

Central Coast Housing Working Group

Centennial Park
Live Oak Room
600 Nickerson Drive
Paso Robles, CA 93446

January 31, 2020

Minutes

1. CALL TO ORDER

The meeting was called to order by Maura F. Twomey, Executive Director, Association of Monterey Bay Area Governments (AMBAG) at 1:00 p.m.

2. ROLL CALL/INTRODUCTIONS

Jurisdiction	Representative	Present	Absent
Santa Cruz County	Francisco Estrada	X	
San Benito County	John Freeman	X	
San Benito County	Jim Gillio	X	
Monterey County	Joe Gunter	X	
Santa Barbara County	Joan Hartmann	X	
San Luis Obispo County	Adam Hill		X
Santa Barbara County	Ariston Julian		X
Monterey County	Mike LeBarre	X	
Santa Cruz County	Bruce McPherson	X	
Santa Barbara County	Alice Patino	X	
San Luis Obispo County	Jimmy Paulding	X	
Santa Cruz County	Kristen Petersen		X
Monterey County	John Phillips	X	
San Luis Obispo County	Fred Strong	X	
San Benito County	Ignacio Velazquez	X	

Others Present: Marjie Kirn, SBCAG; Peter Rodgers, SLOCOG; Mary Gilbert, SBCOG; Sara Sanders, SLOCOG; Michael Becker, SBCAG; Nicole Nix, County of San Luis Obispo; Carolyn Berg, County of San Luis Obispo; Joshua Roberts, County of San Luis Obispo; John Holder, City of Atascadero; Rachel Cohen, City of San Luis Obispo; Maura Twomey, Heather Adamson, Bobbie Grant and Miranda Taylor; AMBAG.

The Central Coast Housing Working Group members gave introductions.

3. ELECTION OF OFFICERS

A. Chair

Maura Twomey, Executive Director, AMBAG reported that the Central Coast Housing Working Group (CCHWG) is required to nominate a Chair and Vice-Chair.

Ms. Twomey opened up the nominations for Chair of the Central Coast Housing Working Group. The Working Group nominated Director LeBarre as Chair.

Motion Made by Director Strong, seconded by Director Velazquez to elect Director LeBarre as Chair of the Central Coast Housing Working Group. Motion passed unanimously.

B. Vice – Chair

Mike LeBarre, Chair, opened up the nominations for Vice-Chair of the Central Coast Housing Working Group. The Working Group nominated Director Paulding as Vice-Chair.

Motion made by Director Gillio, seconded by Director Strong to elect Director Paulding as Vice- Chair of the Central Coast Housing Working Group. Motion passed unanimously.

4. LOCAL GOVERNMENT PLANNING SUPPORT PROGRAM OVERVIEW

Heather Adamson, Director of Planning, AMBAG, gave an overview of the Local Government Planning Support Program. Ms. Adamson stated that California is currently in a housing crisis. The State needs to build more than 1.8 million homes by 2025 to keep pace with the projected growth. An average of 80,000 homes has been built in the state since 2010 and 180,000 homes will be needed annually to keep up with the growth. The reasons why there is a housing crisis in the state are 1) a limited supply and increased costs of housing; and 2) out of the 6 million renter households more than 3 million households pay more than 30% of their income toward rent and nearly 1.7 million households pay more than 50% of their income toward rent. Ms. Adamson reported that in response to the housing crisis, the Legislature and the Governor made grant funding available to accelerate the housing production. The Local Government Planning Support Grants Program was established by AB 74 and AB 101 to fund any housing planning activities to accelerate the production of housing and required the Central Coast to create the working group to be eligible for about \$8 million in funding. Ms. Adamson stated that AMBAG, SBCOG, SLOCOG and SBCAG have coordinated with their cities and counties to create the Working Group to make decisions to allocate funding. Key eligible uses of the funding include 1) improving the Regional Housing Needs Allocation (RHNA) methodology used by the COGs; and 2) suballocating funds for housing planning such as infrastructure planning, technical assistance, feasibility studies, establishing trust funds, temporary staffing and any other actions to accelerate housing production. Ms. Adamson also reported that the program requires one agency of the working group act as the fiscal agent for the grant and that the Central Coast COG boards recommended AMBAG as the fiscal agent.

5. CONSENT AGENDA

A. Notice of Formation of the Central Coast Housing Working Group

Maura Twomey, Executive Director, AMBAG gave a report on the Notice of Formation of the Central Coast Housing Working Group. Ms. Twomey reported that the Notice of Formation of the Central Coast Housing Working Group (CCHWG) was required under the requirements found by AB 101 to be issued once the Working Group was formed at the end of November 2019. Ms. Twomey also reported that the notice of formation was posted by AMBAG, SBCOG, SLOCOG and SBCAG per requirements.

6. REGULAR AGENDA

A. Regional Housing Overview

Sara Sanders, Transportation Planner, San Luis Obispo Council of Governments (SLOCOG) gave a presentation on the Regional Housing Overview for SLOCOG. Ms. Sanders reported that around 180,000 new homes would need to be built in the next 10 years. Steps to new housing include 1) the determination by the California Department of Housing and Community Development (HCD) in which allocates the number of housing units a region needs to plan; 2) the MPO distributes the allocated housing units through a Regional Housing Needs Assessment (RHNA) process; 3) the local jurisdictions update their housing element; and 4) Builders build new units. Ms. Sanders reported that the Regional Housing Needs Allocation (RHNA) process is 1) a 1969 mandate that requires jurisdictions to plan for the housing needs of their residents regardless of income; and 2) HCD determines the number of new homes and the affordability of those homes. Ms. Sanders also reported that SLOCOG's RHNA process is as follows 1) HCD determines the RHNA and income category distribution by very low, low, moderate and above moderate income levels; 2) allocation based on demographics and income averages from the Department of Finance; 3) SLOCOG develops 2019 RHNA Plan and distribution methodology to local jurisdictions; 4) SLOCOG compiled a stake holder group of 8 local jurisdictions; and 5) local jurisdictions update their Housing Elements. Ms. Sanders stated that SLOCOG's RHNA process ended in October 2019 and that HCD allocated SLOCOG with 10,810 housing units. The 5th RHNA cycle ended on January 1, 2019 and exceeded the housing targets with 4,563 housing units with less than 75% in the above moderate category. Ms. Sanders reported that over 50,000 housing units were built in the region between the 1970's to the 1990's and between the 1990's to now housing units out pace households. Ms. Sanders also reported that there are 11,000 units being used for seasonal, recreational and occasional use making less than 2% of units for rent or sale in the region. Ms. Sanders stated that 1) the region has exceeded the housing unit targets with 71% of housing units as above moderate; 2) 17,000 housing units are vacant but 2/3 are seasonal, recreational or occasional; 3) 9% of jobs earn more than \$100,000 a year with 66% of jobs earning less than 50,000 a year; 4) a 4-person household making \$105,000 or more a year is at an above moderate income and with a 20% down payment qualifies for a \$500,000 home; and 6) the SLOCOG's region median home price is \$600,000 or more.

Michael Becker, Director of Planning, Santa Barbara Association of Governments (SBCAG), gave a presentation on the Regional Housing Overview for the Santa Barbara County Region. Mr. Becker reported that the southern part of Santa Barbara County is more expensive to live which includes the City of Santa Barbara, City of Carpinteria and the City of Goleta. The North County is least expensive to live which includes the City of Santa Maria, City of Guadalupe and the City of Lompoc with Ventura County having more moderately priced housing units. Mr. Becker reported on the imbalance between county jobs versus employed residents. In 1990, there were fewer jobs and more employed residents compared to 2017 when there is less employed residents and more jobs. The rate of job growth in Santa Barbara County exceeded the amount of employed residents which amounts to more jobs and less housing. Mr. Becker reported that there was more daytime population change due to commuting in 2017 by more labor coming to the South Santa Barbara County from the North and Ventura Counties. Mr. Becker also reported on the jobs per housing units with 1) North County having fewer jobs per household and having to commute to work; and 2) the South County having more jobs per household and importing labor. Mr. Becker highlighted two recent news articles 1) Amazon arrives in Santa Barbara with an estimate of 400 engineers which will put pressure on the mid and upper end of the housing market; and 2) a hotel was approved which will bring low income paying jobs along with expensive housing market would need to import labor to work. Mr. Becker reported as a result of commuting and importing labor that 1) the hourly traffic pattern on the U.S. 101 at the Santa Barbara and Ventura County line was heavier in the morning going westbound and heavy in the evening going eastbound and; 2) the hourly traffic pattern on U.S. 101 south of SR 1 was heavier in the morning going to southbound and heavier in the evening going northbound. Mr. Becker stated that SBCAG is currently entering into its 6th Cycle Regional Housing Needs Assessment (RHNA) process which includes 1) HCD consultation beginning in May 2020; 2) the determination of housing units issued by October 2020; 3) adoption of the RHNA Plan by August 2021; and 4) Housing elements due by February 2023. The 5th RHNA Cycle allocated 11,000 housing units. Brief discussion followed.

Heather Adamson, Director of Planning, Association of Monterey Bay Area Governments (AMBAG), gave a presentation on the Regional Housing Overview for the AMBAG region. Ms. Adamson stated that AMBAG is the Metropolitan Planning Organization (MPO) for the Monterey, Santa Cruz and San Benito Counties but is only the Council of Governments (COG) that prepares the Regional Housing Needs Assessment (RHNA) for Monterey and Santa Cruz Counties. Ms. Adamson reported that AMBAG is primarily coastal when preparing the RHNA with constraints such as 1) severe water shortages; 2) limited land availability; 3) coastal zones; 4) significant litigation and; 5) environmental constraints on the coast. Ms. Adamson also reported that inland there is 1) available water and land; 2) developer interest; 3) agricultural greenlines; 4) moderate litigation and; 5) fewer environmental constraints. Additional constraints on new housing construction include 1) high land costs; 2) high construction costs; 3) limited capacity of affordable housing developers; 4) uncertainty on development is politically and economically feasible; 5) there are frequent litigation against projects and; 6) regulatory barriers. Ms. Adamson stated that housing development and external influences are due to 1) majority of the new housing developments are in the inland areas from Salinas to King City; 2) new housing development has been too slow to accommodate the regional housing needs; 3) high-paying jobs are located in Silicon Valley which have impacted housing markets in the AMBAG region; and 4) local jurisdictions are restricting short term rentals to provide more housing for the local

residents and about 5% of the homes are second homes. Ms. Adamson reported that during the 5th cycle RHNA, Monterey and Santa Cruz Counties were allocated 10,430 housing units. AMBAG will start the 6th Cycle RHNA process which includes 1) HCD consultation beginning in April of 2021; 2) the determination of housing units by September 2021; 3) adoption of the RHNA Plan in June 2022; and 4) Housing Elements due by December 2023.

Mary Gilbert, Executive Director, Council of San Benito County Governments (SBCOG), gave a presentation on the Regional Housing Overview for San Benito County. Ms. Gilbert reported that San Benito County had a significant growth in housing in the 1990's but that the sewer moratorium in the City of Hollister halted housing construction for 8 years and the impacts of the recession deeply impacted growth and development in the county. Currently new developments that were approved are now under construction and that new proposals are being considered with challenges of growth. There are currently 2,761 total housing projects currently approved and under construction with 5% as rental apartments, 56% as single family residential homes, and 39% as age restricted development. In San Benito County there is opportunity for housing such as 1) sufficient land available; 2) adequate water supply and; 3) moderate building costs for builders. The challenges for housing include 1) a jobs and housing imbalance; 2) providing housing for Silicon Valley with 50% of residents commuting to jobs; 3) increasing housing prices; 4) majority of housing is single-family residential units and; 5) farmworker housing needs. Steps for planning for the future include 1) new funding for local jurisdictions; 2) incentives for affordable housing; 3) specific housing plans; and 4) new infrastructure funding. Ms. Gilbert also reported that SBCOG follows the same Regional Housing Needs Assessment (RHNA) schedule as AMBAG. Brief discussion followed.

B. Working Group Charter

Maura Twomey, Executive Director, AMBAG gave a report on the Working Group Charter. Ms. Twomey reported that AMBAG coordinated with SBCOG, SLOCOG, and SBCAG to prepare the Working Group Charter. The Working Group Charter outlines the following 1) Purpose; 2) Line of Reporting; 3) Responsibilities; 4) Membership; 5) Meetings; 6) Selection of the Chair and Vice Chair; 7) Records of Proceedings; 8) Duration of Existence; and 9) the Limitations of the Central Coast Housing Working Group. Ms. Twomey also reported that the Working Group Charter was necessary for the first CCHWG meeting and revisions could be made as needed at future meetings.

Motion made by Director Strong, seconded by Director Gunter to approve the Working Group Charter. Motion passed unanimously.

Carolyn Berg, Principal Analyst, County of San Luis Obispo suggested under the Meetings section of the Working Group Charter that instead of any motion or action be approved by majority of the members present that at least one representative from each county or region be present for approval of vote.

By consensus, the Working Group requested to move forward with taking any motion or action must receive a vote from the majority of the members present as outlined in the Working Group Charter.

C. Appointment of the Association of Monterey Bay Area Governments as the Fiscal Agent and Authorization to Request Allocation of Program Funding

Maura Twomey, Executive Director, AMBAG gave a report on the Appointment of the Association of Monterey Bay Area Governments as the Fiscal Agent and the Authorization to Request Allocation of Program Funding. Ms. Twomey reported that under statute, the Working Group is required to appoint a fiscal agent. Ms. Twomey stated that the California Department of Housing and Development (HCD) would appoint a fiscal agent if the Working Group does not appoint a fiscal agent. Ms. Twomey also reported that the staff from all for Council of Governments (COG's) met prior to the Working Group meeting and staff recommended that AMBAG be appointed as fiscal agent for the Working Group.

Heather Adamson, Director of Planning, AMBAG stated that as approving AMBAG as the fiscal agent the Working Group needs to authorize AMBAG as the fiscal agent and request the money from HCD. Ms. Adamson reported that the allocation amount was adjusted to \$7,931,311 instead of the initial amount of \$7,987,501 and the corrected resolution was provided at the meeting. Ms. Adamson also reported that this resolution was a sample resolution provided by HCD to submit the application to HCD which allows the fiscal agent fund the money to the appropriate sub allocate for developing the funding program.

Motion made by Director Gillio, seconded by Director Phillips to appoint the Association of Monterey Bay Area Governments as the Fiscal Agent and authorize AMBAG to Request Allocation of Program Funding with the allocation amount change made to Resolution 2020-01. Motion passed unanimously.

D. Draft Approach for the Allocation of Regional Housing Planning Funding

Heather Adamson, Director of Planning, AMBAG gave a presentation on the Draft Approach for the Allocation of Regional Housing Planning Funding. Ms. Adamson reported that legislation requires AB 101 to establish regional housing planning funds for the specific purposes such as 1) suballocating funds for housing planning; 2) improving the methodology used by the Council of Governments (COG's) for the distribution of the 6th Cycle of the Regional Housing Needs Assessment (RHNA); and 3) administering the grant program. The draft approach for allocating regional housing funding would be the fiscal agent will allocate three percent of the funds to administer the grant for the Central Coast from 2020 through 2024. As the fiscal agent AMBAG would 1) provide housing planning best practices resources; 2) outreach and education; 3) coordination and compliance with the Department of Housing and Development (HCD); 4) financial oversight and auditing; 5) facilitating invoicing and reporting; and 6) contract management. Ms. Adamson reported that \$7,931,311 will be allocated to the four COG's in the Central Coast region. The amounts allocated to each COG will based upon the proportion of the COG's population within the Central Coast megaregion to maintain geographic unity and that the Department of Finance (DOF) will send out the population estimates per AB 101. Ms. Adamson stated that the grant requires that the COG's use a portion of the funds to develop an improved methodology for the distribution of the 6th Cycle RHNA. After this approach, the COG's would 1) allocate the remaining funding to the their local jurisdiction's for housing planning; 2) may sub allocate funds using geographic equity based on regional priority; and 3) the funds may be used for housing related planning and grand administration only. Example eligible uses of the funds include 1) infrastructure planning to support new housing and new

residents; 2) technical assistance in improving housing permitting processes, tracking systems and planning tools; 3) feasibility studies to identify best housing sites; 4) establishing housing trust funds for affordable housing; 5) temporary staffing or consultants; and 6) other actions which to accelerate housing production. Next steps include 1) feedback from the Working Group on an approach to sub allocate funding; and 2) that COG staff will bring back the recommended approach for approval at the next CCHWG meeting. Lengthy discussion followed.

By consensus, the Working Group recommended the fiscal agent to allocate the funding to the Council of Governments (COG's) and the COG's to sub allocate the funding to local jurisdictions for approval at the next Central Coast Housing Working Group meeting.

Ms. Adamson also reported that as the fiscal agent is required as part of the legislation to develop a housing planning best practices resources. The housing planning best practices resources can list common issues within the region. Ms. Adamson stated that housing planning best practices resources would be brought to a future Working Group meeting for input. Brief discussion followed.

Carolyn Berg, Principal Analyst, County of San Luis Obispo commented that SLOCOG and region is ahead in terms of the next RHNA cycle and struggled through the process. Ms. Berg reported that the County of San Luis Obispo County Administrative office took action on a new collaborative work plan between all the cities and COG's and are currently working on a regional infrastructure strategic plan. Ms. Berg stated that the central coast region has 1.5 million voices within the planning area and that the regions have similar challenges such as coastal zones, water shortages, traffic issues, population and shortage of funding. Ms. Berg also reported that they are working with planners within the cities and agencies to produce common challenges and best practices resources. Brief discussion followed.

7. ORAL COMMUNICATIONS FROM THE PUBLIC ON ITEMS NOT ON THE AGENDA

None.

8. ORAL COMMUNICATIONS FROM THE WORKING GROUP ON ITEMS NOT ON THE AGENDA

Director Paulding requested that agenda item numbers be added to the staff reports in future Central Coast Housing Working Group meeting agendas.

9. NEXT MEETING

A. Suggested Dates: March 20, March 27 or April 24

Maura Twomey, Executive Director, AMBAG reported there are three suggested meeting dates for the next CCHWG Meeting which are March 20th, March 27th or April 24th. Ms. Twomey reported that the next meeting would be a webcast meeting and that the Working Group members would be able to attend the meeting at their Council of Governments (COG's). Ms. Twomey also reported that there would be four meeting locations. Brief discussion followed.

By consensus, the Central Coast Housing Working Group agreed upon the April 24, 2020 meeting date.

10. ADJOURNMENT

The Working Group meeting adjourned at 2:18 p.m.

CENTRAL COAST HOUSING WORKING GROUP MEETING ATTENDANCE & VOTING RECORD

MEETING DATE: January 31, 2020

Attendance (X= Present; AB= Absent) Voting (Y= Yes; N=No; A=Abstain)						
JURISDICTION	REPRESENTATIVE	Attendance	Item# 3.A	Item# 3.B	Item# 6.B	Item# 6.C
Santa Cruz County	Francisco Estrada	X	Y	Y	Y	Y
San Benito County	John Freeman	X	Y	Y	Y	Y
San Benito County	Jim Gillio	X	Y	Y	Y	Y
Monterey County	Joe Gunter	X	Y	Y	Y	Y
Santa Barbara County	Joan Hartmann	X	Y	Y	Y	Y
San Luis Obispo County	Adam Hill	AB	-	-	-	-
Santa Barbara County	Ariston Julian	AB	-	-	-	-
Monterey County	Mike LeBarre	X	Y	Y	Y	Y
Santa Cruz County	Bruce McPherson	X	Y	Y	Y	Y
Santa Barbara County	Alice Patino	X	Y	Y	Y	Y
San Luis Obispo County	Jimmy Paulding	X	Y	Y	Y	Y
Santa Cruz County	Kristen Petersen	AB	-	-	-	-
Monterey County	John Phillips	X	Y	Y	Y	Y
San Luis Obispo County	Fred Strong	X	Y	Y	Y	Y
San Benito County	Ignacio Velazquez	X	Y	Y	Y	Y

(* = Board Member(s) arrived late or left early, therefore, did not vote on the item. Please refer the minutes)