

TO: James App, City Manager

FROM: Ron Whisenand, Community Development Director

SUBJECT: Habitat for Humanity: Request for Assistance to Develop Six Homes for Very Low Income First-Time Homebuyers

DATE: November 16, 2010

Needs: For the City Council and Redevelopment Agency to consider a request filed by Habitat for Humanity of the County of San Luis Obispo (Habitat) for financial assistance to develop six homes for very low income first-time homebuyers.

Facts:

1. Habitat has requested that the City provide the following types of financial assistance to help them develop six homes for very low income first-time homebuyers:
 - a. \$225,000 grant to purchase property at 2811 Vine Street;
 - b. City fee waivers for 6 homes (about \$270,000 for 6 homes at fee rates that will be effective January 1, 2011).
2. The attached letter (dated November 16, 2010) explains their request and presents a conceptual plan for development of the subject property.
3. Habitat has entered into an agreement to purchase the property. Before they close the sale, they are seeking a statement of support from the City.
4. The property at 2811 Vine Street is presently zoned R-2; it is in the Uptown/Town Centre Specific Plan area and is proposed to be zoned T-3N, which is similar to the R-2 Zone. The property is 1.6 acres in size, but only 1.0 acre is developable because of steep slopes and the critical root zone of one oak tree.
5. Development of 5 or more units would require approval of a development plan, a discretionary application. The site is located in the Uptown area, and Resolution 07-100 provides that the City will not consider discretionary applications until the Uptown/Town Centre Specific Plan is adopted.
6. Attached is a fact sheet listing the types of funds that might be used to provide the requested assistance and the limitations for using such funds. Also attached is a status report on the Redevelopment Low and Moderate Income Housing (LMIH) fund.

Analysis and
Conclusion: Density and Design

The proposed density, 6 units per developable acre, is consistent with the General Plan and both the existing zoning and the proposed T-3N Zoning. Habitat's letter presents a concept for development of the property that appears to be basically

consistent with the proposed form-based code. Three single family detached homes will front onto Vine Street and three will face an interior driveway. However, the degree of detail in the concept drawing is insufficient to determine the degree to which the development will conform to the proposed code.

Affordable Housing Assistance Policy

The 2004 Housing Element, 2006 Economic Strategy, and 2010-2014 Redevelopment Implementation Plan all contain policy statements that call for the City to provide financial assistance to first-time homebuyers. Some of these policies are cited in Habitat's letter (attached).

Financial Assistance: Property Acquisition

There are four types of funds that can be used to assist affordable housing projects. These are summarized in the attached fact sheet. Of the four, CalHome funds would appear to be the most appropriate for both Habitat's and the City's needs. There are sufficient CalHome funds presently available, and no other agency (e.g. County, State, or Federal Government) need approve their use.

The amount necessary to purchase the property exceeds the amount of CDBG funds available in most years. Federal HOME funds (not to be confused with State CalHome funds), if awarded by the Board of Supervisors, would not be available until Fall 2011, which would jeopardize Habitat's ability to purchase the property. Use of LMIH funds would impact the ability of the City/Redevelopment Agency to assist other affordable housing projects such as future phases of Oak Park Redevelopment.

State law requires that CalHome funds must be loaned. However, the City could structure the assistance in the form of a loan to Habitat that would be incrementally reconveyed to the homebuyers in the form of 30 year, fixed-rate, deferred-payment loans. In the mid 1990's, the City made a similar arrangement, using CDBG funds, with Peoples' Self-Help Housing Corp. to help them purchase their Spring Meadows tract. Under CalHome regulations, the initial loan could have interest rates between 0 and 6 percent simple; the mortgage assistance loans could have interest rates between 0 and 3 percent simple.

Financial Assistance: City Fees

As noted on the attached fact sheet, the City has never waived development fees. (The City Attorney has previously indicated that doing so would subject the project to prevailing wages.) The City has, however, granted LMIH funds to offset fees for several affordable housing projects. CDBG and HOME funds may not be used for development fees. There are insufficient CalHome funds on hand to assist both property acquisition and deferral of fees.

As noted in the attached fact sheet, there is capacity in the LMIH fund to provide \$270,000 for fee assistance for 6 homes. A status report on the LMIH fund is also attached.

Next Steps

If the City Council agrees that it would like to support Habitat's proposal and loan CalHome funds for property acquisition and grant LMIH funds to offset City fees, it would seem appropriate for the City and the Redevelopment Agency to "reserve" the CalHome and LMIH funds until such time that the following has occurred:

1. Approval of a Development Plan: It has been a standard requirement of Participation Agreements (PAs) for LMIH funds that applicants obtain approval of development plans prior to release of funds. This would seem to be appropriate for awarding CalHome funds as well.

Since the Uptown/Town Centre Specific Plan has not yet been adopted, Habitat would have two options:

- a. Wait for adoption of the specific plan (estimated to occur in March 2011) before the City approves a development plan; or
 - b. Request that the City Council allow consideration and approval of a development plan in advance of adoption of the specific plan.
2. Submit Evidence of Financing: It has been a standard requirement of PAs that applicants submit evidence that full financing of the project has been approved by the appropriate authorities for each source of financing prior to release of funds.
 3. Execute CalHome Loan Agreement and Redevelopment Participation Agreement: Agreements setting forth the conditions for a CalHome loan and a grant of LMIH funds would need to be prepared and executed. The details of these agreements, particularly the parameters and conditions of financing should be brought back to the City Council and Redevelopment Agency for confirmation prior to execution of the agreements.

Reference: 2004 Housing Element; 2006 Economic Strategy; 2010-2014 Redevelopment Implementation Plan; State laws governing CalHome and Redevelopment Programs

Fiscal Impact: Habitat's request would have no effect on the General fund.

Options: That the City Council and Redevelopment Agency take one of the following options:

- a. (1) That the City Council adopt the attached Resolution Reserving Up to \$225,000 in CalHome Funds to Assist the Development of Six Single Family Homes for Very Low Income Households by Habitat for Humanity for San Luis Obispo County.
- (2) That the Redevelopment Agency adopt the attached Resolution Reserving Up to \$270,000 in Redevelopment Low and Moderate Income Housing Funds to Assist the Development of Six Single Family Homes for Very

Low Income Households by Habitat for Humanity for San Luis Obispo County.

- b. Amend, modify, or reject the above options.

Prepared By: Ed Gallagher, City Planner

ATTACHMENTS:

1. Fact Sheet
2. LMIH Fund Status Report
3. Resolution Reserving CalHome Funds
4. Resolution Reserving LMIH Funds
5. Letter from Habitat for Humanity

Fact Sheet for Habitat for Humanity's September 2010 Request

Request

1. \$225,000 grant to purchase property at 2811 Vine Street
2. City fee waivers for 6 homes (about \$270,000 for 6 homes at rates to be effective January 1, 2011)
 - Homebuyers would qualify as being of low or very low income, as defined by state and federal law.
 - Habitat has entered into an agreement to purchase the property – i.e., time is of the essence.

City's Historical Practice

- The City has granted or loaned funds of the types indicated below to assist affordable housing.
- The City has never waived development fees, but has loaned or granted funds for the purpose of paying for the fees.

Possible sources of funds

Community Development Block Grant (CDBG) Funds

- Can be used for property acquisition and for second mortgages.
- Can **not** be used to pay city fees.
- Can be granted.
- Total amount of 2011 CDBG funds available for this type of use is \$205,000. However, there will be other projects competing for these same funds.

Home Investment Partnership Act (HOME) Funds

- Federal funds awarded to, and controlled by, the County
- Can be used for property acquisition and for second mortgages.
- Can **not** be used to pay city fees.
- Can be granted.
- Typical maximum amount of HOME funds available for any one project: \$200,000 - \$400,000.
- Habitat was encouraged to apply for 2011 HOME funds, which would not.

Redevelopment Low and Moderate Income Housing (LMIH) Funds

- Can be used for property acquisition and for second mortgages.
- **Can** be used to pay city fees.
- Can be granted.
- There is capacity to grant \$225,000 in FY 11 and \$90,000 over the next 3 years and still have LMIH funds left over after all other current commitments, including Phase 1 of Oak Park Redevelopment.
- In 2002, \$35,000 in LMIH funds were granted to H4H to assist with payment of City fees for three single family homes at 2939, 2947 and 2949 Vine Street.

CalHome Funds

- In 2001, the State granted the City \$500,000 for the purpose of making "mortgage assistance" (silent second) loans to low income first-time homebuyers.
- The City has \$246,000 in repaid CalHome loans in its CalHome Re-use Fund.
- CalHome funds may be re-loaned to acquire property, provided that the funds are rolled over into mortgage assistance loans for the first-time homebuyers.
- Can **not** be granted.
- The City could structure the financing so that there is no interest to Habitat, but that the mortgage assistance loans would have a 3% simple interest rate and payments would be deferred for 30 years.

STATUS OF LMIH FUNDS

October 2010

Fiscal Year	Estimated Deposits into LMIH Fund	Estimated Administrative Expense	SLO Housing Trust Fund	SERAF 2010	Chet Dotter Senior Housing	Hidden Creek	Oak Park Phase One	Habitat	Estimated LMIH Fund Balance
09									1,423,900
10	840,000	295,500	7,500	1,200,000	300,000	0	0		460,900
11	858,000	301,400	0		300,000	100,000	550,000		67,500
12	877,000	307,400	0			103,000	103,000	90,000	341,100
13	896,000	313,500	0			106,100	106,100	90,000	621,400
14	916,000	319,800	0			109,300	109,300	90,000	909,000
15	937,000	326,200	0			112,600	112,600		1,294,600
16	958,000	336,000	0			116,000	116,000		1,684,600
17	979,000	346,100	0			119,500	119,500		2,078,500
18	1,000,000	356,500	0			123,100	123,100		2,475,800
19	1,021,000	367,200	0			126,800	77,300		2,925,500
20	1,043,000	378,200	0			130,600			3,459,700
21	1,065,000	389,500	0						4,135,200
22	1,088,000	401,200	0						4,822,000
23	1,111,000	413,200	0						5,519,800
24	1,135,000	425,600	0						6,229,200
25	1,160,000	438,400	0						6,950,800
26	1,185,000	451,600	0						7,684,200
27	1,211,000	465,100	0						8,430,100
28	1,237,000	479,100	0						9,188,000

Notes:

1. Estimated fund balance on June 30, 2009 based on Jim Throop's 11/17/09 email on FY 10 Encumbrances.
2. Projections do not include any investment income or "redepositing" of \$1.2 million SERAF payment in FY 10.
3. Estimated Deposits thru FY 18 provided by Craig Hill on 05/08/09. Estimated Deposits in FY 19 thru 28 provided by Ed Gallagher.
4. Estimated administrative expense begins with \$295,500 in FY10. (\$295,500 = \$349,500 Budgeted minus \$54,000 CDBG admin funds.) Subsequent fiscal years' amounts are adjusted by 2.0% through FY 15 and then by 3.0% to FY 23.
5. Payments to Hidden Creek Village in FYs 13-20 assume future values at a compounded interest rate of 3.0%
6. Oak Park payments assume \$450,000 for construction costs plus \$100,000 for impact fees in FY 11, then \$100,000 plus 3% compounded interest thru FY 19. Payment in FY 20 is \$75,000 principal plus 3% compounded interest.
7. All figures on this page are rounded to the nearest \$100.

RESOLUTION NO. 10-XXX

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
RESERVING UP TO \$225,000 IN CALHOME FUNDS TO ASSIST THE DEVELOPMENT
OF SIX SINGLE FAMILY HOMES FOR VERY LOW INCOME HOUSEHOLDS
BY HABITAT FOR HUMANITY FOR SAN LUIS OBISPO COUNTY**

WHEREAS, in a letter dated August 25, 2010, Habitat for Humanity for San Luis Obispo County (“Habitat”) requested that the City of El Paso de Robles (the “City”) provide financial assistance in the amount of \$225,000 to acquire property at 2811 Vine Street (the “Property”), and a waiver of City building permit and development impact fees required for the construction of six single family residential units for very low income households on the Property (the “Project”); and

WHEREAS, the Property is located with the planning area for the draft Uptown/Town Centre Specific Plan; and

WHEREAS, the proposed land use and density of the Project is consistent with the General Plan, existing R-2 Zoning, and proposed zoning under the draft Uptown/Town Centre Specific Plan; and

WHEREAS, both the present Zoning Code and the proposed form-based code in the draft Uptown/Town Centre Specific Plan require approval of a discretionary development plan for development of five or more dwelling units on any property; and

WHEREAS, on May 15, 2007, the City Council adopted Resolution 07-100, which provided that the City would not approve any discretionary zoning applications in the Uptown area until the Uptown/Town Centre Specific Plan had been adopted; and

WHEREAS, Habitat is a non-profit organization and an affiliate to Habitat for Humanity International, which serves to build ownership housing for low and very-low income households; and

WHEREAS, in 2002, Habitat completed construction of three single family residential units for low and very low income households at 2929, 2947, and 2949 Vine Street; that project was assisted with a grant of \$35,000 in Redevelopment Low and Moderate Income Housing (LMIH) Funds for the purpose of offsetting a portion of City building permit and development impact fees; and

WHEREAS, at its meeting of November 16, 2010, the City Council considered Habitat’s request for financial assistance and determined that acquisition of the Property would best be accomplished with CalHome funds, and that a waiver of City building permit and development impact fees for the Project would best be accomplished with a grant of LMIH funds to offset said fees; and

WHEREAS, in 2001, the State of California awarded the City a grant of \$500,000 in CalHome funds for the purpose of providing mortgage assistance loans to lower income, first-time

homebuyers; from this grant, the City made six deferred-payment second mortgage loans; the total principal amount of that loan portfolio was \$489,500; and

WHEREAS, pursuant to the conditions of the CalHome Grant and CalHome regulations as set forth in Sections 7715 et seq of Title 25 of the California Code of Regulations, the City established a Re-Use Account into which proceeds from repaid CalHome Loans would be deposited and accrue interest; and

WHEREAS, as of the date of Habitat's request, three of the CalHome Loans have been repaid, and the Re-Use Account has a balance of \$246,000; and

WHEREAS, CalHome regulations permit CalHome funds to be loaned to developers of lower income housing (which includes very-low income households) in a manner that the loan proceeds can be converted into individual loans to the first-time homebuyers; and

WHEREAS, the Project would help the City meet its low-income housing needs, as set forth in the 2004 Housing Element of the General Plan, and the City's objective of housing its workforce, as stated in the 2006 Economic Strategy; and

WHEREAS, as of the date of Habitat's request, they have not acquired the Property, received approval of a development plan, submitted evidence of other pre-approved financing for the Project, nor has the Uptown/Town Centre Specific Plan been adopted;

NOW, THEREFORE, BE IT RESOLVED as follows:

SECTION 1. The City Council hereby reserves up to \$225,000 in CalHome Funds to be a loan to Habitat for the purpose of acquiring the Property, subject to the following conditions:

1. This reservation shall expire six (6) months from the date of this resolution, unless the reservation period is extended by resolution of the Agency following a submittal of a written request by Habitat.
2. The form of financial assistance to the Project will be a loan to purchase the Property for the Project. Said loan shall be structured to be reconveyed to buyers who qualify as being "Very Low Income", as defined by Health and Safety Code Section 50105, and "first-time homebuyers", as defined by Health and Safety Code Section 50068.5.
3. The loan of \$225,000 to Habitat shall accrue interest at six (6) percent simple per annum. The principal and interest due on this loan shall be forgiven incrementally upon reconveyance of portions of said loan to qualified buyers.
4. The individual loans to homebuyers shall have payments deferred for thirty (30) years and shall accrue interest at a rate of three (3) percent simple per annum. At the end of the term, a balloon payment will be due.

5. All loans shall conform with State Regulations for the CalHome Program as set forth in Sections 7715 et seq of Title 25 of the California Code of Regulations.
6. Prior to distribution of any loan funds, Habitat shall enter into a Participation Agreement (PA) with the Agency, which shall set forth the terms and conditions for the loan.
7. As a prerequisite to obtaining the loan, Habitat shall:
 - a. Submit to City evidence that full financing for the Project has been approved by the appropriate authorities for each source of financing;
 - b. Obtain approval of a development plan application for the Project. This condition will require that one of the two following events occur prior to said approval:
 - (1) The Uptown/Town Centre Specific Plan is adopted, and the development plan is found to be in conformance with said plan;
 - (2) The City Council grants Habitat permission to proceed with the development plan in advance of adoption of the Uptown/Town Centre Specific Plan.

PASSED AND ADOPTED by the City Council of the City of El Paso de Robles on this 16th day of November, 2010 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Duane Picanco, Mayor

Caryn Jackson, Deputy City Clerk

RESOLUTION NO. RA 10-XXX

**A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF PASO ROBLES
RESERVING UP TO \$270,000 IN REDEVELOPMENT LOW AND MODERATE INCOME
HOUSING FUNDS TO ASSIST THE DEVELOPMENT OF SIX SINGLE FAMILY HOMES
FOR VERY LOW INCOME HOUSEHOLDS BY HABITAT FOR HUMANITY
FOR SAN LUIS OBISPO COUNTY**

WHEREAS, in a letter dated August 25, 2010, Habitat for Humanity for San Luis Obispo County (“Habitat”) requested that the City of El Paso de Robles (the “City”) provide financial assistance to acquire property at 2811 Vine Street (the “Property”) and a waiver of City building permit and development impact fees required for the construction of six single family residential units for very low income households on the Property (the “Project”); and

WHEREAS, Habitat is a non-profit organization and an affiliate to Habitat for Humanity International, which serves to build ownership housing for low and very-low income households; and

WHEREAS, in 2002, Habitat completed construction of three single family residential units for low and very low income households at 2929, 2947, and 2949 Vine Street; that project was assisted with a grant of \$35,000 in Redevelopment Low and Moderate Income Housing Funds for the purpose of offsetting a portion of City building permit and development impact fees; and

WHEREAS, at its meeting of November 16, 2010, the City Council considered Habitat’s request for financial assistance to the Project and determined that acquisition of the property would best be accomplished with CalHome funds, and that a waiver of City building permit and development impact fees would best be accomplished with a grant of Redevelopment Low and Moderate Income Housing (LMIH) funds to offset said fees; and

WHEREAS, the Project would help the City meet its low-income housing needs, as set forth in the 2004 Housing Element of the General Plan and the City’s objective of housing its workforce as stated in the 2006 Economic Strategy; and

WHEREAS, the Project would further the Agency’s goals and objectives set forth in the 1987 Redevelopment Plan for the Paso Robles Redevelopment Project and the 2010-2014 Redevelopment Implementation Plan for the use of LMIH Funds; and

WHEREAS, the 2010-2014 Redevelopment Implementation Plan provides that the Agency may use LMIH Funds to provide first-time homebuyer assistance in the form of deferred payment, below market rate interest, second trust deed loans to low and moderate income buyers; and

WHEREAS, Community Redevelopment Law (Health and Safety Code Sections 33000 et seq.) provides that the Agency may enter into Participation Agreements and may provide financial assistance for development of affordable housing opportunities within the community; and

WHEREAS, Community Redevelopment Law (Health and Safety Code Section 33334.3[f]) requires that any owner-occupied housing units assisted with LMIH Funds shall remain available at affordable housing costs to persons and families of low and moderate income and lower income households for the longest feasible time, but not less than forty-five (45) years; and

WHEREAS, award of a grant of LMIH Funds needs to be addressed by a Participation Agreement which sets forth the terms and conditions relating to the LMIH grant, including without limitation an Affordable Housing Covenant (the “Affordability Covenant”) to be executed by both parties and recorded against the Project; and

WHEREAS, as of the date of Habitat’s request, they have not acquired the property for the Project, received approval of a development plan, nor have they submitted evidence of other pre-approved financing for the Project;

NOW, THEREFORE, BE IT RESOLVED as follows:

SECTION 1. Notwithstanding any and all prior Agency commitments of LMIH Funds to other housing projects and programs and annual allocations of LMIH Funds for administration of City housing programs, the Agency hereby reserves up to \$270,000 in future LMIH Funds to be a grant to Habitat for the purpose of offsetting City building permit and development impact fees for the Project, subject to the following conditions:

1. This reservation shall expire six (6) months from the date of this resolution, unless the reservation period is extended by resolution of the Agency following a submittal of a written request by the Applicants.
2. The form of financial assistance to the Project will be a grant to offset City building permit and development impact fees for the individual homes. The amount of the grant for each individual home shall equal the amount of development impact fees due at appropriate times in the permitting process: i.e., upon issuance of building permits or upon issuance of a Certificate of Occupancy, as required by City ordinances and/or resolutions establishing the fees. It is anticipated that the total amount of LMIH funds to be granted for all six units will be approximately \$270,000.
3. Disbursement of grant funds will be accomplished via an internal transfer of LMIH funds from the Agency to the appropriate City fund for receipt of building permit and development impact fees.
4. Prior to distribution of any grant funds, Habitat shall enter into a Participation Agreement (PA) with the Agency, which shall set forth the terms and conditions for the grant.

5. As a prerequisite to executing the PA and obtaining the grant, Habitat shall:
 - a. Submit to City evidence that full financing for the Project has been approved by the appropriate authorities for each source of financing;
 - b. Obtain approval of a development plan application for the Project.
6. The PA shall provide that the residents of the Project qualify as "Very Low Income Households", as defined by Health and Safety Code Section 50105.
7. As required by Health and Safety Code Section 33334.3(f), affordability covenants or restrictions shall be recorded against the subject property. These covenants or restrictions shall serve to limit purchase prices of the Project to levels affordable to "Very Low Income Households", as set forth in Health and Safety Code Section 50052.5, for a period of at least 45 years.

PASSED AND ADOPTED by the Paso Robles Redevelopment Agency on this 16th day of November, 2010 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

John Hamon, Chairman

ATTEST:

Caryn Jackson, Deputy City Clerk



City of Paso Robles
Habitat For Humanity Grant Request
 November 16, 2010



November 16, 2010

City of Paso Robles
1000 Spring Street
Paso Robles, CA 93446



RE: Habitat For Humanity Grant Request for 2811 Vine Street

To Ed Gallagher:

This request from Habitat for Humanity for San Luis Obispo County (HFHSLOCO) is to partner with the City of Paso Robles to provide up to six simple, decent homes for very low-income families at 2811 Vine Street.

HFHSLOCO is a 501(c)(3) non-profit organization, established as an affiliate to HFH International (HFHI) in 1997. Each Habitat Affiliate is independent and run by local residents who volunteer their time and money. We follow guidelines that have been set up by HFHI. Funding for Habitat homes comes from many sources; individual donations, businesses, churches, and our ReStore Warehouse & Thrift stores in San Luis Obispo and Templeton.

Habitat does not build homes for families. Habitat builds homes with families. Each family selected will be required to work 500 hours of "sweat equity" during construction of their home. We finance our own mortgages (at no interest), traditionally for 30 years. Habitat homes are deed restricted with a "silent second." We have the first right of refusal should the family need to sell, allowing us to sell to another low-income family. We offer counseling in home ownership and financing. We continue to advise our families even after the home dedication. For our families home ownership is a dream come true.

Habitat can build homes at a price affordable to very low-income families because we receive strong community support. Both national partners and local businesses have been generous in donating materials and services to Habitat for Humanity projects. Local churches, service groups, and individuals also donate funds to build Habitat homes. We rely on volunteers to provide much of the labor to build homes, thus keeping labor costs down.

We have proven that we can build homes that very low-income families can afford to purchase and maintain. The homeowners pay no more than what it costs Habitat to build the home, and the mortgage is zero interest.

Some of the benefits this project will provide the City of Paso Robles include:

- Increase in the City's affordable housing inventory
- Strengthens the City of Paso Robles/HFHSLOCO partnership, which has worked well in the past (In 1998, the Redevelopment Agency granted LMIH funds to pay for the City's development impact and building permit fees for three single-family homes at 2947, 2949, and 2951 Vine Street)
- Proactively reaching out to very low-income families
- Habitat homes use green building practices to the greatest extent feasible
- Infill housing within the Paso Robles Downtown Specific Plan – Uptown and Town Center Plan Area

In return, we humbly request that 100% of the value of the land be made available in the form of a grant. We also ask that you consider providing us with fee waivers for water/sewer hookups, processing fees, and building permits in order to reduce

our overall costs. This would follow the precedent set by other government agencies with whom we have partnered including the City of Atascadero, City of San Luis Obispo, and City of Grover Beach.

The National Association of Homebuilders reported that San Luis Obispo County was once again the least affordable small housing market in the nation during the first quarter of 2010. SLO County has been the least affordable housing market in the country during seven of the last eight quarters with only San Francisco and New York City being less affordable. As a result, home ownership is difficult for many families.

We hope to move forward, with your assistance, to help implement the dreams of up to six deserving families. We look forward to partnering with the City of Paso Robles on the 2811 Vine Street project and many more in the future!

Thank you in advance for your prompt consideration.

Sincerely,

HABITAT FOR HUMANITY SAN LUIS OBISPO COUNTY

JON POLLOCK, PRESIDENT



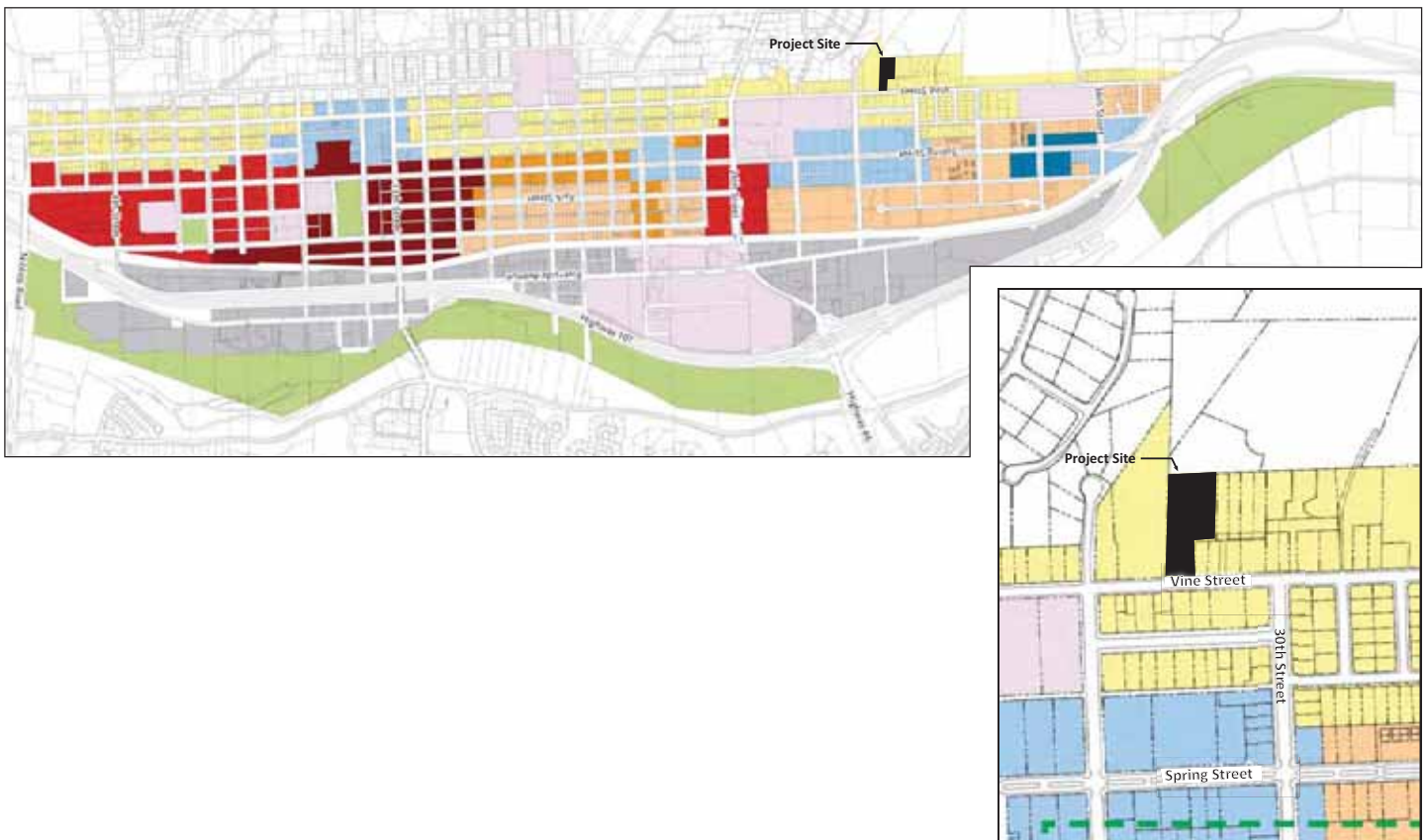
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1. PROJECT SITE DESCRIPTION

The project site is located at 2811 Vine Street in Paso Robles. The property is approximately 1.5 acres, however only the front portion of the site is suitable for development due to slope constraints. Several trees are located on the site including oak trees. The project is surrounded by single family residential units including three Habitat homes built just north of the project site.

1. Property Location = 2811 Vine Street (approximately 300' south of the intersection of 30th and Vine St.)
2. Parcel Number = 008-039-021
3. Parcel Size = 1.5 +/- acres (28,000 +/- sf level topography)
4. Current Land Use = RMF-8
5. Current Zoning = R2
6. Proposed Downtown Specific Plan Land Use and Zoning = T3 Neighborhood Zone T-3N





2. DESCRIPTION OF PROPOSED PROJECT

The property is currently owned by Robert Horn and Krista Padilla. Habitat For Humanity has an accepted offer to purchase the property for \$225,000. The offer is contingent upon City grant funding. As currently envisioned, up to six residential units would be constructed. The 1.5 acre property, has approximately 28,000 sf suitable for development due to steep slopes and numerous oak trees. Development will be limited to the front portion of the property where the terrain is level.

Members of the Habitat for Humanity Site Acquisition Committee met with Ed Gallagher and other City staff members on March 3, 2010 to discuss four alternative site plans. The City mentioned that they would like to see the following:

- Maximize unit count to the extent possible in order to serve the most families
- Compliance with the parking regulations (2 spaces per unit and 5% slope for parking areas)
- Compliance with the Draft/Final Downtown Specific Plan – Uptown & Town Center
- Verification by a certified arborist that proposed development is out of critical root zone for on-site oak trees.
- Compliance with T-3N zoning
- Compliance with DTSP Chapter 5.5.1(F) Bungalow Court

As a result of that meeting a Bungalow Court style alternative was selected as the City Preferred development option.

3. DEVELOPMENT CONCEPT FOR 30TH AND VINE, PASO ROBLES

Upon further analysis of the City's preferred Bungalow Court Style development, Habitat for Humanity has determined that this approach would not work for our future home owners. The common areas created by the Bungalow Court would require development of a home owners association which is not in alignment with Habitat's goal of providing simple, affordable housing with minimal maintenance costs.

In our discussions with City staff we have responded with a development concept that creates six (6) individual lots; three of which will front onto Vine Street. We request that this development concept be considered as it is a product that Habitat for Humanity is familiar with and has had success in constructing. Table 1 provides a summary of the development concept.

Table 1 – Development Summary Table

Units	Parking Spaces	Per Unit Grant Request	Compliance with DTSP – U&TC	Common Use Agreement
6	Covered = 6 Uncovered = 6	\$37,500 + fees	Not compliant as currently proposed for a Single Family House. Would need exceptions for Lot Standards and Building Placement for T-3N Zone.	Maintenance Agreement for Private Driveway and Hillside



Development Concept

This alternative includes six (6) detached residential units. Each residence would be individually owned with the common driveway and open space maintained through a Maintenance Agreement. Each home includes one covered garage space with a second space provided either in tandem with or adjacent to the garage. This site plan has three homes with porches that front onto the street that help to maintain the current character of the neighborhood. All homes include 3 bedrooms, two bathrooms, private yards, and porches. This alternative is consistent with the vision and intent of the Downtown Specific Plan, however, there are some inconsistencies with the requirements of the Architectural Standards and T-3N Zone Standards. If we move forward with this product type, the City would need to grant exceptions to the following standards:

- Side yard setbacks = 8' from property line for two story buildings (Section 5.4.1.C.1)
 - Habitat requests 5' side yard setback from internal property lines for two story buildings for the front three homes.
- Lot Standards = 35' wide by 100' deep (Section 5.5.1.B.1)
 - Habitat requests the minimum lot dimension be reduced to 30' wide by 80' deep for the front three homes.

Policy H-3B of the City's Housing Element encourages flexibility in site development standards which suggests the City would not have issue with granting the necessary exceptions. Another option would be to allow Planned Development (PD) zoning for this parcel, thereby permitting flexibility in design and development standards.

4. CONFORMANCE WITH CITY OF PASO ROBLES GENERAL PLAN

Land Use Element

The project supports the following goals, policies, and action items:

GOAL LU-1: Land Uses. Strive to maintain a balanced community, where the majority of residents can live, work, and shop.

POLICY LU-2D: Neighborhoods. Strive to maintain and create livable, vibrant neighborhoods and districts with:

- Attractive streetscapes,
- A pedestrian friendly setting,
- Coordinated site design, architecture, and amenities,
- Adequate public and private spaces; and,
- A recognizable and high quality design aesthetic.

POLICY LU- 2I: Infill. Encourage infill development as a means of accommodating growth, while preserving open space areas, reducing vehicle miles traveled, and enhancing livability/quality of life. Infill includes:

- Residential infill in/near established neighborhoods;
- Increased densities on sites which can accommodate the increases without having an adverse effect on adjacent properties;

Relevant Land Use Categories

Residential Multi-Family Low Density (RMF-8)

Single-family or multi-family residential with accessory uses, churches and schools. Up to 8 units/acre allowed.

Planned Development (PD)

To provide for innovation and flexibility in the design of residential, commercial and industrial developments. Approval of a planned development can allow modification of certain development standards if it results in better design or greater public benefit. Would apply to all areas designated for residential, commercial, and industrial land use and does not require a "PD" overlay to be established for each property.

City of El Paso de Robles General Plan 2003



submitted to
City of El Paso de Robles
submitted by:
Rincon Consultants, Inc.

PD Purpose:

The Planned Development Overlay is intended to encourage development which is sensitive to the natural topography of the site, maintains and enhances significant natural resources, encourages creative and higher quality development design through allowed flexibility in project design while providing for essential development standards, and to ensure quality of overall project design, architectural treatment, and appropriate use of color and materials. It shall be the City's policy to permit the provisions of the PD overlay to apply to properties City-wide, whether or not they have a PD Zoning Overlay explicitly designated on the City's Zoning Maps.

Housing Element (2004)

The project supports the following goals:

GOAL H-1: Facilitate the development of a range of housing types, densities, and affordability levels to meet the diverse needs of the community, maintaining a balanced supply of ownership and rental units.

Policy H-1A: Provide adequate housing sites through identification of sufficient sites on the General Plan Land Use Map with the appropriate General Plan land use category and appropriate zoning and development standards to accommodate the City's share of regional housing needs.

Action Item 3: Disperse housing designated for occupancy by moderate, low, and very low-income households throughout the community and avoid concentrations of such uses in any area. Likewise, disperse such housing throughout projects for which incorporation of such housing is required within a given project of subdivision. NOTE: It is not the intent of this policy that housing projects that are designed for 100 percent occupancy by moderate, low, and very low-income households should be discouraged.

Policy H-1B: Range of Housing Opportunities. Cooperate with private housing developers, nonprofit housing sponsors, and public agencies to promote and expand housing opportunities for all segments of the community, recognizing such factors as income, age, family size, and mobility.

Action Item 1: Work with developers to create an inventory of 485 new dwelling units by June 30, 2009 which will be affordable to very low and low income households.

The City's efforts will include: assigning development applications to the Housing Programs Manager as a priority for staff review; actively facilitating meetings between nonprofit housing developers and owners of vacant property; and assisting nonprofit housing developers with completing required tasks for government financing and incentives such as density bonuses.

Action Item 2: Strive to maintain a Comprehensive Housing Program with sufficient resources available to administer the various Housing Element programs, LMIH Funds, CDBG, and other sources of housing funds in the accomplishment of these programs.

GOAL H-3: Mitigate or remove potential governmental constraints to housing production and affordability.

Policy H-3A: Strive to ensure that current governmental processes, and/or fiscal incentives/disincentives do not unnecessarily constrain production of market-rate or affordable housing, including secondary and/or multi-family units. Use Redevelopment LMIH funds to offset the cost of development fees for low and very low income households.

Action Item 1: Continue to review the adopted City policies, regulations, standards and procedures to identify any provisions which unnecessarily increase the cost of housing is undertaken on a periodic basis.

Policy H-3B: Adopt regulatory incentives to encourage the development of affordable housing, including flexibility in site development standards.

Action Item 1: Review the Zoning Code's development standards for multiple family residential development and amend as necessary to remove constraints to affordable housing were such amendments would not compromise other public health, safety, and welfare objectives.

GOAL H-5: Encourage energy efficient design of housing units and residential neighborhoods.

Policy H-5: Residential land use and energy efficiency. Promote energy efficient residential land use planning and development and require all new dwelling units to meet State requirements for energy efficiency.

Housing Element Priority

“Assistance to Infill Sweat-Equity Single Family – Provide grants or loans to nonprofit organizations to help pay City fees and/or to purchase property for development of single family homes on infill lots to low-and-very-low income buyers who would contribute their own labor, and/or labor donated on their behalf, (“sweat equity”) to the building of the homes.”



6. NEXT STEPS

- Approve funding for \$225,000 + City fees
- Determine appropriate LU/Zoning T-3N vs. PD
- Prepare final site plan
- Prepare architectural drawings
- Purchase property from owner





Atascadero Duplex - Front Elevation



Atascadero Duplex - Side Elevation



Atascadero Duplex - Rear Elevation



Atascadero Duplex - Side Elevation



Grover Beach Duplex - Perspective Elevation



San Luis Obispo Johnson Avenue - Single Family Home



San Luis Obispo Johnson Avenue - Single Family Homes - Front Elevation



San Luis Obispo Johnson Avenue - Single Family Homes - Corner View



San Luis Obispo Johnson Avenue - Single Family Homes - Street View