

## **Passivity Was Not Working: Taking the Housing Supply Lag Head-On in San Luis Obispo**

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*The attractiveness of the San Luis Obispo region reflects in sky-high real-estate prices and a demand for affordable housing that is increasingly harder to meet. Despite recent changes in regional and local policies, much more action is still needed. The author discusses the efforts of the County Workforce Housing Coalition and his own involvement with the issue, particularly through his CRP graduate lab projects.*

Everyone knows that real estate prices in California are incredibly high. Eleven of the bottom twelve housing markets in the National Association of Homebuilders' "Housing Opportunity Index" for the last quarter of 2004 are in the state, and prices tend to outpace the ability of working households to pay the mortgage on - or even rent - a suitable home for one-third or less of their gross monthly income (a standard measure of affordability). Fewer people realize that San Luis Obispo County - the only housing market in the "bottom twelve" not in or adjacent to a larger metropolitan area - is the 8th least affordable housing market in the nation. This is certainly not driven by new workers drawn in by job growth - in 2003-04 SLO County's was negative, according to the Milken Institute - but by new population and wealth lured into the county by the pleasant environment and large-lot residences that are cheap relative to those in California's larger metropolitan areas.

While this relative attractiveness may be great news for those buying second homes or retiring in SLO County, it spells disaster for workers and employers in SLO County -including Cal Poly - because housing prices have become unanchored from local income levels. This means that it has become increasingly difficult for working households to afford housing, and thus it is becoming harder to lure both new workers and new employers (read: jobs) into SLO County. As a result, SLO County's economy has started to stagnate, while those (of us) who work here - particularly those who have not crossed the financial bridge to home ownership - watch hopes of an affordable home, close to work and other activities, slip further and further out of reach. Ironically, not only is this economically troubling, it also has caused longer commutes, more paving, and the recent widening of the Cuesta Grade freeway - thus threatening the attractive air quality and peaceful environment of SLO county through increased car dependence.

While this growing problem had been acknowledged by nearly every politician in the county, and was the focus of an eight-part series in the SLO Tribune in 2002, very little action had been taken. Enter the SLO County Workforce Housing Coalition, a conglomeration of unlikely bedfellows who agree that housing is a top-priority issue that requires proactive advocates. The Coalition includes non-profit housing developers, environmentalists, economic advocates, and builders —hardly the usual suspects. As one might imagine, member organizations do not always agree with all policies or positions of the others; yet the fact that the Coalition is going strong is testament to the cross-cutting importance of housing affordability in SLO county.

The Coalition emerged from the steering committee for a one-time public tour of affordable housing developments in SLO County, organized in 2003 to highlight the quality design and management of a variety of housing types. The idea behind the tour was to demonstrate to public officials, in particular, the fact that perceived design problems with affordable housing —persisting in the public mind due to large public projects such as St. Louis' infamous Pruitt-Igoe towers, eventually demolished— have long been resolved through better attention to architecture and landscape. The underlying premise behind the effort is that the main problem of housing affordability is not a technical one, solved through design or planning; it is a political one, to be solved through strategy and organizing. Thus, the Workforce Housing Coalition was born to educate, advocate, and research, for the purpose of building public support for affordable housing development.

The tricky part of developing such a coalition was to create a mission statement and criteria that the supporting organizations could agree upon. The result seems rather innocuous —“The Workforce Housing Coalition will use research, public education, and advocacy to encourage the

creation and retention of more housing units in San Luis Obispo County for households earning less than 160 percent of the county median income to buy or rent. We will support residential projects that build communities and use land effectively”- but the number, 160 percent, was subject to long debate. The issue was whether households far above the area median income (e.g., a family of four earning \$96,000), should remain within the Coalition’s target demographic. As a political strategy, Coalition members agreed that even such upper-middle-class households are being shut out of home ownership, and are thus political allies.

Even more difficult was the process of agreeing to criteria by which the Coalition would support particular policies and proposed projects; this took a few months of discussion. The final agreement is as follows:

“The Workforce Housing Coalition will encourage and support public policies and developments that meet our criteria for affordability and all or some of the other following criteria:

### 1. AFFORDABILITY

- Meet the ownership housing needs of households earning less than 160% of the median income for the county.
- Provide rental units where the total projected rent for a year does not exceed 30% of the county’s median income factored for the size of the family.



Figure 1. The Pismo Station family housing project, east of downtown San Luis Obispo.

### 2. PUBLIC POLICY

- Demonstrate the political will to support higher density.
  - Zone more land for housing, particularly smaller units at higher density.
- Streamline the planning and permitting process for housing.
- Make density more livable by, e.g., abating noise, reducing traffic congestion, providing privacy, and enforcing maintenance.

### 3. COMMUNITY BUILDING

- Include a variety of housing types and sizes to serve a range of family and economic situations.
- Include or are near community services, infrastructure and activities (work, shopping, recreation, schools).
- Promote public transit and alternative transportation choices.
- Are designed to be pedestrian-friendly.
- Encourage the involvement of stakeholders early in the planning process.

### 4. EFFECTIVE USE OF LAND

- Propose increasing density where appropriate.
- Are constructed in or adjacent to existing developed areas.
- Minimize space devoted to surface parking.
- Mix land uses.

### 5. DESIGN

- Build housing that adds to the appeal of neighborhoods and that residents enjoy living in and are proud to call home.”

These criteria represent a careful balancing between environmental concerns and development of denser, smaller housing units in already-built areas. Of particular note is the skirting of detailed design issues - which often obstruct housing construction at the highest zoned density - and the focus on involving stakeholders early while addressing noise, traffic, and building quality issues. Thus, the Coalition hopes to encourage housing development by making it economically feasible and politically palatable at the same time.



*Figure 2. In western downtown San Luis Obispo, the Carmel Apartments is a successful senior housing project.*

The Coalition invites developers to present their projects for endorsement, and offers political support for endorsed proposals. It also presents programs to educate the public on opportunities to increase housing development while adding to the built quality of the region. Recently, the Coalition sponsored a graduate CRP lab project which developed “Infill Housing Strategies” for three local cities - Arroyo Grande, Atascadero, and Grover Beach. These and other documents of the Workforce Housing Coalition can be found at [www.slowhc.org](http://www.slowhc.org).



*Figure 3. A good example of a mid-density mixed-income private development is Villa Rosa, San Luis Obispo.*