



Council Agenda Report

From: Steven W. Martin, Mayor

Subject: Proposed Partnership with the County to Dedicate a Portion of Property Taxes to Provide Housing Assistance

Date: October 3, 2017

Facts

1. Median home prices in Paso Robles are hovering above \$500,000. This prices many citizens out of the housing market and leads others to move out of the area.
2. At least part of this high price is due to the scarcity of available housing. The city is making great progress in reducing City fees and other City-influenced impediments to the production and sales of affordably priced housing. Recent bills by the State Legislature, not yet signed by the Governor, are attempting to further the same goals.
3. Even with this progress, however, desirable housing will remain out of reach for a large number of our community's residents.
4. There are various programs that can assist the City in making progress on both housing production and pricing. The attached draft letter proposes the consideration of a partnership with the County to dedicate a percentage of property taxes to affordable housing.
5. As Mayor, I am requesting discussion by and direction from the Council on this approach.

Options

1. Take no action;
2. Authorize the Mayor to send the proposed letter to the County and to take appropriate follow-up actions;
3. Provide alternative direction to staff;

Analysis and Conclusions

The City does not have the capability to single-handedly address the housing shortages in the community; a comprehensive and long-lasting solution will require changes at the state and county levels, as well as the cooperation and commitment of the development community. The attached proposal seeks to initiate conversations and collaboration to achieve additional improvements. There are variations to the proposal, as well as other steps, that other Councilmembers may wish to propose as well.

Fiscal Impact

None for sending the letter alone. The costs of initiating a program cannot be determined without additional information on (1) the size, scale, and term of such a program; and (2) the distribution of costs between the County and the City.

Recommendation

After discussion, provide appropriate authorization to the Mayor or direction to staff.

Attachments

1. Draft Letter

October x, 2017

Honorable John Peschong, 1st District Supervisor
Board of Supervisors, County of San Luis Obispo
1055 Monterey Street, Suite D430
San Luis Obispo, CA 93408

Re: Partnership for Affordable Housing

Dear Mr. Peschong,

A significant opportunity exists for a partnership of the City of Paso Robles and the County of San Luis Obispo to increase the inventory of affordable housing.

I have made economic development a top priority for Paso Robles. That priority includes the development of housing to meet the current needs of our community and provide capacity for an expanding workforce in the future. The City has made significant strides over the last two years including an update of the City's Circulation Element, fee reductions for secondary units in residential neighborhoods, new classes of work/live and apartment dwellings, and a substantial reduction of water/sewer charges for new residential construction. Paso Robles has also re-structured the City's Building Department and implemented new computer-assisted services to radically reduce the time and complexity of plan review and building inspection processes.

These actions provide significant inducements for the development of "market rate" housing. To provide similar inducements for "below market rate," low-income, housing we must also find ways to further reduce the costs of land acquisition and construction. Paso Robles has made significant in-roads here, also. We have moved \$1,000,000 of our investment portfolio to a local bank to increase residential funding capacity. We have deferred millions of dollars in development fees for housing developed by the Paso Robles Housing Authority and Habitat for Humanity.

Together, Mr. Peschong, the City and the County can do more. I recommend the County of San Luis Obispo institute a policy of earmarking up to 5% of the property taxes collected each year from property owners in the City of Paso Robles to support the development of low-income housing in this city. These funds represent the "tipping point" for organizations such as the Paso Robles Housing Authority, Habitat for Humanity, People's Self-Help Housing, and others to finance desperately needed housing.

Please, let me be clear about this: I am not advocating the County of San Luis Obispo write a "blank check" to Paso Robles. These earmarked funds would be made available as part of an application process for the City of Paso Robles, a community with the capacity and desire to

develop housing, to develop specific housing projects. Of course, this program could be made available to other cities in the county if so desired by the Board of Supervisors.

The time has come for the City of Paso Robles and the County of San Luis Obispo to effect real change in the inventory and cost of housing. We can do it together. We can do it now.

Please advocate for this plan with your colleagues and keep me informed of your progress.

Sincerely,

Steven W. Martin
Mayor of Paso Robles

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