental markets beyond their own experience. Because of this, the substantive content of the briefings can be a key driver of housing choices among voucher users.

Without detailed information about neighborhood opportunity characteristics accompanied by individualized counseling services, voucher clients are likely to struggle to identify the full range of housing choices available to them. The HASLO briefing packet "may include a map showing areas representing various income levels of the jurisdiction and surrounding areas for the purpose of expanding housing opportunities for families," and Housing Specialists provide assistance that includes details on school quality, transit, and other services outside areas of minority and poverty concentration. While these are essential steps to furthering fair housing, the briefings should go farther in following best practices established in other areas (such as Baltimore). These include providing families with information about the benefits of moving to lower-poverty areas (such as educational gains among children), as well as highlighting local "success stories" of families who have successfully transitioned to lower poverty areas.

Lack of knowledge about available rental housing in neighborhoods outside of poverty-concentrated or segregated areas presents a barrier to housing integration by voucher clients. Studies show that people from different racial groups are likely to have differing knowledge about neighborhoods within a metropolitan area. African Americans, whites and Latinos tend to have different "racial blind spots" – that is, communities they identify as those they "don't know anything about," which are generally neighborhoods that are inhabited primarily by other races. Merely providing notice of housing, without detailed information or a careful market targeting, does not bridge these informational gaps. Quality affirmative marketing policies address these informational barriers through efforts to deliberately reach underrepresented populations. Such affirmative marketing policies are needed to "level the informational playing field" by encouraging the entry of underrepresented racial groups to a community and making special outreach efforts to these groups.

HASLO's current Draft Five Year and Annual Plan states that, upon waitlist opening, "[o]utreach efforts will be made including public noticing, community meetings, and direct notifications to social service agencies and employers," while its HCV Administrative Plan provides for the following marketing plan:

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HASLO will publicize and disseminate information to make known the availability of housing assistance and related services for very low-income families on a regular basis. When the HASLO waiting list is open, HASLO will publicize the availability and nature of housing assistance for very low-income families in a newspaper of general circulation, minority media, and by other suitable means. Notices will also be provided in Spanish...To reach persons, who cannot read the newspapers, HASLO will distribute fact sheets to the broadcasting media, and initiate personal contacts with members of the news media and community service personnel. HASLO will also utilize public service announcements. ...HASLO will communicate the status of housing availability to other service providers in the community, and advise them of housing eligibility factors and guidelines in order that they can make proper referrals for housing assistance.

While this kind of outreach is helpful, this level of notice may be insufficient to effectively overcome informational barriers and further integration. An effective marketing program would also present information regarding neighborhood features (such as school quality and available transit) and poverty concentration.

The PHAs should also specifically require landlords to engage in effective outreach through affirmative marketing plans that include the following best practices:

- *Market area.* Marketing should occur on a region-wide scale if it is to be successfully integrative and overcome the problem of racial blind spots. Landlords should designate a “market area” that encompasses the metropolitan statistical area or the regional planning area.
- *Targeting.* HUD offers helpful recommendations for determining what demographic group is “least likely to apply,” including the racial and ethnic composition of the residential area, as well as factors such as exclusionary zoning, advertising, or site selection policies that may have resulted in discrimination, language barriers, and income eligibility requirements. To identify those “least likely to apply,” developers should look to those factors but should also compare the demographic composition of the Census tract in which the development is located with that of the *regional* market area. For existing developments, the composition of applicants and the tenant composition of low-income units should be compared to the *regional* demographics of income-eligible individuals.
- *Indicators.* Clear performance standards are needed in order to indicate where marketing efforts are achieving their aims, or whether changes to an Affirmative Fair Housing Marketing (AFHM) plan should be made. Developers should be required to compare the tenant composition of low-income units within the development, as well as that of applicants, to the regional demographics of income-eligible individuals. Significant demographic disparities should trigger a referral to fair housing agency staff for review. If the review indicates that the disparities are attributable to a failure to affirmatively market, then additional outreach efforts should be required.

C. Payment standards

In many jurisdictions, the Fair Market Rent published by HUD serves as the single payment standard throughout the county. This fails to capture price differences among submarkets because housing costs may vary significantly and also does not reflect school quality and other services. County-wide payment standards can severely restrict access to housing without true cost savings (as they likely result in inflated spending in lower-opportunity areas).

HASLO notes that it may apply for exception payment standards in order to assist families in accessing properties outside of poverty-concentrated areas. While this is a step in the right direction, a consistent policy of payment standards based on submarkets, and/or making exception payment standards routinely available in high-opportunity areas, would do more to advance fair housing by making moves throughout the county realistically accessible.

D. Waitlist Management and Residency Preferences

The housing authorities' policies for waitlist management are particularly significant because of the limited availability of vouchers for families in need. The HASLO waitlist is currently closed, though "[t]he housing authority plans to re-open the list sometime in the last quarter of 2015." HASLO has indicated that, for clients currently on the waitlist, the expected waiting time ranges from two to five years. Policies for waitlist ordering and preferences therefore directly impact who receives vouchers and when, in turn driving housing decisions for families who seek to remain or move within the jurisdiction.

HUD has issued helpful guidance regarding waitlist procedures for public housing and vouchers, detailing the following recommended procedures:

- Notice and outreach. Notice of waitlist opening must be provided to the public through various means of outreach. PHAs should consider sending notifications to public social service offices, homeless shelters, domestic violence shelters, human services agencies and organizations working with people who have limited English proficiency. Notice must include sufficient detail about the time and place to apply, as well as any limitations on who may apply and any local preferences for the waitlist. Notice must be easily understood and reach people with disabilities and those with limited English proficiency. The guidance warns that a waiting list that is not representative of various demographics may indicate the need to expand or modify outreach procedures.
- Expanded time and means of application. The notice encourages multiple intake sites, accepting application by mail or electronically, and an extended period of time for accepting applications. In the past, offering only a single application location or a one-day application period has resulted in safety issues. It is also important to note that overly limited application windows may tend to disadvantage those "least likely to apply" for the housing.
- Waitlist selection and preferences. The Notice provides that PHAs may employ random choice techniques (i.e, lotteries) to select applicants to be placed on the waitlist. With regard to the selection of potential residents from the waitlist, existing regulations offer two methods for selection among applicants with the same preference and qualifications: selecting based on the date and time an application is received, or selecting by lottery or

another random choice technique. The Notice encourages the use of a lottery (rather than selection based on receipt date), noting that ordering a waiting list by the date and time the application is received may have an adverse effect on people with disabilities, for example.

While these procedures are not mandated by HUD, the failure to adhere to them may predictably disadvantage certain populations, such as nonlocal residents, people with disabilities, those with limited English proficiency, and others. Where the waitlist ranking or application procedures operate to the disadvantage of non-local residents, it predictably impedes open housing choice and may result in a disparate impact on the basis of protected characteristics (due to likely demographic disparities among jurisdictions).

HASLO's waitlist management procedures had previously fallen short of the above recommendations in several respects that raised impediments to fair housing. Changes in the 2015 annual plan help address these impediments:

- Applications are now accepted over a longer time span (four weeks rather than four days);
- A lottery, rather than time stamps, is now in effect to establish processing order;
- Fewer applications were admitted, so that the waitlist will be re-opened every 12-18 months

### E. Landlord outreach and discrimination

Effective engagement with landlords is a key component in housing authorities' voucher management. While landlords are the gatekeepers for available rental housing, they may be initially reluctant to rent to voucher holders due to mistaken notions about financial reliability, or may simply be unaware of how to reach potential renters outside their immediate markets. Without housing authority staff or other counselors reaching out to landlords on tenants' behalf, tenants may struggle to access properties, particularly those beyond familiar neighborhoods where there may already be a concentration of voucher holders.

Accessibility of housing represents a struggle for HASLO, which has made efforts to stretch the available supply through its landlord outreach efforts. In its five-year plan, HASLO indicated that its landlord outreach efforts, while successful in helping it attain high leasing rates, can only have limited effect due to "lack of rental housing supply, competition for scarce vacant units, and significant inflation in rental costs," which "are the largest barriers to HCV utilization."

Landlords may also be influenced by the availability of additional support for clients' moves, in particular financial counseling and security deposit funds. HASLO has indicated that "limited funds" may be available for the purpose of security deposits, supplied by the Tenant Based Rental Assistance (TBRA) Program and through "inquiry to [a] homelessness services provider."

Discrimination by landlords against voucher holders is a barrier to housing choice for many low-income families. HASLO states that it:

encourages program participation by owners of units located outside areas of poverty or minority concentration. HASLO periodically evaluates the demographic distribution of

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assisted families to identify areas within the jurisdiction where owner outreach should be targeted. The purpose of these activities is to provide more choice and better housing opportunities to families. Voucher holders are informed of a broad range of areas where they may lease units inside HASLO jurisdiction and given a list of landlords or other parties who are willing to lease units or help families who desire to live outside areas of poverty or minority concentration.

Despite these efforts, however, tenant choice is limited by landlord discretion in renting to voucher holders. Discrimination against voucher holders presents a significant barrier to housing choice. The County government has acknowledged this problem but has not yet secured a concrete means of addressing it. In March 2015, the San Luis Obispo County Board of Supervisors discussed the possible introduction of statewide legislation requiring landlords to accept Section 8 voucher holders. Although current California law prohibits landlords from discriminating against tenants on the basis of source of income, that law is interpreted as excluding vouchers from its coverage. See *Sabi v. Sterling*, 183 Cal.App.4th 916 (2010)(vouchers are not “income” because the funds are not paid directly to the tenants,). The County lacks protection at the local level as well.

In addition to discrimination against voucher holders, landlords may conduct tenant screening practices that impede fair housing. Under HASLO policy, landlords are responsible for tenant screening and selection. However, some widely-used screening criteria are problematic from a fair housing perspective because as landlords screen tenants, they may rely on indicators that disproportionately disadvantage some groups but are not the best means of predicting behavior. It is incumbent on the housing authorities to recommend and monitor screening practices so that landlords avoid practices that are unnecessarily restrictive in ways that have disparate impact on minority applicants, such as overbroad exclusions for credit scores, criminal histories, or tenancy history.

### F. Project-based Voucher Locations\*\*

\*\*Vouchers are awards of rental assistance. Project-based vouchers provide rental assistance for units in a specific apartment project. The awards are project-based.

HASLO’s competitive selection of project-based voucher (PBV) properties provides:

HASLO will not select a proposal for existing, newly constructed, or rehabilitated PBV housing on a site or enter into an agreement to enter into a HAP contract or HAP contract for units on the site, unless HASLO has determined that PBV assistance for housing at the selected site is consistent with the goal of deconcentrating poverty and expanding housing and economic opportunities.

HASLO ranks PBV proposals in part based upon the extent to which they further this goal of deconcentration. However, more detailed criteria prioritizing location in opportunity areas would better ensure fair housing outcomes for PBV properties. Proposed projects should be evaluated for their contribution to better housing distribution at the regional as well as local levels, with a full slate of information on various metrics—transit, schools, crime, air quality, poverty and racial concentration, and other services. Scoring of potential projects should be heavily weighted to ensure balanced distribution into opportunity areas.



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## FAIR HOUSING CHOICE FOR PERSONS WITH DISABILITIES

### *Fair Housing Choice for Persons with Disabilities*

In order to achieve true fair housing choice for persons with disabilities, public entities that provide services to such persons are required by the Americans with Disabilities Act (ADA), as interpreted by the U.S. Supreme Court in 1999 in *Olmstead v. L.C.*, and other federal statutes, to offer those services in the most integrated setting appropriate to the individuals' needs and choice. Although most efforts to enforce this legal standard have focused on health care services funded through Medicaid, housing programs offered by state and local government agencies are also subject to the same integration mandate. Indeed, it is only when persons with disabilities have both the integrated supportive services and the integrated housing that they need that the goals of the ADA and the FHA are met. If those complementary pieces are not in place, persons with disabilities who lack integrated options may end up residing in institutional settings, including but not limited to transitional homeless shelters, state hospitals, and nursing homes, despite their wishes to the contrary.

Although the protection of the ADA extends much more broadly, persons with psychiatric disabilities and persons with intellectual and developmental disabilities (ID/D) are at the highest risk of unjustified, discriminatory institutionalization. To evaluate the degree to which persons with psychiatric disabilities and persons with ID/D in San Luis Obispo County are achieving integration into the community, it is necessary to look at the availability and quality of *both* supportive services *and* housing. Because persons with psychiatric disabilities and persons with ID/D are disproportionately likely to have very low and extremely low incomes, it is crucial that resources be available to make housing affordable. This section of the AI will look, in turn, at the availability of supportive services and integrated affordable housing.

### *Disability Data*

Demographic data on disability status is notoriously limited, and interpreting that limited data can be quite difficult as the categories that are used may not bear a close relationship to the ways in which disability status intersects with housing choice. Additionally, the Census Bureau has changed its methodology for asking about disability status in 2008. As a result, in order to make comparisons of the population of persons with disabilities at different points in time, it is necessary to use American Community Survey 1-Year Estimates, which have a high margin of error for disability status for populations of roughly San Luis Obispo County's size. Nonetheless, by looking at a variety of different data points, it is possible to create a composite picture that can inform an analysis of public policies and private market practices.

In general, a relatively low proportion of the population of San Luis Obispo County reports having a disability. The proportion of San Luis Obispo County residents reporting having a disability was generally in line with the national average in 2008 and 2013. The proportion of persons with disabilities increases dramatically with age. The data on the percentage of persons with disabilities by race and ethnicity bear this out. Among people who are 65 or older, African American and Asian Americans are actually more likely to have disabilities than Latinos and non-Latino whites. American-Indians in San Luis Obispo County are least likely to have disabilities.

**Table 22: Disability Status of Civilian Non-institutionalized Population, San Luis Obispo County vs California – 2008 and 2013 ACS 1 Year Estimates**

	2008 SLO	2008 CA	2013 SLO	2013 CA
All Ages	11.3%	10.2%	11.0%	10.6%
Under 5 Years	0.6%	0.6%	0.5%	0.7%
5 to 17 Years	4.4%	3.9%	3.1%	4.2%
18 to 64 Years	9.0%	8.2%	8.0%	8.3%
65 Years +	32.2%	38.6%	31.7%	36.9%

**Table 23: Disability Status by Race and Ethnicity, San Luis Obispo County vs. California – 2013 ACS 5 Year**

	SLO County	California
White Alone	11.8%	12.8%
Hispanic or Latino	7.5%	7.5%
Black or African American Alone	17.2%	14.5%
American-Indian or Alaska Native Alone	17.7%	16.5%
Asian Alone	6.7%	7.5%

**Table 24: Disability Status of those 65+ by Race and Ethnicity, San Luis Obispo County – 2013 ACS 5 Year**

	65 and Over
White Alone	34%
Hispanic or Latino	34%
Black or African American Alone	40%
American-Indian or Alaska Native Alone	21.3%
Asian Alone	37%

*Supportive Services*

The California Department of Developmental Services (DDS) is responsible for ensuring that individuals with developmental disabilities in the state receive services and supports necessary to lead independent and productive lives. These services and supports are provided through a mix of local, state, and federal programs, and private and public monies and groups. DDS itself operates one small community facility and four state developmental centers (DCs), or institutional centers, which each contain a skilled nursing facility (SNF), Intermediate Care Facility (ICF), and General Acute Care hospital (GAC). In addition, DDS contracts with 21 non-profit, private Regional Centers, which are central points of coordination to provide services and support to individuals with developmental disabilities.

ID/D

Tri-Counties Regional Center (TCRC) provides support and services to persons with ID/D living in San Luis Obispo, Santa Barbara, and Ventura Counties. During 2012, TCRC served 11,600 consumers of all ages, 62.8% of whom had a diagnosis of intellectual disability and 25.3% of whom had a diagnosis of autism. 40% of the TCRC’s clients were age 22 or older while 60% were age 21 or below. It should be noted that, as TCRC reports services provided overall, it is unclear what percentage of these services are provided to San Luis Obispo County residents specifically.

Although the vast majority of persons served by TCRC of all ages live in the homes of their parents or guardians, the need for supportive housing and the risk of unjustified institutionalization and segregation is greater for adults with ID/D. Porterville Developmental Center, located over 150 miles inland, is the closest institutionalized setting to San Luis Obispo County. Over time, the population of this and other institutions in California has dropped, as the benefits of a supportive and integrative environment take precedence over institutionalization. The population of the Porterville Developmental Center, above 800 in the 1990s, was 453 at the end of 2012, and has continued to drop to 362 by the end of June 2015. Information on the proportion of Porterville's residents who are from San Luis Obispo County is not available. Nonetheless, as DDS continues to make progress toward the goals of community integration and deinstitutionalization, San Luis Obispo County should be prepared to ensure that the housing and support needs of persons with ID/D are met.

Although less segregated than traditional institutions like California's Developmental Centers, ICFs and community care facilities are unlikely to be the most integrated settings appropriate to the needs of persons with ID/D. In 2012, 10% of TCRC clients lived in ICFs. Meanwhile, 26.6% of adult clients resided in independent living or supported living, the most integrated array of settings. Additionally, in 2012, TCRC met its goals of housing less consumers in developmental centers, more adults to home settings, and more children with families. In improving on these measures, TCRC surpassed the state averages in each category. These are all positive indications that both a strong provider infrastructure to deliver services and deeply affordable integrated housing are beginning to meet the needs of persons with ID/D in the Tri-Counties service area.

### Mental Health

In San Luis Obispo County, the Behavioral Health Department plays the lead role in coordinating the provision of Medicaid-funded supportive services to persons with psychiatric disabilities. The California Department of Health Care Services also provides oversight over community-based mental health care services. In Fiscal Year 2013, a total of 38,372 persons received Medicaid funded services for persons with psychiatric disabilities in San Luis Obispo County. Those services included inpatient services, residential services, crisis stabilization, day treatment, case management, mental health services, medication support, crisis intervention, and therapeutic behavioral services (TBS).

The population of persons receiving services comprises 7.45% of the overall Medicaid-eligible population. Persons with psychiatric disabilities receiving Medicaid-funded services are much more likely to be Latino than the population of the County as a whole (38% vs. 21%). In general, Medicaid-eligible San Luis Obispo County residents appear to receive services at rates roughly similar to Medicaid-eligible individuals statewide across an array of services. However, San Luis Obispo County residents are slightly more likely to receive case management (4.82% SLO v. 2.25% CA), medication support (3.25% SLO v. 2.71% CA), and crisis intervention (1.21% SLO v. 0.52% CA) services, while also being slightly less likely to receive crisis stabilization services (0.03% SLO v. 0.36% CA). Additionally, across most types of services and all of the most commonly used types of services, the dollar value of approved claims per beneficiary served per year in San Luis Obispo County is in line with statewide averages, with the exception of Day Treatment, where San Luis Obispo County amounts are much higher than the state average, and TBS, where the opposite is true.

The California Department of State Hospitals (DSH) maintains nine institutions for persons with psychiatric disabilities. These include five state hospitals and three psychiatric programs located inside state prison. One of these state hospitals, Atascadero, is located in San Luis Obispo County, but is limited to males who qualify for confinement under California's Penal Code. The next closest hospital which admits persons who have been civilly committed is the Metropolitan Los Angeles State Hospital. Although data on the city or county of origin for persons with psychiatric disabilities who have been confined to state institutions is not available, San Luis Obispo residents who are civilly committed are likely to be confined to Metropolitan, while males who are confined in accordance with the Penal Code can be in either institution. Atascadero State Hospital has a licensed bed capacity of 1,275 and a current patient census of 1072. Metropolitan Los Angeles State Hospital has a licensed bed capacity of 1,054 and a current patient census of 635.

### *Supportive Housing*

Many persons with ID/D or with psychiatric disabilities have extremely low or very low household incomes and, as a result, need affordable housing in order to avoid living in comparatively segregated settings like institutions, ICFs, and group homes. These housing needs are particularly acute for individuals who have aged out of foster care, whose aging parents are no longer able to provide homes for them, or who are in exiting institutions. If the infrastructure for the provision of supportive systems discussed above is operating properly, the nature and extent of individuals' disabilities should play no role in determining whether integrated permanent supportive housing is a residential option. Instead, the informed choice of the individuals should determine whether persons with ID/D or psychiatric disabilities reside in supportive housing.

The difficulty, however, is that supportive housing involves more funding challenges. Traditional site-based programs are often able to provide housing for persons with disabilities without tapping into housing funding streams to do so. Instead, they are able to rely on state revenues used to maintain institutions constructed long ago and on Medicaid to fund group homes. By contrast, the provision of permanent supportive housing generally requires the use of housing-specific resources, whether state or federal. While the total combined cost of providing housing and supportive services in permanent supportive housing is lower than under any other program, new agencies must become involved in paying those costs, despite not necessarily receiving additional revenue themselves.

In October 2008, San Luis Obispo County published "Path to a Home," a 10 Year Plan to end homelessness. This plan estimated that an unmet need existed in San Luis Obispo County for 425 family beds and 274 individual beds in Permanent Supportive Housing, and 449 family beds and 401 individual beds in Transitional Housing. The report called for re-orienting the County's approach to homelessness, making housing the central focus and linking services with housing in a comprehensive and coordinated package of care. The County has recently begun making strides in this endeavor. In 2014, the Board of Supervisors approved a three-year \$1.86 million contract with Transitions-Mental Health Association (TMHA) for a program called 50Now. This program aims to place 50 of the most vulnerable chronically homeless individuals in housing and provide them with proven services to break the cycle of homelessness. In partnership with other agencies, TMHA provides case management with the goal of housing as many people as quickly

as possible. The Housing Authority of San Luis Obispo aided this goal by contributing 50 Housing Choice Vouchers to the participants. As a result, TMHA was able to place 13 people in housing within 2 months of the program launch. In its first 10 months of operation, the program met and exceeded its benchmarks of a 50% reduction in arrests, hospital visits, and ER visits among participants (there were none in any of these categories).

Path to a Home supports, and this program follows, the “Housing First” approach, an evidence-based practice that has shown great promise in reducing homelessness in a cost-effective manner that respects the autonomy of residents. Under a Housing First program, permanent housing is the first rather than the last step toward ending homelessness. Rather than conditioning housing on compliance with an array of criteria, the Housing First program recognizes persons with psychiatric disabilities are best able to tackle the challenges in their lives once they are in stable housing.

The County’s collaboration with TMHA is a good first step toward the goal of providing integrated permanent supportive housing to extremely low and very low-income persons with disabilities who may otherwise be at risk of homelessness or unjustified institutionalization, including incarceration. Notably, the available spots in this program are dwarfed by the number of individuals in need. The County should continue investing other resources such as CDBG and HOME funds, in combination with municipal bonds, to further expand the availability of supportive housing. In doing so, it should make permanent supportive housing available to persons with ID/D and psychiatric disabilities who are presently living in segregated settings or who are at risk of unjustified institutionalization.

### *Olmstead Compliance Issues*

A brief discussion of non-compliance with civil rights protections related to community integration for persons with disabilities in the state is necessary to understand the barriers to and opportunities for *Olmstead* implementation.

In 2011, the California Department of Health Care Services and the California Department of Social Services agreed to a settlement agreement with the plaintiffs in *Katie A. v. Bonta*. In *Katie A.*, the plaintiffs challenged the failure of the State of California and the County of Los Angeles, which had settled the claims against it in 2003, to provide home and community-based mental health services to children in foster care or at risk of removal from family homes. The settlement agreement required the state agencies to use Medicaid resources to address those deficiencies. Although the plaintiffs’ complaint focused primarily on Los Angeles, the 2011 settlement required the state agencies to take remedial action statewide, including in San Luis Obispo County. Federal court supervision of the implementation of the settlement agreement ended in December 2014.

In 2006, the U.S. Department of Justice reached a settlement agreement with the State of California over alleged violations of the Civil Rights of Institutionalized Persons Act (CRIPA) at Metropolitan State Hospital, Napa State Hospital, Patton State Hospital, and Atascadero State Hospital. In particular, the Justice Department alleged that there was a “pattern and practice of preventable suicides and serious, life threatening assaults on patients by staff and other patients” at the institutions. The settlement agreement required the state to institute reforms to prevent

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future abuses and ensure the availability of supportive services. In 2006, the Justice Department also issued a letter of findings detailing alleged violations of CRIPA at Lanterman Developmental Center. That letter of findings did not result in litigation, and Lanterman is now closed. These enforcement actions by the Justice Department reveal the real harm inflicted on persons with ID/D and psychiatric disabilities when they are subjected to institutionalization.

### *Conclusion*

The populations of persons with ID/D and psychiatric disabilities in the San Luis Obispo County outpace the availability of integrated permanent supportive housing. The California Department of Health Care Services, the California Department of Developmental Services, the Tri-Counties Regional Center, and the San Luis Obispo County Department of Behavioral Health must have the resources available and build the provider capacity necessary to ensure that persons with ID/D and psychiatric disabilities have access to community-based services. At the same time, the County of San Luis Obispo should encourage those efforts and invest its own resources in the provision of integrated permanent supportive housing. In doing so, the County should build on the success of its collaboration with TMHA to expand its “Housing First” program to provide integrated supportive housing to persons with ID/D and psychiatric disabilities. By continuing on its present path, the County will further fair housing choice for persons with disabilities by helping to realize the promise of the ADA and the Supreme Court’s decision in *Olmstead v. L.C.*

# PRIVATE SECTOR COMPLIANCE

## FAIR HOUSING COMPLAINTS

Information about the extent and nature of housing discrimination in San Luis Obispo County is limited because the County is not within the core service area of a private fair housing organization. Thus, there is no focused effort ongoing in San Luis Obispo County to inform households of their rights under the Fair Housing Act and other relevant statutes and to assist households in filing administrative complaints or lawsuits, as appropriate. Accordingly, the number of fair housing complaints filed with the U.S. Department of Housing & Urban Development (HUD) and the California Department of Fair Employment and Housing (DFEH) is low. Drawing conclusion about trends with respect to private market discrimination based on such small sample sizes is not advisable. Nonetheless, to the extent that the distribution of complaints mirrors broader trends across larger geographies, it is possible to reach some tentative conclusions. Specifically, complaint data from both HUD and DFEH reflects that complaints on the basis of disability status are by far the most common type of complaint. Complaints alleging national origin discrimination or unlawful retaliation are the next most common categories of complaints.

**Table 25: HUD Fair Housing Complaints – San Luis Obispo County –  
January 2010 to December 2013**

Basis of Complaint	Number of Complaints
Total	31
Race	2
Color	0
National Origin	7
Disability	19
Familial Status	4
Religion	0
Sex	1
Retaliation	9

Basis of Complaint	Number of Complaints
Total	41
Race/Color	1
Disability	21
Familial Status	2
Marital Status	2
Retaliation	5
Source of Income	1
Sex	2
Sexual Orientation	1
National Origin	5
Religion	3
Pregnancy	1



Association	2
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Breaking down DFEH complaints by their city of origin within San Luis County does not provide a basis for drawing conclusion about either particular trouble spots for discrimination or the sufficiency of current outreach efforts. Although there are disproportionately high numbers of complaints from some cities and low numbers from others, the sample size was very small. Additionally, other sources of data are not available to corroborate city-level complaint trends.

City	Number of Complaints
Total	41
Arroyo Grande	6
Atascadero	11
Cayucos	1
Grover Beach	3
Morro Bay	5
Paso Robles	4
Pismo Beach	2
San Luis Obispo	8
Other	1

In 2015, San Luis Obispo County began contracting with California Rural Legal Assistance (CRLA) to provide a range of fair housing services, including individual representation of individuals who believe that they have been the victims of housing discrimination. CRLA provides services and materials in both English and Spanish. Most of the clients served by CRLA reside in private housing though some reside in publicly supported housing. The trends apparent from California Rural Legal Assistance's fair housing work in the County largely corroborate the picture of housing discrimination in the private market painted by complaint data from HUD and DFEH. Discrimination on the basis of disability status was the most common basis for discrimination claims, but individuals complained of familial status discrimination and sexual orientation discrimination, which is illegal under state law, as well. CRLA's education and outreach efforts addressed a range of fair housing issues but, consistent with overall complaint trends, had a particular focus on obstacles faced by persons with disabilities. As in many communities across the country, the obligations of landlords and property managers with respect to persons with disabilities who have service or support animals present a continuing need for education.

Fair housing testing is a proven method for detecting discrimination that is often covert. When conducting fair housing testing, pairs of trained testers whose qualifications as prospective tenants or homebuyers are identical except with respect to protected class status approach the same housing provider, realtor, lender, or insurance company and make note of how they were treated. If, for example, a property manager tells an African American tester that no units are currently available but tells a white tester that several are, those testers' experiences are evidence of unlawful discrimination. Fair housing tests can be conducted in-person or telephonically. As

part of its contract, CRLA conducted five telephonic tests of rental properties. Two tests focused on disability status while three focused on race. All three tests for racial discrimination were negative, meaning that they did not uncover evidence of discrimination. One of the two disability tests was negative, but the other had mixed results, necessitating follow-up.

Although negative tests for racial discrimination are a positive sign, they do not establish that housing discrimination on the basis of race in the private market is not an issue in San Luis Obispo County. The sample size of tests is too limited to substantiate such a conclusion, and, although telephonic testing is a valuable and cost-effective investigative tool, in-person testing may be necessary to reveal certain types of bias. In crafting future testing initiatives, the County and CRLA should continue to probe for racial discrimination, as well as national origin discrimination which often operates in a similar manner. CRLA may wish to continue its use of telephonic testing for discrimination on the basis of disability, but conducting a smaller number of in-person tests in lieu of a larger number of telephonic tests may be a more effective means of uncovering race or national origin discrimination. While there is evidence that some housing providers make discriminatory decisions on the basis of the names of callers where those names are stereotypically associated with a particular race or national origin group, some bias undoubtedly arises at the point when a housing provider sees an individual of a disfavored group. By contrast, although some private disability discrimination is the product of individual animus toward persons with disabilities or stereotypes about the capacities of persons with disabilities, much discrimination concerns the application of neutral rules to individuals who may need reasonable accommodations. Those rules, such as policies that would bar service or support animals, are often identifiable over the phone.

It is encouraging that CRLA is beginning to address the need for a range of fair housing services in San Luis Obispo County. The County should continue to support additional capacity within the area to fill those needs. In doing so, the County should continue to support CRLA's vital role but should also be mindful of gaps that might exist. In particular, as a grantee of the federal Legal Services Corporation, CRLA is subject to restrictions on its ability to serve clients whose income exceeds certain limits and is constrained from engaging in some types of policy advocacy. Although housing discrimination disproportionately affects low-income people who are members of protected classes, it does harm people at every income level. Additionally, in light of the range of land use and zoning barriers that restrict fair housing choice in the County, there is a need for independent voices to advocate for reform.

### *Design and Construction Issues*

Anecdotal reports suggest that a lack of physically accessible housing may be an impediment to fair housing choice for persons with disabilities, particularly elderly individuals who are also protected from discrimination on the basis of age under the California Fair Employment and Housing Practices Act. Under the Fair Housing Act, multi-family housing developed after 1991 is required to meet certain physical accessibility requirements. The failure to design and construct multi-family housing that complies with those standards constitutes unlawful discrimination on the basis of disability. Additionally, single-family homes that are developed with federal financial assistance are also subject to accessibility requirements under Section 504 of the Rehabilitation Act, and housing developed with state or local assistance is subject to accessibility requirements under the Americans with Disabilities Act. As the County seeks to

expand local fair housing capacity, housing accessibility should be a priority issue for advocacy organizations.

### *Review of Apartment Complex Websites*

In order to gain a better understanding of what policies and practices affect access to multi-family rental housing among protected class members, the production of this Analysis of Impediments included a review of the websites of a sampling of apartment complexes in four cities across San Luis Obispo County. That review revealed the following potential barriers to access for protected class members:

- *Breed and size restrictions for dogs and cats.* If a person with a disability needs a service or support animal in order to have an equal opportunity to use and enjoy a dwelling, a housing provider may only reject the service or support animal if allowing the animal would pose a direct threat to the health or safety of other or would pose an undue burden for the housing provider. In general, in response to a reasonable accommodation request, a housing provider must make an individualized determination that a service or support animal would pose a direct threat or create an undue burden rather than relying on an across the board policy. It should be noted that breed and size restrictions do not pose a fair housing issue outside of the context of a reasonable accommodation request.
- *Pet deposits.* If a housing provider charges a pet deposit, it is important that tenants with service or support animals, which are not pets, not be charged that deposit. Again, outside of the reasonable accommodation context, pet deposits do not raise fair housing issues.
- *Application questions about service or support animals.* One rental application contained inappropriate questions about the training of service or support animals, which is not a subject that is relevant to the scope of a prospective housing provider's inquiry into the necessity of a reasonable accommodation.
- *Criminal background screening.* Overly broad criminal background screening policies may raise significant fair housing issues in light of the disproportionate effect that such policies are likely to have on the basis of race and national origin. Additionally, if rigidly applied to persons with disabilities, housing providers may have a duty to provide reasonable accommodations from their policies under certain circumstances. Housing providers have a legitimate interest in protecting the health and safety of their residents and preventing property damage, but policies that bar persons with arrest records or with old convictions for non-violent offenses, for example, may go far beyond what is needed to serve that interest. The City of Atascadero appears to have a Crime-Free Multi Housing Program, which may raise fair housing concerns in its own right. Crime-free ordinances tend to incentivize and sometimes require housing providers to engage in practices that have discriminatory effects for the reasons outlined above.

On a positive note, all but one of the websites reviewed prominently displayed the equal housing opportunity logo, and the one that did not included language about its non-discrimination policy on the page that includes its rental application. In addition to this language and the display of the logo, it would be helpful for persons with disabilities who are attempting to navigate the rental

application process to have clear information provided about the process by which housing providers accept and process reasonable accommodation requests.

### *Housing Discrimination Studies*

National studies provide a helpful supplement to limited available local data about the prevalence of housing discrimination. The National Fair Housing Alliance's annual report on housing discrimination patterns *Where You Live Matters: 2015 Fair Housing Trends Report* documented persistently high levels of discrimination in the private housing market. The total number of complaints received by an array of agencies increased slightly between 2013 and 2014. Reports of disability discrimination and source of income discrimination, which is not prohibited by the Fair Housing Act but which is prohibited under many state and local laws, drove the increase. It is important to note that, while California law prohibits discrimination on the basis of source of income, California courts have held that Housing Choice Vouchers, as opposed to Social Security benefits, are not a source of income for the purposes of that protection. Overall, a majority of discrimination complaints nationwide alleged discrimination on the basis of disability status. Race was the next most common protected class status invoked, followed by familial status and national origin. 22.0% of complaints alleged racial discrimination, and 10.6% alleged national origin discrimination. In light of the demographics of the Central Coast, one might expect more national origin complaints and fewer race complaints locally. HUD and DFEH complaint data bears this out.

In 2013, the Urban Institute prepared a report entitled *Housing Discrimination Against Racial and Ethnic Minorities 2012* for the Office of Policy Development and Research at HUD. That report relied on large scale fair housing testing rather than complaint data to study the prevalence of discrimination on the basis of race and national origin in housing. The study found that African American, Latino, and Asian American homeseekers were told about and shown fewer rental housing opportunities than white homeseekers. African American and Asian American homeseekers were also shown fewer homes for sale than were white homeseekers though there was no disparity between white and Latino homeseekers on that point. The study found that discrimination in the rental market had decreased over time, but that the sales market was more static.

In 2015, the Urban Institute prepared a report entitled *Discrimination in the Rental Housing Market Against People Who Are Deaf and People Who Use Wheelchairs: National Study Findings* for the Office of Policy Development and Research at HUD. The study found that rental housing providers are less likely to respond to well-qualified homeseekers who have auditory disabilities and use assistive communication technologies and that, when they do respond, housing providers inform persons with auditory disabilities of fewer housing opportunities. The study also found that, though persons who use wheelchairs are not quoted higher rents or subjected to different lease terms, they are less likely to be given appointments to view units in buildings with accessible units than are homeseekers who do not use wheelchairs.

## FAIR LENDING

### *Home Mortgage Lending Practices*

The Fair Housing Act prohibits discrimination in residential real estate transactions. Predatory lending practices during the period leading up to the foreclosure crisis have been shown to have disproportionately and adversely affected African American and Latino populations in California and throughout the nation. However, the adverse impact on these minority groups has been more modest in San Luis Obispo County, largely due to the fact that the population is 70% non-Latino white.

From 2007 to 2013, San Luis Obispo County residents submitted roughly 25,145 loan applications. The majority of these, 86%, were for conventional loans, while the remaining 14% were submitted for FHA insured loans. In California, 75% were for conventional loans, while 25% were submitted for FHA insured loans. As seen in Table 28, the denial rate was 12.8% for conventional loans and 12.4% for FHA insured loans in San Luis Obispo County. San Luis Obispo County residents had a higher success rate than California residents as a whole over the same period, where 17% of conventional loan and 15% of FHA insured applications were denied.

**Table 28: Conventional and FHA Insured Loan Application Outcomes –  
San Luis Obispo County – 2007-2013**

	<b>Application approved but not accepted</b>	<b>Application denied by financial institution</b>	<b>Application withdrawn by applicant</b>	<b>File closed for incompleteness</b>	<b>Loan originated</b>
<b>Conventional</b>	1,769	2,770	2,242	410	14,445
	8.18%	12.80%	10.36%	1.89%	66.76%
<b>FHA-insured</b>	180	434	453	76	2,366
	5.13%	12.37%	12.91%	2.17%	67.43%

The highest number of loan applications occurred in 2007, with 5,369. In 2007, 99% of the loan applications were for conventional loans, the largest percentage over the six year period. While the number of conventional loan applications in the San Luis Obispo County dropped when the economy got weaker, FHA insured loan applications rose. FHA insured loans make up the largest percentage of loans in 2010, with 26%. Since then, as the economy and housing market has slowly healed, the percentage of FHA insured loan applications has fallen, accounting for only 14% in 2013, the lowest percentage since 2007. This data clearly shows that San Luis Obispo County applicants rely more on FHA insured loans when the economy is weaker, and many private lenders reduce lending.

**Figure 31: Conventional and FHA Insured Loan Application Outcomes by Race and Ethnicity–  
San Luis Obispo County – 2007-2013**

HMDA data shows that, from 2007-2013, racial and ethnic groups in San Luis Obispo County experienced similar results in disposition for both conventional and FHA insured loan application. As seen in Figure 31 above, all groups in San Luis Obispo County except the Asian population experienced slightly higher origination rates on FHA insured loan applications compared to conventional applications, and higher rates of denial from the financial intuitions on conventional loans than FHA insured loans. White applicants account for the vast majority of loan applications over the six year period, with roughly 88% of the total. Hispanic or Latino applicants account for the next largest percentage with 8% of the loan applications. The largest

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difference between White and Hispanic or Latino loan applicants were the rates at which conventional loans were originated over the six year period, with White applicants having their loans originated at an almost 13% higher rate. For groups with relatively small populations and in turn a low number of applications, such as Black or African American (<1%), Native Hawaiian and Pacific Islander (<1%), American Indian or Alaska Native (1%), and Asian (3%) loan applicants, caution in interpreting the data is justified.

# SECTION III: IMPEDIMENTS AND ACTION STEPS

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## *Impediment 1: Lack of Fair Housing Education, Outreach, and Enforcement Infrastructure in San Luis Obispo County and on the Central Coast.*

There is no private non-profit fair housing organization that serves San Luis Obispo County, and that absence is felt with respect to multiple issues addressed in this document. Most significantly, the presence of a fair housing organization could dramatically improve the quantity and quality of data available concerning discrimination in the private housing marketplace. By educating households about their rights and accepting intakes, fair housing organizations increase the likelihood that victims of discrimination will seek to vindicate their fair housing rights. Such organizations also have the capacity to measure the extent of discrimination in the absence of specific complaints through audit tests of housing providers. In fair housing testing, individuals who are similarly situated except for their protected class status seek to rent or purchase homes or apply for mortgage loans and document their experiences. If the testers are treated differently, that difference may support an inference that discrimination has occurred. With respect to the quality of complaint-related data, fair housing organizations may also be able to pick up on trends in types of complaints that are not reflected by aggregate totals.

In addition to helping to understand trends in private discrimination, fair housing organizations can also play an important role in advocating for inclusive policies at the local, regional, and state levels. Implementing effective action steps to address impediments to fair housing choice generally requires political will. Having a group outside of local government that is committed to advocating for the same reforms, makes long-term change more likely to occur. In thinking about how to address this impediment, the County should keep in mind that other counties along the Central Coast are in a similar position. As Monterey and Santa Barbara Counties and the Cities of Goleta, Monterey, Salinas, Santa Barbara, Santa Maria, and Seaside are all Entitlement Jurisdictions, there may be mutual interest in tackling this issue regionally.

Two organizations that have some capacity to work on fair housing issues operate in or near San Luis Obispo County. California Rural Legal Assistance (CRLA) has an office in San Luis Obispo, and the organization's attorneys have expertise in raising fair housing claims as a defense in landlord-tenant litigation in particular. CRLA also has strong connections to Latino communities in the County and the broader region. However, because CRLA is funded in part by the federal Legal Services Corporation (LSC), its work is subject to two serious constraints that would prevent the organization from fulfilling the role of a private fair housing organization. First, its clients must be income-eligible in order to receive assistance, and, second, the organization is unable to engage in lobbying activity. By contrast, while the Fair Housing Council of Central California, which is based in Fresno, does not have strong ties to the County,



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it does have the ability to serve clients with incomes that are over LSC limits and to engage in lobbying. Looking to the south, the Los Angeles-based Housing Rights Center plays a similar role as far north as Ventura County.

*Action Step 1.1: Convene Meetings with CRLA, the Fair Housing Council of Central California, and the Housing Rights Center to Gauge Interest and Capacity to Start a Fair Housing Organization on the Central Coast or Expand Existing Operations to the Region.*

The first step toward building fair housing infrastructure is to engage with potential partners who are most familiar with fair housing issues and who are most likely to know what constraints and opportunities exist. Such organizations may be able to expand their operations to meet the need or may be able to help build the capacity of those who take on the task directly.

*Timeline:* Third and Fourth Quarters of 2016.

*Benchmarks:* The County should be able to document that the meetings occurred and their outcome.

*Action Step 1.2: Convene Meetings with Housing and Community Development Staff from Entitlement Jurisdictions Along the Central Coast to Develop a Joint Funding Strategy for Increased Fair Housing Infrastructure.*

Because the lack of infrastructure is regional in scope and because other local governments have similar fair housing obligations to the County, working with other communities to develop a joint funding strategy should make efforts to establish a new organization or expand an existing organization's operations more successful.

*Timeline:* First and Second Quarters of 2017.

*Benchmark:* The County should be able to document that the meetings occurred and their outcome.

*Action Step 1.3: Work with Key Partners to Secure Funding for a New or Expanded Fair Housing Organization from Local Foundations and Businesses.*

If Action Steps 1.1 and 1.2 result in a strategy for supporting either the establishment of a new fair housing organization or the expansion of an existing organization's operations on the Central Coast, the next step will be to ensure that such an organization has the financial strength to grow and flourish before it is able to secure funding through HUD's Fair Housing Initiatives Program. Grants from jurisdictions' CDBG allocations are an initial step in that process.

*Timeline:* Second and Third Quarters of 2017.

*Benchmark:* The County should be able to document that meetings with potential funders occurred and their outcome.

*Action Step 1.4: Provide CDBG Funding to a New or Existing Private Fair Housing Organization in Order to Support Its Operations in the County.*

If the above Action Steps result in a solid foundation for the creation of a new fair housing organization or the expansion of an existing one, the County should state that it will provide funding for the relevant entity in its Program Year 2016-2017 Annual Action Plan. The County will likely need to issue a Substantial Amendment to its Consolidated Plan in order to do so.

*Timeline:* Third and Fourth Quarters of 2017.

*Benchmark:* The County should be able to demonstrate that it has made the requisite changes to its Annual Action Plan and Consolidated Plan and, once those have been finalized, should be able to document that it has disbursed the funds. Once a fair housing organization is serving the County with the support of CDBG funds from the County, that organization should provide the County with records reflecting its level of activity in terms of complaints received by type of complaint and their outcome, tests performed, and trainings conducted.

*Impediment 2: High Housing Costs Constrain the Ability of Low-Income Latino Households in the Central Coast to Live in San Luis Obispo County.*

As described in this document, Latinos make up a markedly smaller percentage of the population of San Luis Obispo County than they do of any of the surrounding counties. Latino households generally have lower household incomes than do non-Latino white households and are more likely to reside in housing types that are affordable. Because San Luis Obispo County effectively comprises its own Metropolitan Statistical Area, traditional segregation indices are not effective tools for revealing spatial patterns. Instead, the City of Santa Maria in northern Santa Barbara County provides a nearby example of where data tools are able to document segregation levels in an individual community. Santa Maria has a population of 102,216 and is 70.4% Latino. It is located approximately 20 minutes by car from the Five Cities area of San Luis Obispo County and a little more than half an hour from the City of San Luis Obispo. Many stakeholders reported that it is common for workers at jobs in the County who cannot afford to live in the County to instead live in Santa Maria.

To promote residential racial and ethnic integration in the County and along the Central Coast, the County should adopt strategies to address high housing costs and ensure development of affordable units are affirmatively marketed to Latino households regionally in addition to other groups that are among the least likely to apply for housing in the County.

*Action Step 2.1: Expand Multi-Family Residential Zoning and Zoning That Allows for the Development of Small Single-Family Homes in Cities and Census-Designated Places throughout San Luis Obispo County with a Strong Emphasis on Sites That Are Outside of the Coastal Zone and That Do Not Currently Have Concentrations of Multi-Family Housing.*

In light of the lack of an adequate supply of affordable housing in San Luis Obispo County, it is important that the County and its incorporated cities have zoning ordinances that are properly calibrated to allow for an adequate supply of affordable housing. In order to maximize the

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effectiveness of these actions by focusing on what they can directly control, the County and the cities should focus on rezoning parcels that are outside of the Coastal Zone. In light of existing zoning and inadequate supply of multi-family housing and small single-family homes, the following communities should be particularly high priorities for increased density: Arroyo Grande, Atascadero, and Templeton. The jurisdictions should focus first on undeveloped sites and subsequently on sites that are likely to become available for reuse.

*Timeline:* 2015 through 2020.

*Benchmark:* The County and its cities should make necessary zoning changes and maintain records reflecting the amount of land zoned to allow for multi-family housing and small single-family homes. This action step should result in an increase in the amount of land available for such housing.

*Action Step 2.2: (In the future, if the County's Growth Management Ordinance is frequently triggered) Expand Exceptions to the Growth Management Ordinance or Otherwise Ease Its Restrictions.*

(Background: The County's Growth Management Ordinance (GMO) has had little impact on growth in the county. The GMO's 2.3% limit on housing unit permits / allocations has been reached in only four years between 1991 and 2015, During those four years, not all of the permitted / allocated units were built. If the 2.3% limit had been reached during every year since 1991, the GMO would have cumulatively allowed up to 25,000 new residential units. This would be in addition to the exemptions granted to affordable housing, secondary dwellings and farm support quarters.)

In those years when the GMO's 2.3% development limit is triggered, the GMO constrains the supply of new housing, resulting in higher housing costs. The Ordinance is not intended to deter the production of affordable housing and contains exceptions for affordable housing units. . However, the production of affordable, inclusionary housing units or payment of in-lieu fees are tied to the production of market rate units. These benefits are reduced whenever residential development is constrained. In the future, if the GMO were to create a year-to-year limit on housing production, the County should consider upward revisions to the limit on annual growth permit / allocations. As an alternative, the County could also consider exempting market-rate units in inclusionary housing developments from the permit cap if the amount of inclusionary housing units is high enough – 15% to 20% - to warrant such an incentive.

*Timeline:* 2016 through 2020.

*Benchmark:* The County should track allocations each year to anticipate trends that may warrant amending the GMO and thereby avoiding a barrier to affordable housing.

*Action Step 2.3: Ease Procedural Barriers to Multi-Family Housing Development.*

Even where multi-family housing is permitted under applicable zoning district regulations and sufficient building permits are available under the Growth Management Ordinance, developments with 25 or more units are still required to obtain a conditional use permit (CUP) in order to go forward. This procedural requirement adds to the cost of development and may

provide local opponents of multi-family housing and affordable housing with an opportunity to mobilize to block approval. Although the CUP requirement also applies to large single-family developments, such developments are less likely to incur opposition from neighbors thus making them less vulnerable to being derailed.

*Timeline:* 2016 through 2020.

*Benchmark:* The County should be able to document enacted revisions to its Land Use Ordinance. Once implemented in tandem with changes to the Growth Management Ordinance, the changes should result in an increase in successful multi-family development proposals.

*Action Step 2.4: Allow for Increased Density within Residential Multi-Family Districts.*

Allowable residential density is the product of multiple different factors under applicable zoning ordinances. In addition to the stated allowable density in terms of units per acre, developments must also comply with maximum building heights, minimum setback requirements, and open space requirements. At both the level of the County and in the individual cities there are regulations that limit density even within multi-family districts. For example, the maximum allowable density in any district in the City of Paso Robles is 20 units per acre, which is a low to moderate level of density for a multi-family development. In unincorporated areas of the County, as another example, the maximum allowable building height is 45 feet. These restrictions may limit multi-family production and constrain affordable housing development without a countervailing justification. Although taller apartment buildings may not be an appropriate land use in all locations, there may be suitable locations for such structures in most communities of the County. Additionally, allowing more dense development, in contrast to single-family development on larger lots, is a better strategy for conserving limited natural resources, including water.

*Timeline:* 2015 through 2020.

*Benchmark:* The County and its cities should be able to document changes to their land use ordinances that allow for increased density in multi-family districts. Once implemented, these changes should result in an increase in the average density of new multi-family developments.

*Action Step 2.5: Prioritize the use of City Allocations of CDBG Funds towards assisting Affordable Housing Development.*

The County and the City of San Luis Obispo do an effective job of utilizing their HOME (in the case of the County) and CDBG (for both governments) funds to promote the development of affordable housing. The County's remaining cities that participate in the CDBG program, however, generally do not spend that money on affordable housing. Instead, they invest the vast majority of those funds in accessibility modifications to public sidewalks. Such modifications may play an important role in enabling cities to develop in a way that is fair and inclusive for persons with mobility disabilities. They are also expressly eligible activities under 24 C.F.R. § 570.201(c), which provides an exception from restrictions on using CDBG funds to pay for the maintenance of public facilities. Nonetheless, to advance fair housing choice for persons with disabilities, it would better serve the obligation to further fair housing if the cities used a portion of their funds to support the development of affordable housing that is accessible in addition to

ensuring accessible streetscapes. The small size of each city's allocation need not deter the cities from using their funds to support development activities. While the cities are unlikely to have the capacity to provide the primary stream of subsidy for any given development, their contributions can be layered with others in order to, for example, make developers more competitive for Low Income Housing Tax Credits.

*Timeline:* 2016 through 2020.

*Benchmark:* The County's cooperative agreements with the cities should be amended to set a target goal for the percentage of CDBG funds used to foster the development of affordable housing for each year in which a non-profit affordable housing developer has proposed a development. Over the long term, this shift should result in either or both the development of additional units of affordable housing or deeper levels of affordability in developments that would have gone forward either way.

*Action Step 2.6: Waive or Reduce Building Fees for Developments That Include Affordable Housing.*

In addition to restrictive zoning and land use policies, fees charged by school districts, utilities, and municipalities also drive up the cost of development and negatively affect housing affordability. The City of San Luis Obispo has taken a proactive approach to addressing this barrier by waiving its municipal fees for developments that include affordable housing, such as those constructed by the Housing Authority. The County and its other cities should replicate this successful model.

*Timeline:* 2017 and 2018.

*Benchmark:* The County and its cities, aside from San Luis Obispo, should be able to document that they have adopted policies that result in the waiver or reduction of fees for developments that include affordable housing. Over time, this should result in increased production of affordable housing.

*Impediment 3: Limited Access to Public Transportation, Particularly in Northern San Luis Obispo County.*

Public transportation linkages between cities and Census-Designated Places in the County are limited, particularly in the northern portion of the County. Low-income households, including low-income Latino households, are more likely to utilize affordable housing and public transit in the County than higher income households. The relatively limited availability of public transit creates economic costs for low-income households and may also impede the mobility of such households into the communities of their choice within the County. Planning efforts are underway in the County to expand and modernize public transit in the area. In order to ensure that these efforts meet the needs of members of protected classes, coordination between housing and community development agencies, on the one hand, and transit agencies, on the other, will be critical.

In addition to the availability of transit, the cost of transit can be a major obstacle to mobility for the most economically vulnerable individuals and households, including persons with disabilities

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who reside in supportive housing. Persons with disabilities are eligible for discounted fares on Regional Transit Authority bus lines, but the cost may still be too high for some.

### *Action Step 3.1: Coordinate with Transit Agencies to Ensure That Expanded Bus Lines Effectively Serve New Affordable and Multi-Family Housing.*

Housing and community development agencies in the County should coordinate with transit agencies to ensure that proximity to affordable housing and multi-family housing (especially developments with inclusionary components) is considered in any future expansions of bus service (whether adding new stops, increasing frequencies, or deploying services at unconventional hours, including evenings and weekends). The two largest transit providers are the SLO Transit system and the Regional Transit Authority, both of which are separate entities from the County, so there are limits to the level of influence that housing and community development agencies can have. Nevertheless, the County and the transit agencies should at least seek to engage in constructive dialogue about these issues. For the other cities that operate bus systems, there may be a need for greater intra-governmental coordination as well as dialogue with private and non-profit stakeholders.

*Timeline:* 2015 through 2020.

*Benchmark:* The County and its cities should be able to document inter-departmental and inter-agency communication and dialogue. If efforts to engage with transit agencies are successful, the long term consequences should be the explicit discussion of affordable housing location in transit plans and bus stop siting decisions that reflect that discussion.

### *Action Step 3.2: Monitor Implementation of Reduced Required Numbers of Parking Spaces for Residential Developments When Developers Agree to Provide Complimentary Bus Passes to Low-Income Residents in the City of San Luis Obispo.*

Although other communities may not have sufficient public transportation, the City of San Luis Obispo has made the public transit system more accessible to their most vulnerable with incentives that promote compact, environmentally sustainable development by reducing minimum numbers of parking spaces in residential developments in exchange for developers providing complimentary bus passes to low-income residents. By collecting data on the implementation of this policy, the City of San Luis Obispo can better determine what future adjustments might improve the effectiveness of the policy and other cities can learn from the City's experience.

*Timeline:* Fourth Quarter of 2017.

*Benchmark:* The City of San Luis Obispo should maintain records reflecting newly approved developments that have utilized this incentive, the number of parking spaces waived at those developments, and the number of bus passes provided to residents in exchange for those waivers.

### *Impediment 4: Inconsistent State Housing Policies and Lack of Available Funds.*

*(Action Steps in this section - Impediment 4 - have been deleted)*

*Issue 5: Efforts to Develop Permanent Supportive Housing Are Exemplary and Should Be Taken to Scale.*

A variety of partners including but not limited to the County, the Housing Authority, and Transitions Mental Health Association have collaborated to develop innovative programs for expanding the supply of permanent supportive housing for persons with disabilities, including those at the greatest risk of unjustified institutionalization or homelessness. They have done so in a way that is respectful of the dignity and autonomy of the population served. Although resources are limited, the County and its partners should identify opportunities where they arise to expand upon the base that they have built and take their program to scale.

# APPENDIX

## SUMMARY OF COMMUNITY PARTICIPATION

In order to ensure that the analysis contained in an AI truly reflects conditions in a community and that action steps are feasible, the participation of stakeholders from the community in the process of developing the AI is of pivotal importance. In particular, the insights of fair housing organizations, civil rights and advocacy organizations, legal services providers, social services providers, housing developers, local government officials, and industry groups is critical to drawing accurate conclusions about the state of fair housing in a community. In preparing this AI, the Lawyers' Committee reached out to and held in-person meetings with organizations that fill many of these roles in San Luis Obispo County. As Impediment 1 reflects, however, the absence of certain types of common stakeholder organizations from the County made it more difficult to gain a comprehensive understanding of fair housing issues in the area. Nonetheless, the contributions of the organizations that provided input were invaluable. In addition to one-on-one meetings, the Lawyers' Committee received input by e-mail up until the close of the public comment period for the draft AI, and County staff held two public meetings with respect to the document, with Spanish interpretation available. The contributing agencies are listed on the Acknowledgments page at the beginning of the AI. The broad themes that emerged in communications with stakeholders are cataloged below:

- San Luis Obispo County faces severe housing affordability problems that limit the ability of low-income people to live in certain portions of the County or, in some instances, within the County at all. Housing costs are particularly high in coastal communities and in the City of San Luis Obispo.
- Factors that contribute to housing unaffordability include: the lack of middle and high wage jobs; the high proportion of housing stock used as secondary residences or occupied by retirees or college students who are not in the workforce; restrictive zoning and land use policies; California Coastal Commission policies and procedures; insufficient federal, state, and local resources for affordable housing; NIMBYism or local opposition to affordable housing; high fees for residential development, particularly utility connection fees; and the scarcity of water.
- There is a perception that some communities within the County are more committed to the development of affordable housing than are others.
- San Luis Obispo County, the City of San Luis Obispo, and the Housing Authority of San Luis Obispo are recognized as leaders in working to meet affordable housing needs.
- There is a lack of advocacy groups that represent racial and ethnic minorities in the County as well as of groups that advocate for inclusive land use policies.
- The County has a strong base of non-profit affordable housing developers and service providers.



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- The County and its partners' strongest efforts to promote fair housing choice have involved the embrace of a Housing First model for serving individuals with psychiatric disabilities.
- Public transportation in the County is limited as is the potential for near-term expansions in service.