

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Board of Directors

FROM: Monique Madrid, Acting General Manager
Timothy Carmel, District Counsel

AGENDA NO. **6.F.**

Meeting Date: January 17, 2019 Subject: DISCUSSION AND CONSIDERATION
OF INTRODUCTION OF ORDINANCE
01-2019 AMENDING SECTION
8.04.110 OF THE CAMBRIA
COMMUNITY SERVICES DISTRICT
MUNICIPAL CODE RELATING TO THE
AFFORDABLE HOUSING PROGRAM

RECOMMENDATIONS:

Staff recommends that the Board of Directors discuss and consider draft Ordinance 01-2019 relating to the Affordable Housing Program and make any appropriate changes. If the Board wishes to proceed with the Ordinance, the Ordinance should be introduced, read by title only and further reading should be waived. The Ordinance can be adopted at the next regular Board meeting.

FISCAL IMPACT:

Under the current provisions of the CCSD Municipal Code, lower income affordable housing projects receive an incentive for each unit constructed consisting of a fifty percent (50%) reduction in water and sewer connection fees. The draft Ordinance presented to the Board would make the reduction in fees permissive rather than required, and it would apply to extremely low-income, very low-income or lower-income projects only. Broadening the definition of projects eligible for affordable housing allocations could have significant financial impacts to the District depending on how it is structured.

BACKGROUND:

Section 8.04.110 of the CCSD Municipal Code sets forth the CCSD's Affordable Housing Program. The Board has recently discussed concerns that have arisen relating to the definitions in the CCSD Code that limit such projects to those that are for "lower income households." This was a result of an affordable housing project proposal presented to the District for a project that included moderate income and workforce housing.

President Pierson has suggested that Section 8.04.110 be revised to broaden the types of eligible affordable projects, and to bring the CCSD Code more in line with the affordable housing project categories used by San Luis Obispo County in its affordable housing program. The County Code contains affordability standards and eligible household definitions, which are set forth in San Luis Obispo County Code Section 22.12.070. They include definitions for extremely low-income, very low-income, lower-income, moderate-income and workforce housing.

The draft Ordinance being presented to the Board for consideration makes changes to Subsection 8.04.110(A) "Eligibility" – to provide that an affordable housing project must meet the County's eligibility standards as set forth in San Luis Obispo County Code Section 22.12.070. By definition, this would include projects for extremely low-income, very low-income, lower-income, moderate-income or workforce housing.

In addition to aligning the CCSD Code more with the County Code, two other issues should be addressed. First, current provisions in the CCSD Municipal Code specify that lower income affordable housing projects receive an incentive of a fifty percent (50%) reduction in water and sewer connection fees for each unit constructed. Depending on how any amendments are structured, there are potential financial implications. Staff is recommending that instead of requiring that such incentives "shall" be provided, that this provision be modified to state that it "may" be provided and add the words "up to" before "fifty percent (50%) reduction in fees" to the language. This would allow the Board to make a determination on a case-by-case basis regarding incentives and how much to allow. Also, the proposed incentive provision has been modified to apply to projects that meet the County's extremely low-income, very low-income or lower-income eligibility requirements, and not just lower income projects.

The other issue to consider is whether affordable housing projects should be eligible to obtain intent to serve letters and to proceed with development at this time, notwithstanding the Water Code Section 350 restrictions on new connections to the District's water system. As staff advised the Board in 2012 when it last addressed the Affordable Housing Program, the Board's intent appears to have been to continue the Affordable Housing Program despite the 2001 declaration of a Water Code Section 350 water shortage emergency. Although there is a lack of other documentation, on December 13, 2001 the District established an Implementation Program for Water Emergency Declaration, which included a provision that the Board could consider issuance of intent to serve letters for affordable housing projects. In order to address and clarify this issue, the following language is proposed to be added as new Subsection C to Section 8.04.110:

The Board may also determine that intent to serve letters may be issued to allow a project for extremely low-income, very low-income, lower-income, moderate-income, or workforce housing to proceed and connect to the CCSD's water system, subject to the County's Growth Management Ordinance and any other required approvals by other governmental agencies.

With regard to the Growth Management Ordinance, San Luis Obispo County Code Section 26.01.034(2) exempts affordable housing as follows:

Affordable Housing. Proposed new dwelling units which will be affordable housing for persons and families of low or moderate income as defined by California Health and Safety Code Section 50093, with long-term affordability guaranteed as provided by all applicable sections of the Land Use Ordinance, Title 22 and the Coastal Zone Land Use Ordinance, Title 23 of the county code.

Revised on 1/17/2019 to Include Staff Report 6.F. Attachment

Finally, the draft ordinance would also eliminate some language that appears to be unnecessary relating to multi-family projects and size of projects, and correct some minor typographical errors. A redline version of the proposed changes is attached to assist the Board in its review.

Attachments: Draft Ordinance 01-2019
Redline of proposed changes to Section 8.04.110
County Affordable Housing Standards

BOARD ACTION: Date _____ Approved: _____ Denied: _____

UNANIMOUS: ___PIERSON ___ FARMER ___ RICE ___ STEIDEL ___ HOWELL___