



AGENDA NO: B-1

MEETING DATE: July 14, 2020

**THE STAFF PRESENTATION AND
AGENDA CORRESPONDENCE
RECEIVED BY THE CITY COUNCIL
FOLLOWING POSTING OF THE AGENDA IS
ATTACHED FOR PUBLIC REVIEW PRIOR
TO THE MEETING**



City Council

**APPEAL
OF THE JUNE 2, 2020
PLANNING COMMISSION APPROVAL OF
THE AFFORDABLE HOUSING PROJECT
PROPOSED FOR 405 ATASCADERO ROAD**

JULY 14, 2020



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Project Overview



Affordable Apartments:
4 buildings with 35 units
Lobby/laundry area
Outdoor courtyard
Playground
Raised garden beds

Transit Amenities:

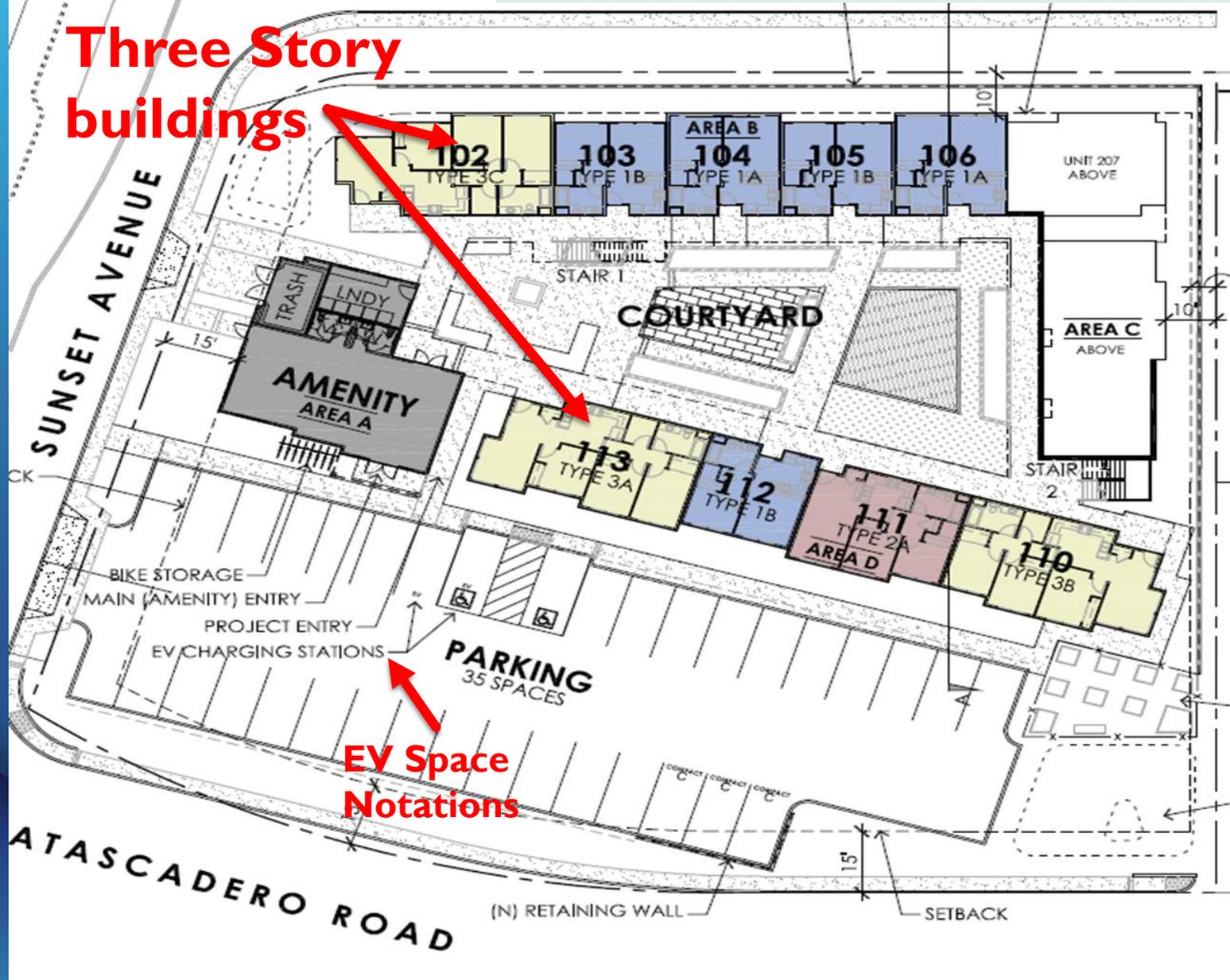
- 35 parking spaces, including:
 - 2 Accessible spaces
 - Rough-in for 2 EV chargers
- Bike parking area
- Close to bus service



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Project Overview – related to Appeal Claims

Three Story buildings



EV Space Notations

- Rough-in for 2 EV parking spaces
- The project includes 2 three-story buildings
- The project includes 35 parking spaces, inclusive of accessible, EV and guest



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Morro Bay History of Affordable Housing

- *This project provides more affordable housing units than any single project in Morro Bay since 1989*
- *In fact, in the past 20 years, only 30 deed restricted affordable units have been created (most were moderate income, not low income).*
- *Sponsored by Housing Authority of SLO (HASLO)*



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About 405 Atascadero – affordable housing project

- *Project will be owned by a private limited partnership, funded with private investor funds in exchange for tax benefits*
- *The applicant team applied for low income housing tax credits for this project on June 30, 2020 through a competitive process. This was the final funding round of the year.*



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About 405 Atascadero – affordable housing project (continued)

- *This project provides one, two and three-bedroom apartments, 100% of which will be available to low income-qualified tenants,*
- *This project will give a rental preference to people who live and/or work in Morro Bay*



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About 405 Atascadero – affordable housing project (continued)

- *The project meets the affordability criteria to earn 4 developer incentives under the Density Bonus Law (AB 1763), which, in general, requires that jurisdictions shall grant modifications of development standards to ensure that qualified projects are not subject to requirements that would preclude development.*



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PROJECT APPEAL: Claims

1. The project should be required to have an elevator.
2. There should be more on-site parking
3. The electric vehicle parking should be identified and clarified
4. The building height of 28 feet should not be approved and only 2 story buildings should be allowed.



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PROJECT APPEAL: Requested relief or action:

1. Require Elevator if 3 story building
2. Provide more on-site parking
3. Clarify EV's Role: where and when
4. Lower Height



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PROJECT APPEAL: Claim #1 – the project should be required to have an elevator.

Staff Response: The appellant incorrectly assumes that the project meets the definition as a public building. The project is not a public building and residential rental units are not public accommodations. The leasing office is the only space that requires public accommodation and the design meets the accessibility requirements for the leasing office and all ground level spaces.



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PROJECT APPEAL: Claim #1 (continued) – the project should be required to have an elevator.

Staff Response (continued): To require elevators for this project, when the project qualifies as a non-elevator building and meets all accessibility requirements, would be in violation of the intent of AB 1763.

This project meets the accessibility requirements and building code requirements as a non-elevator building pursuant to the ADA, California Building Code, Uniform Federal Accessibility Standards and Fair Housing Amendments Act of 1988.



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PROJECT APPEAL: Claim #2 – there should be more on-site parking

Staff Response: The project is designed to a 1:1 parking ratio that HASLO has successfully used in other local affordable projects. The standard parking criteria for this project would require 53 parking spaces, which would eliminate most of the ground floor housing and outdoor amenities. As such, the applicant has requested a reduction in parking to create a project that is financially feasible, allows for more housing units and minimizes site disturbance in consideration of the sensitive nature of the site.

This project meets the requirements of a parking reduction in accordance with AB 1763.



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PROJECT APPEAL: Claim #3 – the EV parking should be identified and clarified

Staff Response: The proposed EV parking spaces are identified on the site plan. Additionally, in accordance with State AB 1100: EV parking spaces shall count as at least 1 parking space for purpose of complying with the jurisdictional parking requirements. An EV space that is also an accessible space must be counted as 2 spaces.

The project meets the CBC and AB 1100 requirements.



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PROJECT APPEAL: Claim #4 – the building height of 28 feet should not be approved and only 2 story buildings should be allowed.

Staff Response: Although the Appellant is asking that the 28 ft building height not be approved, the Appellant also argues that the real building height is 32 feet (28 ft building, plus 4 ft of fill). The Appellants calculation is incorrect. In accordance with the MBMC methodology, the building height (28 feet above ANG) is correctly calculated based on survey data.

Additionally, the provision in the North Main Specific Plan area is a “height preference”, not a restriction on the number of floors allowed. There are numerous projects in the NMSP that have been approved for heights greater than 25 feet and include three stories.



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PROJECT APPEAL: Claim #4 (continued) – the building height of 28 feet should not be approved and only 2 story buildings should be allowed.

Staff Response (continued): The NMSP allows Planning Commission to approve heights up to 30 feet if it allows for greater roofline variation. The project meets this criteria.

The Planning Commission approved the 28-foot height in accordance with the North Main Specific Plan area criteria.



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STAFF RECOMMENDATION:

That Council adopt Resolution No. 68-20, making the necessary findings to deny the appeal and uphold the Planning Commission approval of Conditional Use Permit (CUP 19-12), Coastal Development Permit (CDP20-001), Parking Exception (PKG 19-05) and a Mitigated Negative Declaration (May 2020) for the site at 405 Atascadero Road



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June 15, 2020

Nancy Hubbard
 Contract Planner
 City of Morro Bay

Re: 405 Atascadero Road

Dear Nancy,

This memo is in response to the email from Betty Winholz on July 14, 2020 regarding the proposed affordable housing project at 405 Atascadero Road.

There were quite a few items discussed in the email. We have tried to summarize both the email and our responses for clarity. Hopefully, the summary addressed the main points. The portion of the email being referenced will be referred to by page and paragraph just to make it easier to navigate.

Page 1, Paragraph 2

- Ms. Winholz is questioning if this is truly affordable housing and quotes income levels from the “low income” category of the SLO County data.
- “Low Income” is calculated as 80% of the county median income
- HASLO has a detailed target percentage of targeted county median income for each apartment.
- The targeted income levels range from 30% to 60% of the county median income with an average of 48.7% of the county median income. See below.

A. Low Income Units		
(a) Bedroom Type(s)	(b) Number of Units	(c) % of Targeted Area Median Income
1 Bedroom	5	60%
1 Bedroom	5	60%
1 Bedroom	4	45%
1 Bedroom	1	30%
2 Bedrooms	1	60%
2 Bedrooms	1	60%
2 Bedrooms	2	45%
2 Bedrooms	1	30%
3 Bedrooms	2	60%
3 Bedrooms	4	60%
3 Bedrooms	1	45%
3 Bedrooms	1	30%
1 Bedroom	1	30%
2 Bedrooms	1	45%
3 Bedrooms	1	45%
Total # Units:	34	Average: 48.7%

Page 1, Paragraphs 3, 4 & 5

- Ms. Winholz states that according to CA Building Code Chapter 11A, receiving tax credit and government funds makes this project subject to public housing requirements.
- This is not correct. However, the distinction between public and private funding is a moot point and makes no difference to project regarding whether or not an elevator is required, which is where this argument is leading.

Page 2, Paragraph 2

- Ms. Winholz quotes CBC Section 11B-203.2.3 making it appear that accessible routes (i.e. elevators) are

required to all floors in all multi-story buildings. However, she does not include reference to any of the exceptions to this requirement.

- As noted in our original response to the appeal, exception #4 is the relevant exception. This provides an exception to the requirement that one accessible route connect each story in multistory buildings for residential facilities where residential dwelling units with mobility features, all common use areas, and public use areas are on an accessible route.
- In the proposed project, residential dwelling units with mobility features, all common use areas, and public use areas are on an accessible route without providing an elevator.
- Therefore, an elevator is not required by CBC Chapter 11B for this project.

Page 2, Paragraph 3

- Ms. Winholz quotes CBC Section 11B-203.2.3 Exception 1.1 making it appear that if the project does not comply with the exception, an elevator is required.
- As mentioned above and in our original response to the appeal, exception #4 is the relevant exception. There is a total of seven exceptions to this requirement and a project only needs to meet one of the exceptions in order for elevators not to be required.
- The proposed project complies with exception #4. Therefore, an elevator is not required.

Page 2, Paragraph 4

- Ms. Winholz acknowledges that the apartments are not required to be accessible. However, she claims that the hallways and stairs/elevators are public areas and part of an accessible route.
- This is not accurate. The common use and public use areas include the playground, garden, leasing office, trash room and mailboxes. Basically, anything that is either an essential service (i.e. trash & mail) or an amenity (i.e. playground & garden) that is provided for an able bodied resident needs to be an accessible route so that a disabled resident has equivalent facilitation.
- Hallways that serve dwelling units that are not required to meet accessibility standards are not public use areas and are not required to be on an accessible route.

Page 2, Paragraph 5

- Ms. Winholz makes several points regarding utility and/or convenience. She seems to be inferring that not having an elevator creates a health and safety situation that is in conflict with the general plan.
- This is a far-reaching stretch to say the least. The general plan has nothing to do with elevators and, if it did, I am confident that the majority of multi-story buildings in Morro Bay would be in violation.

Final point on the elevator. Whether or not an elevator is required is a building code issue. We will not be allowed to construct a building that is not in compliance with the building code. Although, I am 100% confident that an elevator is not required, if the codes change and it turns out an elevator is required, we will need to make a decision whether to build the building with an elevator or not build the building.

Page 3, Paragraphs 2 – 6 & Page 4, Paragraphs 2 & 3

- Ms. Winholz provides a number of calculations to arrive at a determination that the project will require more parking than provided.
- However, none of the factors that are used in the calculations are relevant. The state law is the only determinant for the number of parking spaces.
- Per the State Housing Density Bonus Law (Government Code 65915(p)(1)) at the request of the developer, a city shall not require a parking ratio, inclusive of handicapped and guest parking, that exceeds the following ratios:
 - o Zero to one bedroom: one onsite parking space
 - o Two to three bedrooms: two onsite parking spaces
 - o Four or more bedrooms: two and one-half parking spaces
- The developer requested this parking ratio be used for the project. Therefore, the total parking required, inclusive of handicapped and guest parking is 51 spaces.
- Per Section 65915(2)(c) the developer shall receive the three incentives of concessions.
- The developer is requesting to use one of the incentives or concessions to further reduce the parking from 51 spaces to 35 spaces
- The developer has stated that the concession will result in identifiable and actual cost reductions necessary to provide the proposed affordable housing.

- The developer has a long history of providing affordable housing in San Luis Obispo county and has data to back up its strongly held opinion that 35 spaces is more than adequate to serve this project.
- Per Section 65915(3) the incentive must be granted unless the local government can demonstrate that the concession will have a specific, adverse impact as defined in paragraph (2) of subdivision (d) of Section 65589.5, upon health, safety, or the physical environment for which there is no feasible method to satisfactorily mitigate or avoid the specific impact.

Page 4, paragraph 4

- Ms. Winholz suggest reducing density.
- Reducing density is not a feasible alternative. The goal of the housing authority, the City of Morro Bay and the State of California is to provide safe, affordable housing for as many people as possible. Reducing density does the opposite.
- This is listed as the City of Morro Bay City Council goal #3 for 2019-2020.

Page 4, Paragraphs 5 & 6

- Ms. Winholz asks a number of questions about the number of parking spaces and the number of EV parking spaces.
- There are 35 parking spaces inclusive of the accessible parking spaces and the EV capable parking spaces.
- If an EV capable space is converted to an accessible EV parking space, the required accessible EV parking space side aisle will replace one standard parking space.
- If an EV capable space is converted to a standard EV parking space, this would be just one standard space.

Page 5, Paragraph 3

- Ms. Winholz is suggesting that the city dedicate street parking for electric vehicle charging.
- I am not familiar with the assembly bill that is referenced. However, any possible city dedication is outside the scope of not only this appeal but outside the scope of the whole project.

Page 5, Paragraph 4

- Ms. Winholz states that the excess height is to create third story for additional living space.
- This is not accurate. It was asked and clarified at the planning commission hearing that the portion of the building that exceeds 25 feet above average natural grade is all roof and that if we proposed a flat roof, all three stories would be below 25 feet.
- Furthermore, it was stated that there is precedence for exceeding 25 feet in height. Two recently constructed 3-story projects in the immediate vicinity both exceed 25 feet and are 30 feet in height.

Page 5, Paragraph 5

- Ms. Winholz is claiming that for developers of 100% affordable housing to request a height exception that the project must be located within a half mile of a major transit stop.
- This is not accurate.
- The section she is referring to provides additional incentives for 100% affordable housing projects that are within a half mile of a major transit stop but does not require 100% affordable housing projects to be within a half mile of a major transit stop to receive a height exception.

Page 6, Paragraph 5

- Ms. Winholz is claiming that this is a complicated project with unanswered questions.
- Regardless of how many hypothetical, misleading or false claims Ms. Winholz makes in either her appeal, her letter or in her presentation. The claim that this is a complicated project with unanswered questions is not accurate.
- This project has been thoroughly vetted, reviewed, and approved. Any questions have been answered and the project is a safe project for the residents, the neighborhood, and the town.

Thank you,

Tom Jess

To:
Morro Bay Community Development Department
955 Shasta Ave.
Morro Bay, CA 93442

July 7, 2020

RECEIVED

JUL 09 2020

City of Morro Bay
Community Development Dept

Re: 405 Atascadero Road project

To whom it may concern,

I have previously submitted this note, which I still agree with:

*I have substantial concerns about the parking plan for this 35 unit housing apartment project. With 35 apartment units, many with more than one bedroom, it is safe to say that most every unit will have **at least** two cars for the occupants. With only 35 off street parking spaces that leaves another 35+ vehicles to park.....where? One side of this development has an existing mobile home park, another side has a one lane very narrow road (Rockview Street) and a third side has Hwy 41. The only side that might be available for extra parking would be the adjacent short stretch of Sunset Ave. where possibly 10 to 15 cars could park along the street. Where will all of the other vehicles be parking? And what about guests? Where would they park? This project has some serious parking issues to address. I would highly recommend that this apartment housing project be re-designed to include at least twice the amount of off street parking spaces.*

Now that I see that someone is appealing this project I am writing again with the same concerns. However, please take the time to now view the far south end of Sunset Ave. Since the condo project at 1885 thru 1905 Sunset Ave. has been completed and fully occupied, most of this lower end of Sunset Ave. is now parked full of vehicles from the overflow of the new condos. The condos have two car garages each yet still require this overflow parking. Just as this new development will. I would recommend that this new project have two designated parking spaces or car port spaces for each unit and no garages. Garages become someone's storage unit and do not get used for vehicles. A carport with rules for vehicle parking only would be a better choice. You are asking for a parking nightmare by not requiring more spaces for this large project. Do the right thing and address this problem now as part of the planning process.

Thank you,

Shari McKelvy

Morro Bay, CA 93442

Dana Swanson

From: betty winholtz
Sent: Tuesday, July 14, 2020 10:46 AM
To: John Headding; Robert Davis; Marlys McPherson; Jeffrey Heller; Dawn Addis
Cc: Scot Graham; Nancy Hubbard; Scott Collins; Dana Swanson
Subject: agenda item b-1
Attachments: Jul-2020-old-formula.pdf

Dear City Council:

Since I do not know how to "share" over Zoom, I am sending you my statement now.

Thank you for your consideration,
Betty Winholtz

The Planning Commission's Staff Report, which includes the details of this project, is not attached to your agenda item, so I have linked it here. It begins on page 11: <https://www.morro-bay.ca.us/ArchiveCenter/ViewFile/Item/5354> In addition, this is the link to the written correspondence addressed to the Planning Commission for their hearing: <https://www.morro-bay.ca.us/ArchiveCenter/ViewFile/Item/5358>

Attached is a sheet defining what low income is in SLO County as of April, 2020. The definition for low income, which this project is 100%, ranges from \$54,350 (single family) to \$77,600 (4-person family). This is not housing for minimum wages earners or the working homeless. This is housing for people who may own mom-and-pop businesses, or work for cities, public schools, the County, etc.

The Staff Report states, "This project will be privately owned, subject to a 55-year affordable deed restriction recorded by the State Tax Credit Allocation Committee." According to CA Building Code Chapter 11A, receiving tax credit and government funds makes this project subject to public housing requirements:

"5. When is a covered multifamily project subject to public housing requirements?"

Public housing is a defined term as per Chapter 2 of the LABC and CBC.

If a state or local government enters into an agreement with a private party in order to provide housing, then the project shall comply with public housing requirements.

Examples of public housing projects include:

Projects receiving the California Tax Credit Allocation Committee

Projects receiving federal, state or local funds to provide low income housing units."

<https://www.ladbs.org/docs/default-source/publications/misc-publications/faq-for-housing-accessibility.pdf?sfvrsn=4>

The Housing Authority of San Luis Obispo (HASLO) defines itself as a public entity. It has a program called the San Luis Obispo Nonprofit Housing Corporation. HASLO is the partner of the private developer. "All of the San Luis Obispo Non-Profit units are

managed and maintained by the Housing Authority of San Luis Obispo (HASLO)." <https://www.haslo.org/housing-programs-2>

"Although private residential housing is not covered by the ADA, government-owned or operated housing and certain privately owned facilities that provide housing are subject to the ADA and its accessibility requirements. Government owned or operated facilities may include public housing."

<https://www.access-board.gov/guidelines-and-standards/buildings-and-sites/about-the-ada-standards/guide-to-the-ada-standards/chapter-1-using-the-ada-standards>

1. GROUNDS FOR APPEAL: Provide ELEVATORS.

206.2.3 Multi-Story Buildings and Facilities. At least one *accessible* route shall connect each story and mezzanine in multi-story buildings and facilities.

<https://www.access-board.gov/guidelines-and-standards/buildings-and-sites/about-the-ada-standards/guide-to-the-ada-standards/chapter-1-using-the-ada-standards>

Responses to staff.

Bullet #1. I agree that this is not a public building, but it is subject to ADA requirements as previous demonstrated due to government involvement (taxes, HASLO)

Bullet #2. Having accommodations on the ground level does not preclude the requirement that "Elevators are not required in facilities under three stories or with fewer than 3000 square feet per floor." <https://www.access-board.gov/guidelines-and-standards/buildings-and-sites/about-the-ada-standards/guide-to-the-ada-standards/chapter-4-accessible-routes#ar2062> When 2 laws conflict, the more restrictive applies.

Bullet #3. As noted, this is not a public funded project, so this is not relevant.

Bullet #4. "Public and common use areas must be readily accessible to and usable by people with disabilities.... Interior accessible routes may include corridors, floors, ramps, elevators, and

lifts" <https://www.huduser.gov/portal/publications/pdf/fairhousing/fairintro.pdf>

Bullet #5. Certainly all "health, life, and safety requirements" are not met when First Responders will not be able to carry a person on the third floor downstairs on a gurney without some trepidation.

Responses to architect.

Funding source does matter.

I did not say that apartments are required to be accessible, but the hallways and stairs/elevators are public area and part of an accessible route.

If the Council still thinks elevators are not required, consider the long term renter as s/he ages carrying multi-bags of groceries or making multiple trips to get groceries up to the third floor. Then consider carrying laundry down and up to the third floor, carrying it across the public patio to the laundry facility located in a separate building. The worse case scenario is for the fire and ambulance responders getting to the top floor in a timely way or carrying a person down 2 flights of stairs carefully and in a timely way. Elevators are not one of the accommodations/incentives requested by the developer, so

the Council can make a change for health and safety reasons, so this project complies with the General Plan.

2. GROUNDS FOR APPEAL: ON-SITE PARKING.

The Staff Report for the Planning Commission stated 53 parking spaces were required (page 13). My comment presumed that the 53 accounted for the residents only (1 space for each 1-bedroom=17, 2 spaces for each 2-and 3-bedroom=36). I assumed that handicap parking, visitor parking, and EV plug-ins are in addition to 53. The Staff Reports do not state whether the required is 53 or 53 plus more; both Reports say the developer can ask for less, he did, so the true number is not revealed.

Of the 35 parking spaces being offered, 2 are ADA accessible (one van, one standard). <https://www.access-board.gov/guidelines-and-standards/buildings-and-sites/about-the-ada-standards/guide-to-the-ada-standards/chapter-5-parking> That leaves 33 spaces for 35 units unless 2 renters are purposely chosen for having parking accessibility stickers.

Responses to staff.

From the Planning Commission Staff Report: "The DOF estimates an average occupancy rate of 2.08 persons per household in Morro Bay (DOF, Table E-1, 2019). Therefore, the project would add up to 70 new residents to the City." In another study included in the Staff Report, the CalEEMod projected 100 new residents in Appendix A. Whether the population is 70 or 100, these residents will be people who need to get to work, potentially 2 to a household not driving to the same job site. This makes for many more cars than the parking lot can accommodate. HASLO offered 2 names of projects in SLO that have worked with reduced parking. Morro Bay does not offer the mass transit that SLO offers for commuters. It is an apples to oranges comparison.

Will parking places be assigned, or will it be who gets there first? If assigned, will residents have to pay extra for them? If assigned, how will they be chosen? Will it rotate?

During the Planning Commission hearing, a petition of 80 neighbors declared that overflow parking from this development would negatively affect the streets and neighborhood. There are a few pictures by one neighbor at the end of the Planning Commission staff report. The criteria for allowing the developer a parking incentive have not been met. The bolding is mine:

"a. The exception does not constitute a grant of special privilege **and the reduced parking will be adequate to accommodate all the parking needs on the site.**" As designed, there is no more room for parking spaces.

"b. The exception will not adversely affect the health, **safety, or general welfare of the persons working or residing in the vicinity and no traffic safety problems will result from the proposed modification.**" Neighbors testified and submitted an 80-signature petition to the Planning Commission that the vicinity and traffic safety would be adversely affected. In the Planning Commission packet there was a letter from Caltrans. Though the agency had been contacted, they did not see their territory marked on the maps. And though they asked to be notified of any future hearings, they were not notified about this one tonight, because I emailed them. I doubt Caltrans is aware of the double yellow line violations on Hwy 41 due to the lack of a turn lane onto Sunset Ave. Sunset is the only auto access to this property. With more cars, there will be more violations, creating vehicular traffic danger.

There was no traffic study done for this project.

The availability of off-street parking is non-existent. Atascadero Road is the overflow street parking for 3 mobile home parks. Sunset is the overflow street parking for the relatively new condominium project on Sunset. Rockview is too narrow of a road for off-street parking.

"c. The exception is reasonably necessary for the applicant's full enjoyment of **uses similar to those on adjacent properties.**" There are no similar adjacent properties.

Response to architect.

This statement is from the architect's letter, "The developer has stated that the concession will result in identifiable and actual cost reductions necessary to provide the proposed affordable housing." No doubt this is true. However, his gain is on the backs of the renters and the neighbors scrambling to find parking while not getting on each other's nerves, for 55 years.

Possible alternatives: If all 35 units were 1-bedroom, onsite parking would match the number of units. Or, eliminate the 3rd story and retain an alternative composition of 1- and 2-bedroom units.

3. GROUNDS FOR APPEAL: EV CLARIFICATION

Whether or not there is assigned parking spaces determines which law will apply. There is a law if the developer provides EV. There is a law if he does not provide EV (1796). There is a law for assigned parking spaces and a tenant wants to put EV in his/her place (AB 2565). There is a law for not assigned parking spaces and a tenant want to put EV in somewhere.

Response to staff and architect.

Since AB 1100 allows an EV regular parking space to count as 1 parking space and an EV accessible parking space to count as 2, how does this fit into the overall count of 35 parking spaces provided? Are there really only 34 spaces provided, since the accessible EV is one space counting as 2? What happens to the accessible/handicap space(s) when the future accessible EV actually comes

online? Does the accessible space convert to an EV space for everyone? Then the accessible space gets moved where?

Title 24, CA State Building Code states, "electric vehicle charging stations are not parking spaces"(11B-208.1 General). So when the EVs are activated is there a shortage of 2 more parking places bringing the standard number of spaces to 30 or 31? (35 total minus 2 accessible minus 3 EV because one EV counts as 2)

Here is a new law to consider:

[A.B.1452](#) is for those who lack access to a parking space, be it in a single or multifamily situation by allowing curbside charging. It "Authorizes local jurisdictions to dedicate on-street parking spaces on public streets for the exclusive purpose of charging a parked electric vehicle, provided appropriate signage is installed." A possibility is to put the 2 charging stations on Sunset Ave, so they are readily accessible to the general public immediately, creating a public benefit. This would open up 2 more regular parking slots in the off-street parking lot.

4. GROUNDS FOR APPEAL: HEIGHT

The Zoning Ordinance's North Main Specific Plan, MBMC Section 17.40.110D.2, states that the maximum height shall be 'generally' 2 stories (above subterranean or semi-subterranean parking) not to exceed 25 feet, except that Planning Commission may allow up to 30 feet to encourage roof line variations and sloping roof treatments, provided that the additional height is required for such roof treatment." The excess height in this project is not for "roof line variations and sloping roof treatments:" it is to create a third story for additional living space.

Response to staff.

The Salinan Tribe has asked for, and it has not been confirmed that, 4 feet of fill will be added to cap the Native American cemetery which will be under the parking lot. I mistakenly thought the 4 feet of fill was to cover the whole project area. So, the building height is 28 feet above natural grade. (unless some artifact is discovered further north into the building site?)

"Assembly Bill 1763 permits 100% affordable housing projects to be built denser and taller through three modifications to current law that are designed to help reduce costs associated with the development of affordable housing." <https://www.meyersnave.com/ab-1763-allows-affordable-housing-to-be-built-denser-and-taller/> The developer requests this incentive: 28 feet rather than 25 feet, and 3 stories rather than 2 stories. To permit this kind of

exception, the project must meet a mass transit standard: "If the project is located within a half mile of a major transit stop, AB 1763 also eliminates all restrictions on density and allows a height increase of up to three stories or 33 feet. The San Luis Council of Governments (SLOCOG) defines a major transit stop is where there is a "service interval of 15 minutes or less during the morning and afternoon peak commute periods." Nowhere in town, let alone at Hwy 1 and Hwy 41, does Morro Bay sport this kind of busing schedule.

To say that a height exception is permitted because a precedence was set on a previous project is insufficient. How many times has the Planning Commission and the City Council stated they are making an exception for _____, but it is not to be considered precedent setting, and projects will be dealt with on a case-by-case basis.

The developer is already receiving the incentives of 80% increased density, reduced setback on Rockview St, and a special parking ratio.

To meet an application deadline, the City Council voted on June 14 to give this project, "Financial assistance via deferral loans and Housing In-Lieu fund loans so this project would be competitive for 9% low income housing tax credits, the Federal LIHTC program." The Staff Report went on to state, "The Federal LIHTC program will accept an application that has a pending appeal as long as it is resolved within 30 days of the application deadline (July 1, 2020)." It was stated during the Council meeting that the next competitive round would be in 9 months. The Council chose to approve the item before hearing this appeal.

The City Council has now heard the appeal arguments and rebuttals. This is a complicated project with unanswered questions, issues to be resolved, agencies (Caltrans) to hear from. The Council can choose to make changes tonight. Another option would be to send the proposal back to the Planning Commission for resolution, allowing the developer to apply for his tax credits in 9 months. What is needed is a safer project for the residents, the neighborhood, and the town.



Affordable Housing Standards For Previously Approved Projects

SAN LUIS OBISPO COUNTY DEPARTMENT OF PLANNING AND BUILDING

County Government Center San Luis Obispo, California 93408 Telephone (805) 781-5600

This bulletin summarizes the county's affordable housing standards for previously approved projects. It applies to projects approved by the County, and to subdivision applications accepted for processing, prior to the following dates: January 2007 for Inland area, or July 2009 for Coastal Zone area.

Income limits:

The state defines family income groups as follows: **"Very Low Income"** is defined by Health and Safety Code Section 50105 as 50% of county median income; **"Lower Income"** is defined by Health and Safety Code Section 50079.5 as 80% of county median income; **"Moderate Income"** is defined by Health and Safety Code Section 50093 as 120% of county median income. Effective April 30, 2020 the income limits for San Luis Obispo County are shown below:

Persons in Household	Very Low Income	Low Income	Median Income	Moderate Income
1	\$33,950	\$54,350	\$68,100	\$81,750
2	\$38,800	\$62,100	\$77,850	\$93,400
3	\$43,650	\$69,850	\$87,550	\$105,100
4	\$48,500	\$77,600	\$97,300	\$116,750
5	\$52,400	\$83,850	\$105,100	\$126,100
6	\$56,300	\$90,050	\$112,850	\$135,450
7	\$60,150	\$96,250	\$120,650	\$144,750
8	\$64,050	\$102,450	\$128,450	\$154,100

Rents

Monthly Rents (1)			
Unit Size (Bedrooms)	Very Low Income	Lower Income	*Moderate Income
Studio	\$851.25	\$1,021.50	\$1,153.00
1	\$973.13	\$1,167.75	\$1,275.00
2	\$1,094.38	\$1,313.25	\$1,657.00
3	\$1,313.75	\$1,576.50	\$2,390.00
4	\$1,410.63	\$1,692.75	\$2,909.00

Note 1: The maximum rent limits shown above do not include adjustments for utilities. Refer to the utility allowance bulletin posted on the website of the Housing Authority of the City of San Luis Obispo.

* Fair Market Rate - released annually by HUD (effective October 1, 2019)

Note 2: Maximum sales prices shown above are based on assumption that special financing is not committed to project, and therefore, reflect 11th District Cost of Funds Index of 0.755%, which is effective through July 2020, according to the Federal Home Loan Bank for San Francisco (interest rate hotline: 415-616-2600, and www.fhlbsf.com/resource-center/cofi/default.aspx)



AGENDA NO: C-1

MEETING DATE: July 14, 2020

**THE STAFF PRESENTATION
RECEIVED BY THE CITY COUNCIL
FOLLOWING POSTING OF THE AGENDA IS
ATTACHED FOR PUBLIC REVIEW PRIOR
TO THE MEETING**

Local Recovery and Emergency Preparedness Measure



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Background

Challenging Budget Since Great Recession & Power Plant Closure

- City Budget never fully recovered since power plant closure
- Positions remained defunded despite economic growth in last 12 years
- Expenditures, primarily outside the City's control, continue to outpace revenues.

Background

Challenging Budget Since Great Recession & Power Plant Closure

	2009/10	2020/21	Difference	Percent Change
FTE's	99.25	88.1	-11.15	-11%
Staff Costs (GF)	8,154	9,705	1,551	19%

Per Capita Costs of General Fund Services	
2020 Population	10,188
2020/21 GF Expenditures	\$ 12,825,624
Cost of GF Services Per Resident	\$ 1,258.90
2009 Population	10,418
2008/09 Expenditures	\$ 12,395,650
Cost of GF Services Per Resident	\$ 1,189.83
Per Capital Increase over eleven years	\$ 69.07
Per Capita Percent Increase over eleven years	5.8%
Average Annual Increase	0.5%

Background

City Council Goal #1 – Fiscal/Economic Sustainability

- Control costs
- Proactively address unfunded liabilities
- Diversify revenue sources



Ten-Year Financial Forecast

- February 25, 2020 – Special Council meeting to receive an update on the City’s ten-year financial forecast.
 - The City was facing a projected deficit of \$428,000 for FY 2020/21
 - Growing to \$1.4 million by FY 2028/29

Actions Taken Pre-COVID to Reduce Operating Expenditures

Position Reductions

- Defunded DCM position
- Underfilled Senior Engineer Position
- Consolidated and Reorganized Utilities Division
- Sought and obtained full outside funding for SRO position

Pension Reform

- Pre-paid Side Fund
- Lump Sum Payment of Annual PERS Contribution
- PD cost-sharing

Other Financial Measures

- Medical Cannabis Permits in Process – ETA Summer/Fall 2020
- Fee Study Update – Coming to Council Soon
- Authorized Marketing of PG&E Credits for Sale
- Adopted Fiscal Emergency Plan

City of Morro Bay Issues Survey

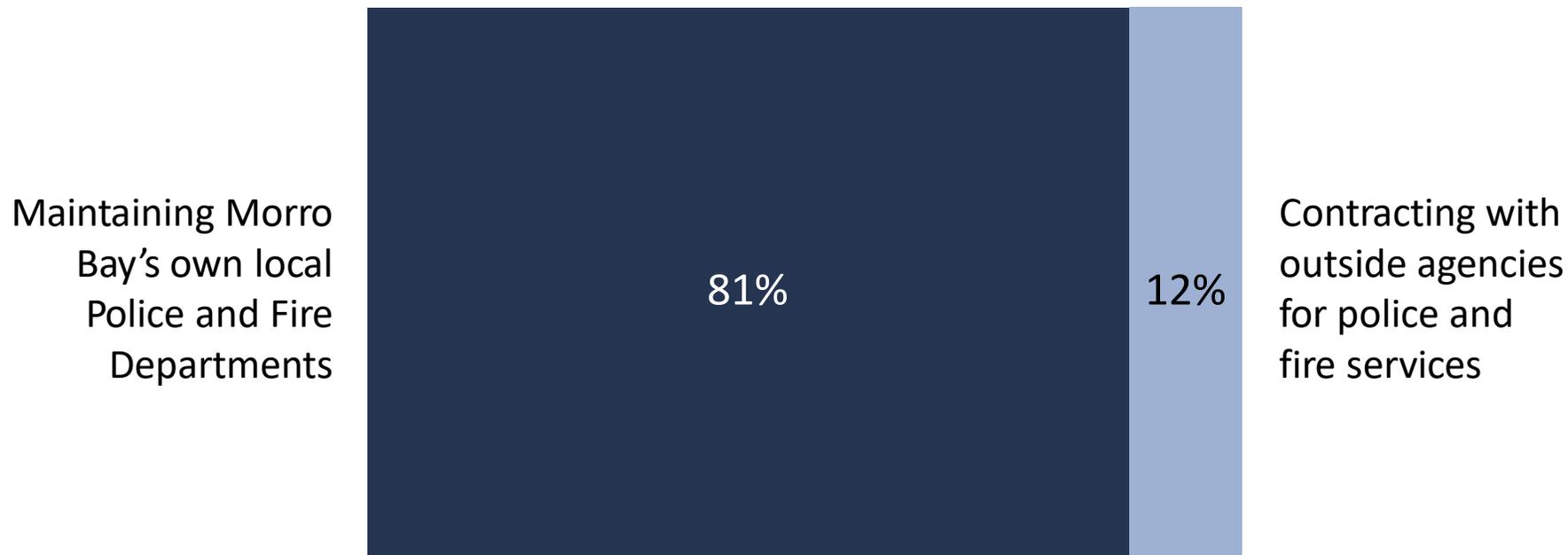
*Survey Conducted:
October 28-November 7, 2019*



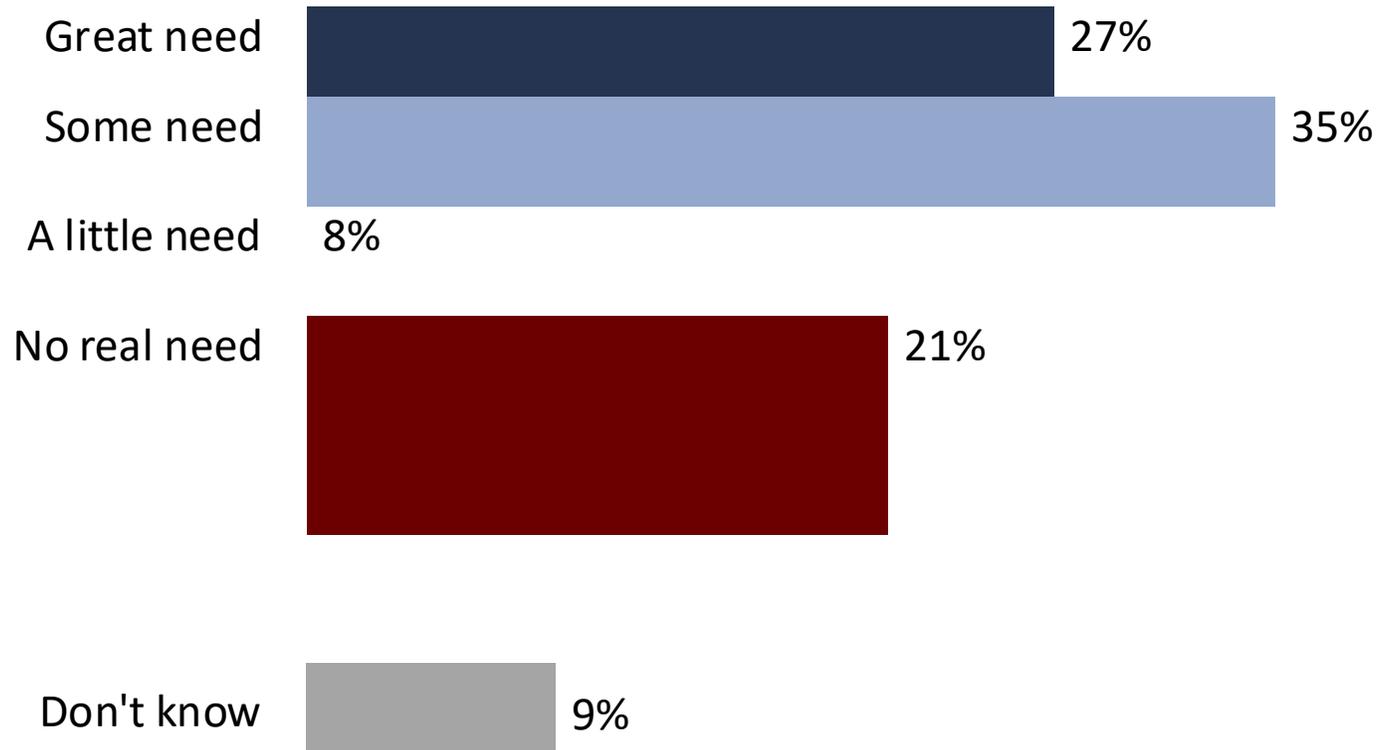
OPINION
RESEARCH
& STRATEGY



Voters overwhelmingly prefer to maintain Morro Bay's local public safety departments instead of contracting out.



Seven-in-ten voters believe the City has a need for additional funding.



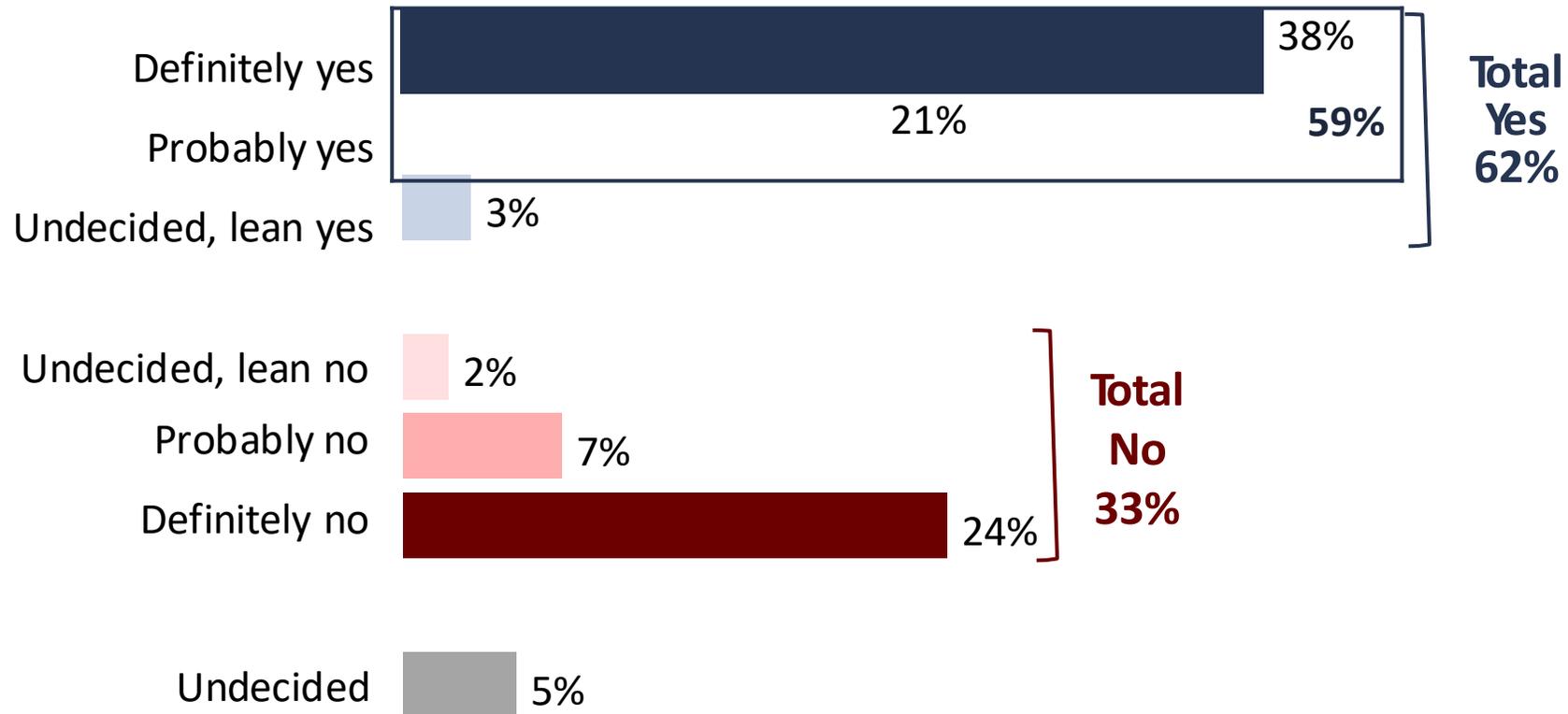
Do you think the City of Morro Bay has a great need for additional funding, some need, a little need or no real need for additional funding to provide the level of City services that local residents need and want?



Opinions on Potential Local Funding Measure



Slightly more than six-in-ten voters initially support this potential simple majority requirement (50+1%) measure.

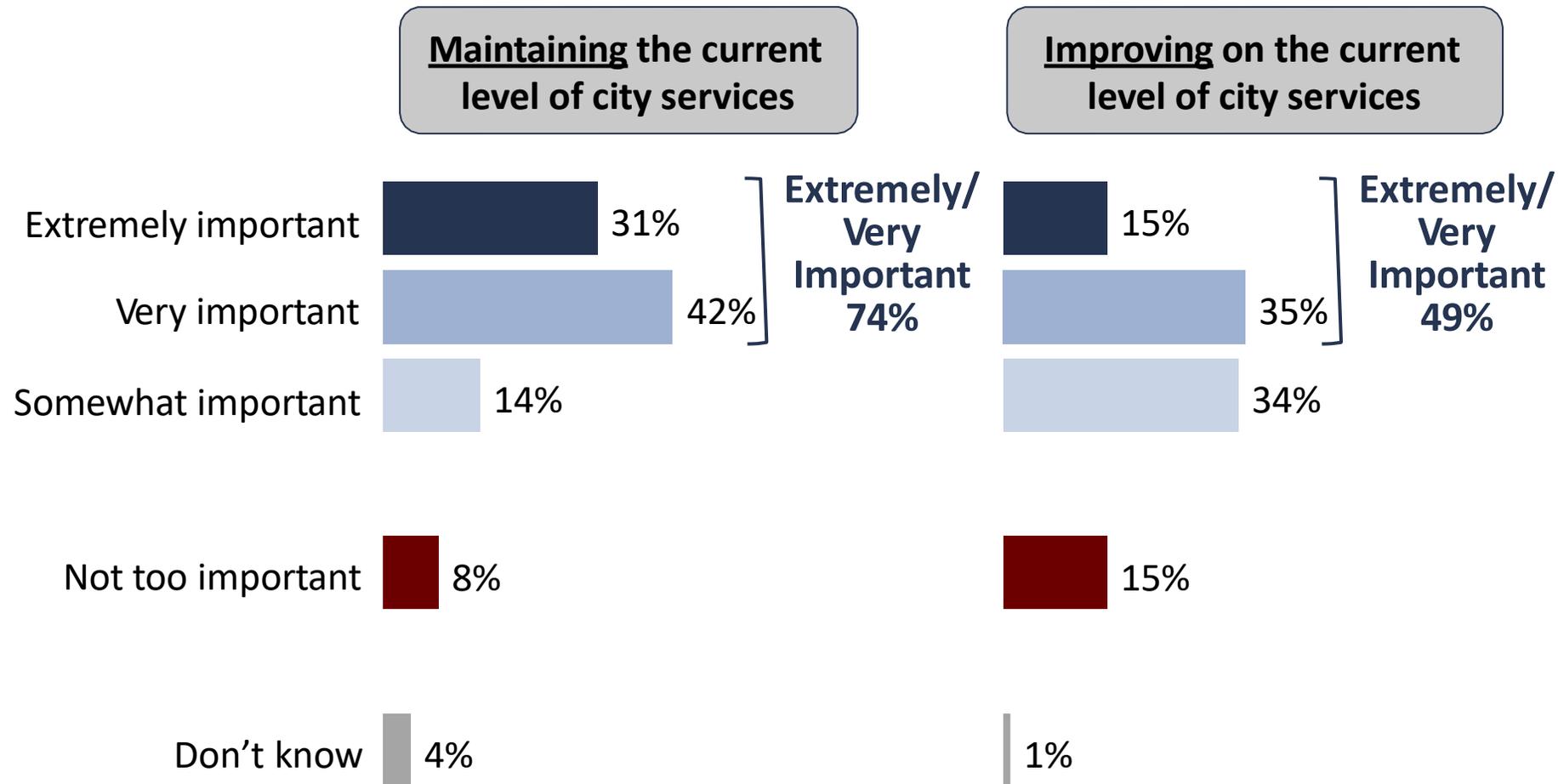




Community Spending Priorities



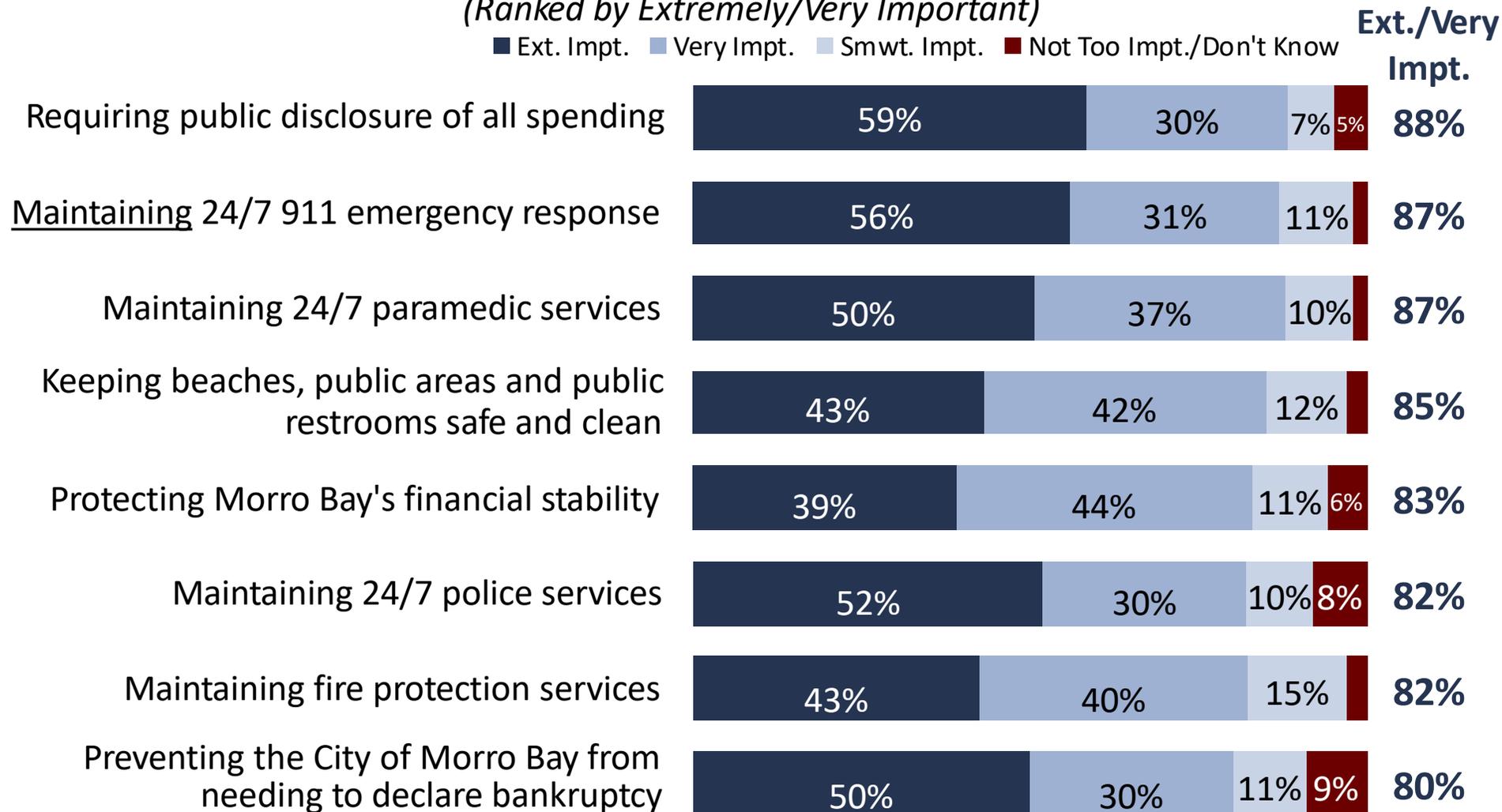
Much higher percentages rate the importance of maintaining essential city services over improving them.



I am going to read you a list of possible programs and projects that might be funded by the local ballot measure we were discussing earlier, as well as accountability provisions that could be included. Regardless of your opinion of the measure, after I mention each one, please tell me how important that provision or use of funds is to you personally: is it extremely important, very important, somewhat important, or not too important? Split Sample

Voters rate public disclosure of spending and maintaining 911 emergency response among the top priorities of a potential funding measure.

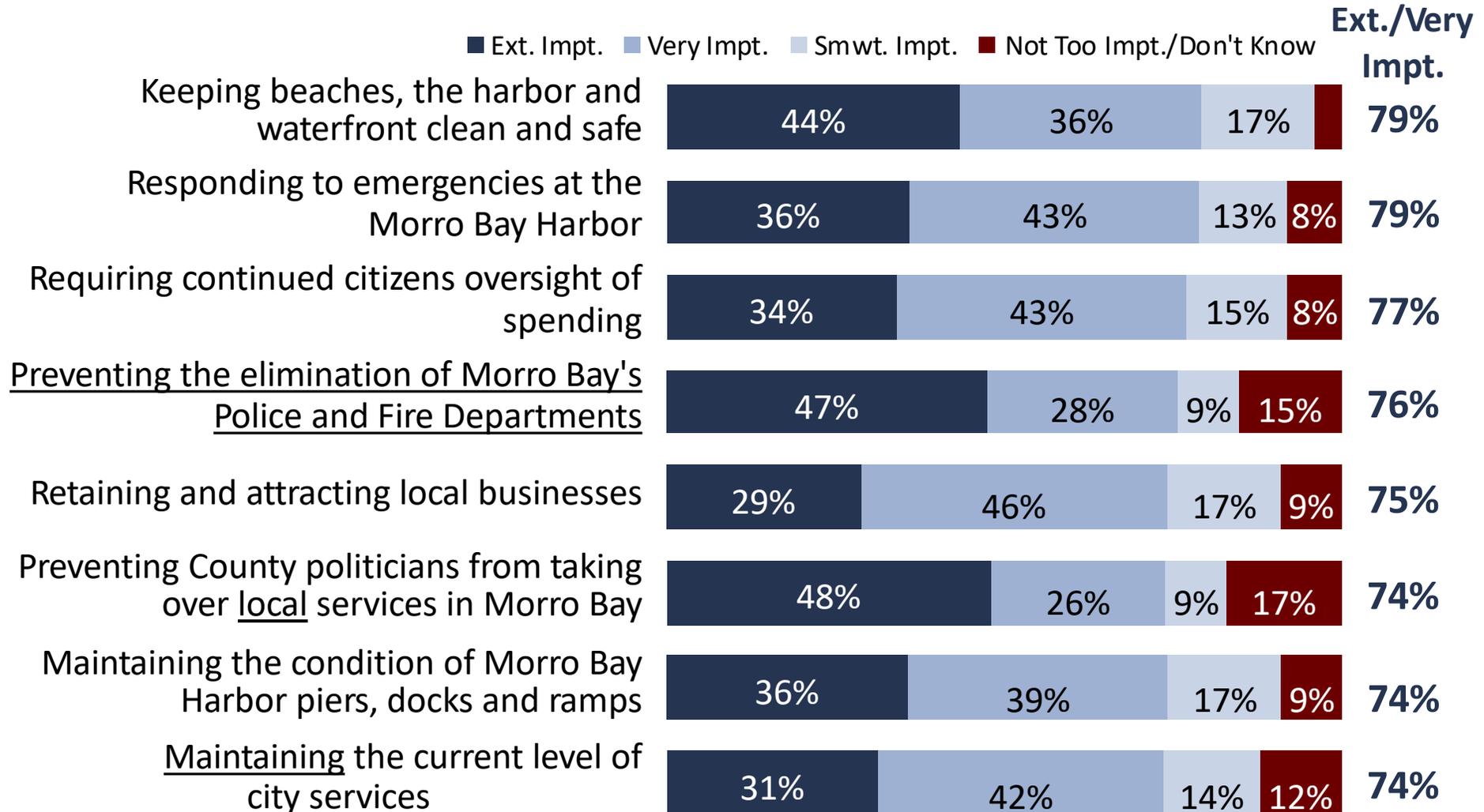
(Ranked by Extremely/Very Important)



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Continued

(Ranked by Extremely/Very Important)



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Ten-Year Financial Forecast

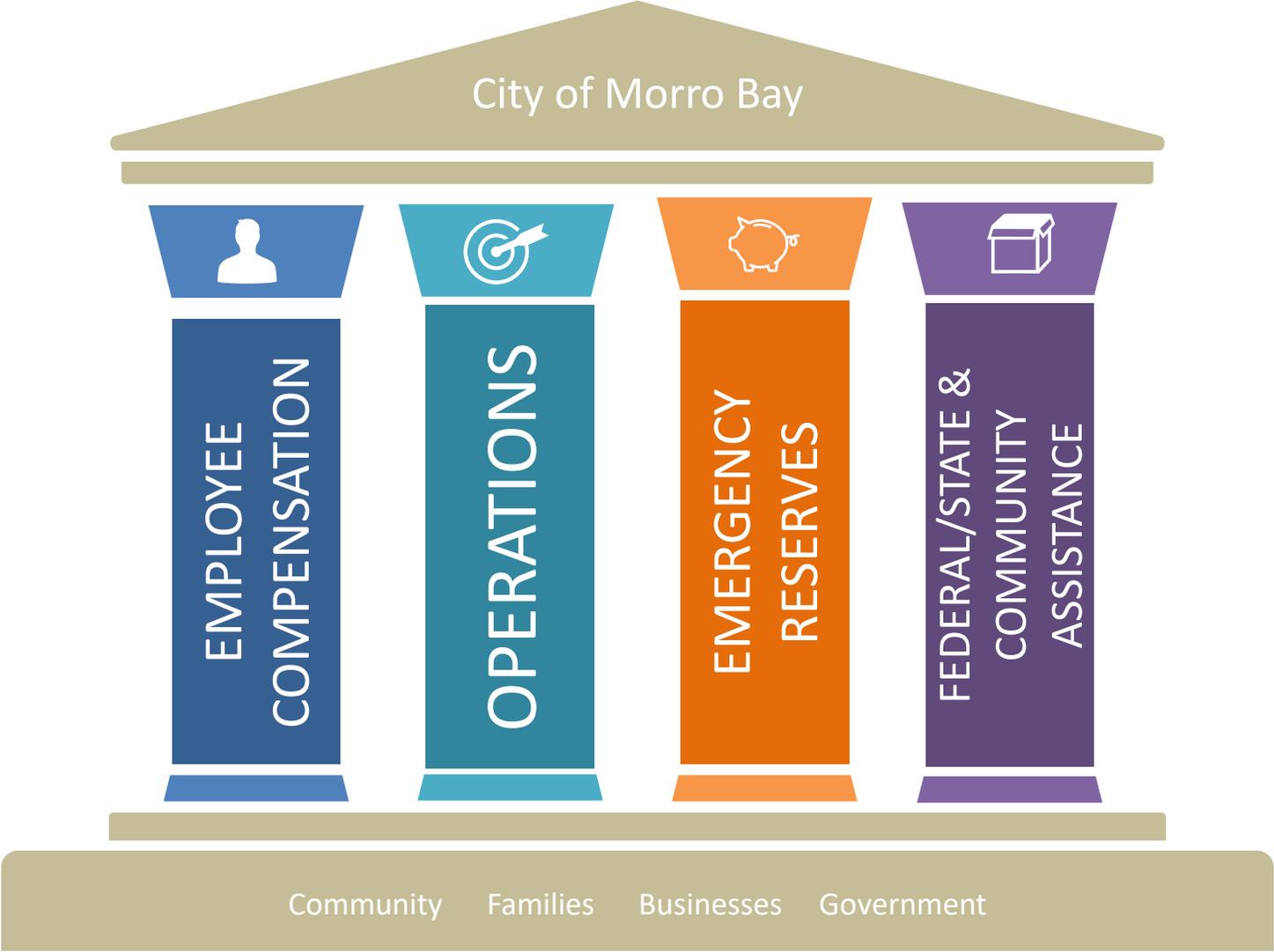
- **April 28, 2020 – Special Council meeting to receive City’s “Rock Solid Together Economic and Financial Recovery Plan”**
 - Budget deficits projections ranging between \$4 to \$5 million (27%-34% loss of GF revenue)
 - Growing to \$2.5 million by FY 2028/29
- **Unprecedented economic impacts necessitated revisions to the City’s primary revenues and an additional update to the City’s Ten-Year Financial Forecast**

COVID-19 Impacts: Ten-Year Financial Forecast

City of Morro Bay Budget Forecast (\$ in 000)

General Fund	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Property Tax	\$4,419	\$4,352	\$4,224	\$4,210	\$4,177	\$4,110	\$4,125	\$4,165	\$4,208	\$4,251	\$4,294
Sales Tax	1,945	1,881	1,729	1,515	1,591	1,637	1,758	1,798	1,855	1,883	1,921
TOT	3,576	2,559	1,852	2,038	2,343	2,718	3,208	3,368	3,469	3,538	3,574
Other Revenue	3,411	2,856	2,440	3,063	3,144	3,293	3,180	3,192	3,245	3,286	3,328
Transfers	1,329	3,214	2,581	1,280	1,318	1,358	1,399	1,441	1,484	1,528	1,574
Total Revenue	14,681	14,862	12,826	12,106	12,574	13,116	13,670	13,964	14,261	14,487	14,691
Personnel	10,075	11,219	9,705	9,940	10,099	10,263	10,428	10,533	10,639	10,742	10,849
Other O&M	3,166	3,237	2,766	2,771	2,816	2,871	2,938	3,019	3,118	3,216	3,267
Transfers/Svc Adds	709	406	355	605	614	624	659	669	680	665	665
Future Budget Cuts	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	13,951	14,862	12,826	13,315	13,529	13,758	14,025	14,222	14,437	14,624	14,782
Net Annual	730	0	0	(1,210)	(955)	(642)	(356)	(258)	(176)	(136)	(91)
Beginning Balance	38	768	(0)	(0)	(1,210)	(2,165)	(2,807)	(3,163)	(3,421)	(3,596)	(3,733)
Cash Adjustments	0	(768)	0	0	0	0	0	0	0	0	0
Ending Balance	768	(0)	(0)	(1,210)	(2,165)	(2,807)	(3,163)	(3,421)	(3,596)	(3,733)	(3,823)
Emergency Reserve	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenue	\$339	\$321	\$56	\$80	\$80	\$25	\$25	\$25	\$25	\$25	\$25
Transfers Out	225	1,852	1,304	0	0	0	0	0	0	0	0
Net Annual	114	(1,531)	(1,248)	80	80	25	25	25	25	25	25
Cash Adjustments	0	0	0	0	0	0	0	0	0	0	0
Beginning Balance	2,926	3,808	2,277	1,029	1,109	1,189	1,214	1,238	1,263	1,288	1,314
Ending Balance	3,040	2,277	1,029	1,109	1,189	1,214	1,238	1,263	1,288	1,314	1,339
Total GF+ER Balance	3,808	2,277	1,029	(101)	(976)	(1,593)	(1,924)	(2,157)	(2,308)	(2,419)	(2,484)
% of GF Exp	27.3%	15.3%	8.0%	-0.8%	-7.2%	-11.6%	-13.7%	-15.2%	-16.0%	-16.5%	-16.8%

ROCK SOLID TOGETHER: CITY GOVERNMENT



FY 2020/21 Budget Balancing

- **Salary & Benefit Reductions - \$1.4 M (GF only)**
 - 8% to 5% Salary Concessions from CM, Department Directors, Management employees, Unrepresented Confidential Employees, members of SEIU and Police Association – through December 31, 2020
 - Reallocated and reduced positions: prioritized projects funded with non-general, restricted funds that staff could appropriately allocate time to and reallocated positions in GF to utilities fund – resulted in cost savings to both funds.
 - Defunded vacant positions:
 - Police Officer
 - Assistant Planner
 - Consolidated Maintenance III
 - P/T Code Enforcement Officer
 - Workforce Reductions through Layoffs
 - Assistant Engineer
 - Public Works Superintendent
 - Administrative Technician
 - Recreation Supervisor
 - P/T Office Assistant
 - 70+ part-time Recreation employees
- **Operating Expenditure Reductions - \$600K**

FY 2020/21 Budget Balancing

- Operating Expenditure Reductions - \$600K (GF only)
 - No GF contribution to Tourism
 - No allocation for Council bequests
 - No travel outside San Luis Obispo County unless safety mandated
 - Limited training budget – only safety mandated training (i.e. OSHA requirements or Police/Fire mandated trainings)
 - Bare minimum supplies budget
 - Significantly reduced supplies and contract services for items such as sidewalk repair/grinding, street patch materials (asphalt), street tree maintenance and removal
 - No funding for equipment/vehicle replacement schedules

FY 2020/21 Budget Balancing

- Use of over \$1 million in Emergency Reserves
- These reductions will leave reserves at a dangerously low level (when FY 2019/20 use is also considered).
- Reductions will have service impacts – slower response times, processing times and ability to address all service requests
- Reductions should be considered short-term, mitigation measures until stabilization efforts can be achieved to restore service levels

Long-Term Sustainability & Local Recovery

- **The City's ability to respond to emergencies and preserve existing core services requires a long-term revenue source.**
- **Some services likely will not come back and, without new funding, further cuts into the organization will have to be made.**

City Manager's Round Table & Join the Conversation

- City Manager's Round Table Group Recommendations
 - Local Relief and Recovery Measure on November ballot - support for sales tax measure
 - Funds would restore services and operations that have been reduced or eliminated due to COVID-19 such as:
 - Restore some positions that have been defunded, such as a Police Officer position and Consolidated Maintenance worker who provide front line services to the public
 - Contract service budgets, including tree trimming, sidewalk repair, road maintenance
 - Additional trash receptacles and infrastructure needs, including road repair
 - Training for employees to maintain high quality, well trained staff

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City Manager's Round Table & Join the Conversation

- **Join the Conversation – local relief and recovery Survey**
 - **Over 600 participants in community Join the Conversation Survey – prioritize the following:**
 - **Public safety services – maintain locally controlled public safety**
 - **Keeping City clean & safe**

Sales Tax – Morro Bay

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- **Current Rate 7.75% - City Receives**
 - 1% of 7.25% base tax
 - 0.5% Measure Q (used for pavement and public safety)
 - 69.9% of City's Sales tax is estimated to be generated by non-residents
 - 1% Sales tax increase would yield \$1.5 - \$2 million in new revenue to provide relief and grow as the economy recovers
- Sales tax rates may be increased at a rate of 0.25% or multiple thereof.
- Proposing a general sales tax – requires approval by a majority of the voters.

Sales Tax – Distribution

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Rates effective January 1, 2017 after the expiration of the 0.25% Proposition 30 temporary rate.

In addition to the base, statewide rate of 7.25 percent, local voters may authorize additional "transactions and use tax" rates. These additional rates raise the total effective rate to as much as 9.75% in some locations.

Sales Tax – Throughout the State

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- 24.8% of cities (169) sales tax rate below MB's current rate of 7.75%
- 65.2% of cities (316) have higher sales tax rate than MB's current rate
- Most other cities in county are adding some tax measure to the ballot for voter consideration

Council Recommended Action

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Put the decision in the voters' hands:

Allow measure to be placed on the ballot for the voters to make decision on increase sales tax

Council Action

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Resolution 69-20: Submit a proposed sales tax ordinance to the voters at the Nov. 3, 2020 election: 1% sales tax increase

Purpose:

- 1. Local Recovery from COVID-19**
- 2. Maintain Emergency Preparedness**
- 3. Preserve Core Services**
- 4. Used for General Fund purposes**

Council Action

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Resolution 69-20: Ballot Language

MORRO BAY'S LOCAL RECOVERY/EMERGENCY PREPAREDNESS MEASURE

To protect City of Morro Bay's financial stability, local property values and City services, such as maintaining Morro Bay's local Fire/Police Departments, 24/7 paramedics, 911 emergency response, health emergency/disaster preparedness; keeping beaches, public areas safe/clean; retaining/attracting businesses; and other general City services, shall the measure establishing 1¢ sales tax providing approximately \$2,000,000 annually until ended by voters be adopted, requiring independent audits, public oversight, all funds used locally?

Council Action

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**Resolution 69-20:
Direction to put matter before
the public to decide on tax
measure**

Council Action

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Resolution 70-20: Written Arguments (both pro and con) about the sales tax ballot measure

- **Directs City Attorney to prepare an impartial analysis of the proposed sales tax ordinance**
- **Sets deadline for written arguments of Tuesday, July 28, 2020 at close of business**

Council Action

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Resolution 71-20: Rebuttal Arguments

- **Provides for rebuttal arguments (if authorized by Council) to primary written arguments.**
- **Sets deadline for rebuttals of Friday, August 7, 2020 at close of business**

Council Action

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Ordinance No. 635

If the Council adopts election resolutions, conduct a first reading by title only with further reading waived of proposed Ordinance No. 635, with the ordinance being subject to voter approval for enactment