COLAB
San Luis Obispo County
The Coalition of Labor Agriculture and Business

WEEKLY UPDATE AUGUST 11 - 17, 2019

THIS WEEK

GRAND JURY LISTS BARRIERS TO HOUSING

COUNTY SAYS IT PERMITS MANUFACTURED HOMES, TINY HOMES, AND RV'S

WHERE AND WHEN?

LAFCO MEETING FOCUS IS ON ROUTINE REPORTS AND HOUSEKEEPING – NO BIG POLICY

LAST WEEK

NO BOS MEETING

SLOCOG FINALIZED HOUSING NUMBERS

CHARADE CONTINUES

CAL PUBLIC UTILITIES COMMISSION FORUMS HELD AUGUST 7 & 8 ON DIABLO CLOSURE

PEOPLE WANT A PRESERVE & FAST CLOSURE – WILL SUPPORT RATE HIKES TO GET THEM

NEGATIVE ECONOMIC IMPACT NOT AN ISSUE?

COULD A NATIVE AMERICAN HERITAGE CASINO BE PART OF THE DIABLO REPLACEMENT PLAN?

SLO COLAB IN DEPTH

SEE PAGE 9

GETTING THE GOLDEN STATE BUILDING AGAIN

GOOGLE'S BILLION-DOLLAR BET ON NEW HOUSING IN CALIFORNIA COULD SIGNAL THE EMERGENCE OF A PRO-GROWTH COALITION.

BY MICHAEL HENDRIX

CALIFORNIA HOME BUILDERS ARE PULLING BACK, DEFLATING HOPES FOR HOUSING RELIEF

BY ANDREW KHOURI

THIS WEEK'S HIGHLIGHTS

Board of Supervisors Meeting of Tuesday, August 13, 2019 (Scheduled)

Item 7 - Request to 1) approve responses to the FY 2018-19 Grand Jury report titled "'Affordable Housing' An Urgent Problem for Our Community"; and 2) forward the responses to the Presiding Judge of the Superior Court by August 20, 2019. The housing charade continues. The Jury Report findings and recommendations contain many of the same concerns that have been expressed by citizens, homebuilders, general business, and many others over the years:

1. The length and cost of the building permitting process is a major barrier to the construction of all housing, especially low income housing.

2. The cities and County should concentrate on promoting rentals for families earning below moderate incomes by increasing the percentage of required inclusionary housing units.

3. Increase the opportunities through re-zoning for non-traditional housing options, such as modular homes, pre-fabricated homes, and mobile home parks. This should be accomplished within FY 2020-2021.

4. The cities and County should detail their specific plans to engage the public in the formulation of the 2020-2028 Housing Plan Update.

The County responses are to generally or to partially agree or disagree. The underlying reasoning is typified in response to Item 3 above.

The recommendation will not be implemented because it is not warranted. Mobile homes are already allowed in any zone in which permanent housing structures are allowed and subject to equivalent standards. It is not reasonable to consider zoning to be a barrier to increased modular homes, pre-fabricated homes, or mobile homes. The way in which the cities' zoning regulations incorporate these housing types is within the purview of the cities.

Note: OK, let's see the list of sites where an applicant can walk into the counter and receive a permit for a 101-unit manufactured home project.

Aside from the stunning avoidance of the issue contained in the County's non response, what is it doing to affirmatively recruit and promote the development of such projects?

Separately, the Jury expressed concern that neither the County Housing Element of its General Plan nor those of the seven cities are readily avilable to the public.The County correctly points out that its Housing Element is readily available on its website within the County Planning Department section. This is true, but it takes some knowledge of the logic structure of the Planning website as well administrative structure of the Department to find it.

But once you find it, so what? Both the Jury and the County avoid the bigger point, which is that the Housing Element should really be entitled the Pretend Housing Element, as it purports to demonstrate that the County has sufficient zoned land to meet the requirements of the State mandated Housing Needs Assessment (See Item D-13 below under the SLOCOG Agenda for last week). In today's Byzantine approach to land use, a builder or citizen must often obtain a land use permit even if the lot exists in an area specifically zoned for homes. The real metric should be: how many zoned lots are there in the County where a citizen or builder can walk in and get an over the counter building permit?

Moreover, its not how much land is zoned for housing that counts, but the number of units actually constructed per year. Since the recession, the County has only been averaging a few humdred per year, and most of these are in previously approved developments.

Regional Housing Need Allocation (2019)

Jurisdiction	Total Allocation	Very Low 24.60%	Low 15.50%	Moderate 18.00%	Above Moderate 41.90%
Arroyo Grande	692	170	107	124	291
Atascadero	843	207	131	151	354
Grover Beach	369	91	57	66	155
Morro Bay	391	97	60	70	164
Paso Robles	1,446	356	224	259	607
Pismo Beach	459	113	71	82	193
San Luis Obispo	3,354	825	520	603	1,406
Unincorporated	3,256	801	505	585	1,365
Regional Total	10,810	2,660	1,675	1,940	4,535

2019 RHNA: Jan. 1, 2019 - Dec. 31, 2028 (10 years)
Note: The table above includes minor percentage calculation adjustments that resulted in 1 unit increases or decreases to jurisdictions to accurately match income group totals as determined by HCD.

Under the Regional Housing Needs Assessment (RHNA) the County will commit to the State to have land zoned which could provide 3,256 units over the next 8 years. But what will the County do to get the units built?

See the related articles in the COLAB In Depth section, starting on page 9.

Item 46 - County Weasels on Funds to Buy Grover Beach's Hillside Church For Homeless Service Center. As the current regime in Sacramento panics about the burgeoning homeless catastrophe throughout the state, billions of dollars are being thrown at cities and counties. SLO County received a $4.8 million Homeless Emergency Aid Program (HEAP) grant.

The County solicited proposals from not-for-profit service providers. Ultimately the funding was divided up per the table below:

Table 1: HEAP Awards

Applicant	Project	Original Request	HSOC Recommendation	Final Award Approved by BOS
5CHC & PSHH	Five Cities Housing Partnership	$3,435,753	$2,600,000	$2,604,462
5CHC	Transitional Youth Program with Case Management and Housing Assistance	(included with request above)	$130,165	$130,165
City of Paso Robles	North County Coordinated Homeless Services	$1,799,702	$1,500,000	$1,504,462
CAPSLO	Withdrawal Management Unit	$357,500	$400,000	$357,500
Administration	5% of HEAP grant	$241,891	$207,814	$241,225

As noted, the Five Cities Housing Partnership (FCHC) was tentatively awarded $2.6 milliion. FCHC planned to buy a church in Grover Beach and to convert it into a homeless service center. Hundreds of neighbors in both Grover Beach and bordering Arroyo Grande protested the use. Subusequently, it was discovered that a dispute over ownership of the property involving an alleged illegal takeover by a former pastor surfaced.

The Board letter on this item seems to attempt to bevel the issue without firmly raising the issue of whether FCHC should find a new location.

Hillside Church

Following the Board vote on April 23, 2019 5CHC and PSHH entered into escrow for the property located at Hillside Church in Grover Beach. During the escrow process, a concern over title to the property was raised by the escrow company. Subsequently, litigation was filed by a third party regarding title to the church. Due to the litigation, the timing of the escrow has been pushed back for an indefinite time period.

HEAP guidance requires that at least half of the HEAP funding be obligated no later than January 1, 2020. The award to 5CHC for capital acquisition is 54% of the total allocation. Because it is unclear when litigation involving Hillside Church will be resolved, it is possible that acquisition of the property may not be possible before the January 1, 2020 deadline, which could put result in the County having to return the full $4,837,814 in funding. Delinking the award for the Five Cities Homelessness Partnership Project from the Hillside Church location will provide flexibility to allow a suitable alternative location or locations to be identified and acquired in time to meet the obligation deadline.

If the litigation is settled, could the church property project go forward? What is the Board policy?

MATTERS AFTER 1:30 PM

The afternoon session contains presentation of a Wildfire Safety Plan and an appeal of a canabiss grow and processing permit.

Local Agency Formation Commission Meeting of Thursday, August 16, 2019 (Scheduled)

Summary: There are no items of major policy interest on this agenda. The matters pertain to housekeeping or general information.

LAST WEEK'S HIGHLIGHTS

No Board of Supervisors Meeting on Tuesday, August 6, 2019 (Not Scheduled)

The Board will meet next Tuesday, August 13, 2019.

San Luis Obispo County Council of Governments (SLOCOG) Meeting of Wednesday, August 7, 2019 (Completed)

Item D-13: 2019 Final Regional Housing Needs Assessment (RHNA). The Board received the status report. Interestingly, several of the Commissioners pointed out that the cities and the County would have to begin updating their respective Housing Elements to comport with the overall plan. It was mentioned that some would have difficulty. It was not stated which ones would have trouble zoning in the requisite number of units (remember they don't actually have to be built – simply the zoning capacity has to be made available).

One of the accompanying related agenda items was a report on a new State Housing grant program which allocates new money regionally to cities and counties. It appears that the money is primarily for planning related to housing, including the aforementioned planning and zoning updates for the jurisdictions to include more lots zoned for housing. The state has been divided into geographic regions to divy up hundreds of millions of dollars as part of the program. Supervisor Gibson aptly inquired if any of the funding could be used to actually develop infrastructure or housing. The staff wasn't sure. Our region contains SLO County, Monterey County, Santa Cruz County, San Benito County, and Santa Barbara County and their respective cities.

Supervisor Hill was appointed on a unanimous voice vote as the SLO County representaive. Two city representavies will also be appointed.

Background: This is a status report on the State mandated plan, which has been under preparation for the past year. The State published the draft plan on its website to receive any appeals. There were none. Accordingly, SLOCOG can now publish the plan prefatory to an October final adoption. It will then be submitted to the State Housing and Community Development Department (HCD) for review and probable approval. During 2020 the County and its 7 cities must update the Housing Elements of their General Plans.

2019 RHNA Plan Timeline

Fall 2018: Distribution Methodology developed. ✓
Dec. 2018: HCD finalizes allocation ✓
Dec. 2018: Board reviews distribution methodology ✓
Feb. 2019: Board adopted distribution methodology ✓
Jun. 2019: Board reviews draft RHNA Plan ✓
Aug. 2019: Issue Proposed Final Plan
Oct. 2019: Final 2019 RHNA Plan consider to adopt
Dec. 2020: Housing Element updates due

The table below depicts the number of housing units assigned in total, by jurisdiction, and by income level. It should be noted that the cities and the County are not required to see that all the units are actually constructed, but that their respective zoning ordinances would allow the permits to be issued.

The whole scheme is a somewhat hollow promise in that many homes and apartment houses must receive a separate minor use permit or even a conditional use permit, even if they are proposed in a zone where they are expressly permitted on an existing lot. Of course some will have to go through the subdivision process prior to being able to apply for a permit. Once the actual costs of obtaining a permit are applied and the heavy fees for roads, schools, parks, housing-in-lieu taxes, and all the rest are imposed, many projects die.

The 2019 RHNA Plan, which covers the next 8 years, is detailed in the table below:

Regional Housing Need Allocation (2019)

Jurisdiction	Total Allocation	Very Low 24.60%	Low 15.50%	Moderate 18.00%	Above Moderate 41.90%
Arroyo Grande	692	170	107	124	291
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The State threatens to impose penalties on jurisdictions which do not adopt a housing element that comports with the RHNA.

When a local government fails to adopt an updated Housing Element by the deadline, or adopts an element that does not comply with the law, the city or county is regarded as noncompliant and is subject to penalties. If the General Plan or any element is not in compliance with the law, a petitioner can request a hearing or a trial. If a court finds that the General Plan or any of its mandatory elements do not substantially comply with the law then the court in its order of judgment may specify one or more actions such as to:

- Suspend authority of the entity to issue building permits or other related permits for residential housing;
- Suspend the authority of the entity to grant zoning changes, variances, or both.

Jurisdictions in SLO County have not encountered problems in the past with this requirement.

What is the Status of the Current (2014) RHNA Plan and the Respective Housing Elements? The table below depicts how the cities and County have performed as of 2018.

California Department of Housing and Community Development – Division of Housing Policy Development

JURISDICTION	Very Low Income % Complete	Low Income % Complete	Moderate % Complete	Above Moderate % Complete	RHNA Total	Total Permit	Total RHNA Remain	Proration Factor
Arroyo Grande	0.0%	44.7%	0.0%	58.4%	242	76	166	100.0%
Atascadero	49.0%	41.9%	247.8%	148.8%	393	489	86	100.0%
Grover Beach	0.0%	34.6%	0.0%	152.2%	165	114	87	100.0%
Morro Bay	0.0%	0.0%	7.4%	58.5%	155	40	115	100.0%
Paso Robles	171.5%	114.3%	240.2%	91.3%	493	696	18	100.0%
Pismo Beach	0.0%	50.0%	0.0%	395.3%	153	265	77	100.0%
San Luis Obispo	58.2%	17.3%	6.5%	169.2%	1,143	1,019	455	100.0%
County of San Luis Obispo	15.5%	42.2%	65.8%	278.3%	1,347	1,864	487	100.0%

Policy Conflict: The larger problem is that while the State is imposing these requirements on cities and counties to develop more housing, it is killing the effort with its failure to expand the State Water Project, repair and expand the state's roads and highways, and invest in other infrastructure.

Similarly, its scheme of regulation, including requirements that new homes have solar panels, have expensive HVAC systems, and are energy neutral, severely constrains affordable housing development.

Worse yet, the California Environmental Quality Act provides a robust platform for anti-development, anti-housing, and general NIMBY groups to use the courts as weapons against housing.

The imposition of hard urban edges force higher densities, which require more sophisticated government services in the form of mass transit, parking garages, urban policing, and all the rest of the impedimenta which goes along with dense urban living as people are concentrated.

In summary, the State's housing mandate is conflicted by its regulatory policies and its lack of capital investment.

California Public Utilities Commission Meeting of Wednesday, August 7 and Thursday, August 8, 2019 -- San Luis Obispo County Board of Supervisors Chamber (Completed)

The California Public Utilities Commission (CPUC) held two duplicate public forums for residents and organizations (who live and work) in and near San Luis Obispo to give their perspective and input to the CPUC about Pacific Gas and Electric Company's (PG&E) requests related to its Diablo Canyon Nuclear Power Plant. PG&E is requesting a $1.6 billion rate hike to help cover the costs of closing the plant. It has already accumulated $3.2 billion.

No action was taken, as the purpose of the forums was to collect local opinion. The full CPUC Commission will hear the case in the fall and is expected to render a decision by January 2020.

At The Hearing: Most of the presenters were concerned about safety and future use of the property, but not so much about utility rates. In fact the Northern Chumash Cultural Preservation Kinship (NCCPK) requested that the property, which totals thousands of acres, be returned to them as the Aboriginal inhabitants for 10,000 years. They did not state how much of the land they wanted.

NCCPK is not part of or related to the Santa Ynez Chumash, which operates the resort and casino. However, an ocean front casino resort on the site would be a major economic back fill when the plant closes. The current Santa Ynez Chumash Resort employs nearly 2,000 people in career-benefited jobs with health care, retirement programs, and career advancement paths.

Although SLO's Northern Chumash are not an officially federally recognized Tribe, they could partner with the Santa Ynez Chumash who could then work with PG&E, the CPUC, SLO County, and the State Indian Gaming Commission to put something spectacular together. A resort on the site need not consist of urban style buildings but could be fashioned as an environmentally sensitive throwback to the redwood lodge hotels of Big Sur and the Monterey Peninsula of the early 20th Century. Golf, boating, fishing, nature trails, and a Northern Chumash Cultural Center could enhance the project.

The County could work with all the stakeholders and regulators to negotiate revenues in lieu of taxes. The project would only need 20 acres plus room for the golf course. An offsite parking garage/depot could be built at Avila Drive and 101 with shuttle vans to minimize the traffic. Besides, at any rate, it is needed for existing Avila Village development and beach goers.

Background:
Application (A.) 18-07-013
On July 23, 2018, PG&E submitted an application to the CPUC requesting approval to establish the Diablo Canyon Decommissioning Planning Memorandum Account to track decommissioning planning costs. According to PG&E, it is necessary for them to track decommissioning planning costs separately because the Nuclear Regulatory Commission (NRC) regulations limit access to the nuclear decommissioning trusts for the costs of decommissioning planning. Under NRC regulations, PG&E may only access 3 percent of the minimum decommissioning funding amount established to retire Diablo Canyon Units 1 and 2. PG&E states that it believes the decommissioning planning activities will exceed the allowed funding amount. The company is not seeking to recover costs in this application, but proposes to request cost recovery and ratemaking in the Nuclear Decommissioning Cost Triennial Proceeding A.18-12-008.

Application (A.) 18-12-008
In this proceeding, PG&E submitted an application to the CPUC requesting cost recovery.

Application (A.) 18-12-008
In this proceeding, PG&E submitted an application to the CPUC requesting cost recovery and ratemaking to support the decommissioning activities for the Diablo Canyon and the Humboldt Bay power plants. According to PG&E, the requested revenue requirement to fund decommissioning planning over the next six years is necessary to avoid higher costs, such as taxes, to customers.

COLAB IN DEPTH

IN FIGHTING THE TROUBLESOME, LOCAL DAY-TO-DAY ASSAULTS ON OUR FREEDOM AND PROPERTY, IT IS ALSO IMPORTANT TO KEEP IN MIND THE LARGER UNDERLYING IDEOLOGICAL, POLITICAL, AND ECONOMIC CAUSES AND FORCES

GETTING THE GOLDEN STATE BUILDING AGAIN

GOOGLE'S BILLION-DOLLAR BET ON NEW HOUSING IN CALIFORNIA COULD SIGNAL THE EMERGENCE OF A PRO-GROWTH COALITION.

BY MICHAEL HENDRIX

Google CEO Sundar Pichai has announced that over the next decade his company will convert $750 million worth of its own land to build at least 15,000 new homes across the Bay Area. Google will also establish a quarter-billion-dollar investment fund to encourage developers to build at least 5,000 affordable housing units, along with additional money to tackle homelessness.

Google's pledge comes on the heels of similar announcements by its tech peers. Facebook founder Mark Zuckerberg's philanthropy pledged $500 million to expand affordable housing in the Bay Area, and health-care giant Kaiser Permanente put up $200 million to ease housing concerns in and around Oakland. California governor Gavin Newsom has also called on other tech firms to kick in $500 million more. Big Tech's interest in housing—for their regions and employees—is spreading beyond the Bay Area. Farther north in Seattle, Microsoft announced $500 million in low-cost loans to build affordable housing.

Alphabet, Google's parent company, is one of the Bay Area's largest employers, with employee rolls growing by 23 percent in 2018 alone. Over the last eight years, the region has added 676,000 jobs but only 176,000 housing units, according to the Bay Area Council. The result? Soaring housing prices, choked traffic, and rampant homelessness. San Francisco now has more billionaires per capita than any city in the world—but also the nation's highest poverty rate, adjusted for cost of living. Indeed, five of the six most expensive places to live in America are in the Bay Area.

Even as one of history's greatest growth stories has played out in Silicon Valley and San Francisco, the region looks much as it did 50 years ago. Trillions of dollars flow through sprawling suburban streets ringing the headquarters of Apple, Google, and Facebook, while farther north, San Francisco's architecture remains surprisingly unchanged beyond downtown. Much of this additional wealth is not flowing into tech firms or their employees but into the pockets of incumbent landowners, through rents. This dynamic has increased inequality, hurt corporate bottom lines, and undercut the productivity and stability of one of the world's strongest labor markets.

Students of history might see parallels between modern-day Silicon Valley and Industrial Age Britain, where a large share of the wealth gained from the advent of steam, looms, and rail went to landowners instead of industrialists or workers. As Britain's economy grew, workers could afford to buy more food, but domestic cropland couldn't keep up with demand, and imports were cost-prohibitive, thanks to Britain's draconian Corn Law tariffs. So as wages grew, grain prices rose, and as grain's cost rose, so did the rents paid by farmers. Much of Britain's economic gains were soaked up by these costs. The upward pressure on wages from out-of-control food costs cut into businesses' bottom lines, and workers and farmers felt fleeced by landlords. The Anti-Corn Law League, with members from both industry and labor, killed the law in 1846.

Today, a similar teaming up of business and labor, working and middle classes will likely be necessary to repeal restrictive land-use regulations. Political scientists once thought that local opposition to new housing could be overcome if big business, developers, and unions came together to support growth, but it turned out that homeowners—eager to protect their investments—were committed to shaping the myriad zoning laws and project approvals that cut through neighborhoods. The political power of these "home voters" has resulted in highly restrictive housing policies. "Not in my backyard," they effectively say, resulting in the acronym by which they're known: NIMBY.

The rise of “yes in my backyard,” or YIMBY, activists has begun to change land-use politics in America’s costliest cities and states. Younger and more media-savvy than their NIMBY opponents, YIMBYs have gained attention from pundits and policymakers by arguing that more housing demand should be met with more supply. California state senator Scott Weiner’s SB50 bill, which would have allowed denser housing near transit stops, received heavy media attention and Governor Newsom’s verbal support—only to fail in the state capital at the hands of suburban state legislators.

With California’s largest and most successful businesses now backing more housing supply, though, the political calculus may soon change. Developers will get low-cost loans from tech firms, and construction unions will want a slice of this new work. To the extent that new housing is built on land previously set aside for other uses, these developments may prove less threatening to homeowners living in neighborhoods zoned for single-family houses. California’s recent statewide reforms—allowing more development of accessory-dwelling units (ADUs)—depended on these new political tandems. Labor could make an extra buck building ADUs, and homeowners could earn more rental income without changing the look of their neighborhoods.

Firms like Google recognize that new housing supply means changing how development gets approved, not just locally but statewide. Google understands that its land—currently limited to office and commercial development—requires zoning changes allowing higher-density housing for all income types, including the not-so-poor. The firm’s “goal is to get housing construction started immediately,” Pichai says. This won’t be easy, but local politicians are already responding: the mayor of San Jose tweeted that he would propose up-zoning his city’s single-family neighborhoods, which currently take up 94 percent of San Jose’s residential land.

The housing shortage in America’s most productive metros reflects a lack of political will. Changing the political equation is the difference between Google’s 20,000 homes and California’s need for 3.5 million new housing units over the next decade. If Google’s billion-dollar bet in California signals the emergence of a new pro-growth coalition of YIMBYs and businesses, developers and labor, and the working and middle classes alongside the creative class, the politics of housing reform will change dramatically—for the better.

Michael Hendrix is director of state and local policy at the Manhattan Institute. This article appeared in City Journal on June 21, 2109.

CALIFORNIA HOME BUILDERS ARE PULLING BACK, DEFLATING HOPES FOR HOUSING RELIEF

By ANDREW KHOURI

Home builders are pulling back from new construction, the opposite of what economists say is needed to ease California's housing affordability crisis.

In the first six months of 2019, builders gained approval for 51,178 new homes in California, nearly 20% fewer than the same period a year earlier. That puts the state on track for the first meaningful annual decline since the recession.

In the Los Angeles-Orange County metro area, total permits — an indication of future construction — fell by 25%, according to data from the U.S. Census Bureau. Single-family permits dropped 18.5% in the region, while those for multifamily projects such as apartment buildings -- a category in which activity tends to be more volatile -- fell 28.6%.

"We are going in exactly the wrong direction," said Christopher Thornberg, founding partner of Beacon Economics.

Economists, developers and trade groups said the slowdown in permits has a simple explanation: It's become harder to make money building homes.

Home prices and, to a lesser extent, rents, have softened as Californians find it harder to stretch their dollars and balk at stratospheric price points. Sales of existing and new homes have fallen, forcing some builders to cut prices on developments already underway.

In June, sales fell 8.8% in Southern California's six counties. The median sales price was $541,250, up just 1.2% from a year earlier.

At the same time, construction costs are high and, by some measures, still rising. For new projects, builders said, there's a limit to how low they can set prices or rents to stoke demand.

Builders cited the high costs for land, labor, materials and government fees, as well as tariffs on myriad building products and appliances. Over the last year, they said, the potential profit on many new projects has shrunk to the point at which it doesn't make sense for builders or their financiers to take the risk.

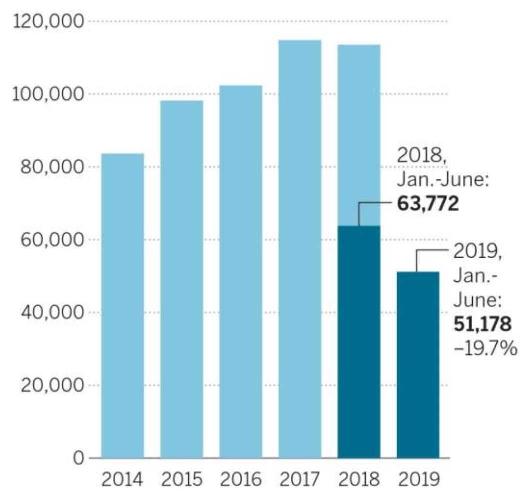
"You can't wish yourself into high rents and make a project feasible," said Kevin Farrell, chief operating officer at apartment developer Century West Partners.

"No one is interested in doing loans to lose money," said Scott Laurie, chief executive of Olson Co., which builds single-family and town homes throughout Southern California.

A $1,800 apartment became a $3,300 corporate rental

Last year, Laurie said, he walked away from a town home project Olson was planning in northern Orange County, giving up a $1-million-plus deposit, because construction costs jumped and he wasn't confident potential buyers would pay a price that would make the deal pencil out.

Residential building permits statewide



Source: Census Bureau

According to John Burns Real Estate Consulting, costs for labor and materials rose 7.2% in June in Northern California compared with a year earlier, while home prices were essentially flat. In Southern California, costs rose 2.1% while prices increased 2%. In March, costs rose 4.1% while prices were flat.

Rick Palacios, director of research at John Burns, said developers are always cautious in a softening or declining market, fearful their projects won't get filled. On top of that, the beginning of 2018 was a relatively strong time for housing construction, making the comparison with this year especially tough.

On the upside, Palacios said construction costs have shown signs of stabilizing. And some builders say lower mortgage rates have lured more people back into the market. The average rate on a 30-year fixed mortgage was 3.6% this week, down from 4.94% in November, according to Freddie Mac. The drop would save $314 a month if the buyer put 20% down on a $500,000 house.

In Los Angeles, developers have also flooded the city with proposals to build dense projects through a new program that loosened zoning and streamlined approval near mass transit lines. But many of those projects haven't received approval or broken ground, and developers elsewhere still often face a lengthy approval process before they can build.

Even before sales slowed sharply over the last year, investors were focusing on deals with ready-to-build lots, or so-called entitled land, rather than projects that needed time-consuming government approvals to break ground. But now there are fewer lots ready to go and investors have grown even less optimistic, said Michael Marini, principal of developer Planet Home Living. "It's worse now," he said. "Everyone wants entitled land only."

Permits have fallen nationally too, by 6% in the first half of the year. Thornberg, of Beacon Economics, said the decline is worse in California because the market has slowed the most on the most expensive homes, which fill much of coastal California.

He said it's extremely difficult to build moderately priced housing in California, given high costs, tight environmental laws and neighborhood pushback that delays projects and drives up cost. He and other economists contend the main reason a 1,640-square-foot, 1920s-era house in Silver Lake sells for nearly $1.5 million is that for decades too few homes were built relative to population and job growth.

The slowdown in construction could shape some of the discussion about how to tackle the state's housing crisis. Richard Green, director of the USC Lusk Center for Real Estate, said government should make it more profitable for private companies to build moderately priced homes by reducing fees and allowing more homes on individual lots.

Tenant groups have called for stricter rent control laws, viewing the private market as insufficient in tackling the crisis. Mark Vallianatos, policy director of advocacy group Abundant Housing LA, said government could also increasingly step in to subsidize projects or support nonprofit developers during a down cycle.

"We should use this slowdown as an opportunity to remove barriers to the traditional type of home building and also advance new ones," he said.

Housing vouchers can save people from homelessness. But landlords may not accept them

When Kimberly Dominique received her Section 8 voucher in September, she thought it was the ticket to move out of the Ford Focus she and her 29-year-old son called home.

In places like Oregon, Nevada and Arizona, it's far easier to build moderately priced housing, said Dan Dunmoyer, president of the California Building Industry Assn. As demand softens, he said, companies in those markets can keep building for longer and, in a downturn, return quicker.

Laurie, of Olson Co., said land sellers also have gotten a bit "more realistic" with their pricing, which could help more builders like him break ground. But it's still hard to find places to build the $400,000-to-$650,000 homes the firm specializes in.

"We want the same thing as the affordable-home buyers — they want to buy an affordable home and we want to build it," he said. "But right now there is a limited amount of land to build to those price points."

Andrew Khouri covers the housing market for the Los Angeles Times. Before coming to The Times he wrote about commercial real estate for the San Fernando Valley Business Journal. He holds a master's degree in journalism from the University of Southern California's Annenberg School for Communication and Journalism and graduated from the University of San Diego with a degree in history. This article first appeared in FLASHREPORT and the LA Times on August 9, 2019.

ANNOUNCEMENTS

10th ANNIVERSARY

COLAB

San Luis Obispo County

EARLY WARNING – SLO CITY TO DISINCENTIVIZE GAS FIRED HEATING & APPLIANCES ON TUESDAY, SEPT 3, 2019

On July 16, 2019 the City of Berkeley adopted regulations prohibiting the use of natural gas for heating, cooking, hot water and other uses in new construction low rise buildings. It is considering expanding the ban to all new buildings in the future. Many other cities, including Los Angeles and San Jose, are in the process of adopting anti-natural gas provisions.

The City of San Luis Obispo, as the wanna be Berkeley of the Central Coast, will consider revisions of its local building code at its City Council meeting on Tuesday, September 3, 2019. The revisions do not seem to be an outright ban, but instead a set of requirements which insent all electric installation for new construction as well as major renovations and expansions. Some of the initial questions that we have posed to the City include:

1. On new homes, multi-family structures, and commercial buildings, the new regulation does not seem to prohibit outright installation of gas services for heating, hot water, cooking, etc., but requires that sufficient electrical service capacity and structural features be installed to run the building as if they were to be all electric or will become all electric in the future. Is this the case?

2. The requirement pertains not only to new structures but also additions and renovations. What percentage over the size of the original structure triggers these provisions on renovation/expansion of existing structures?

3. Will all new construction and major renovations require installation of solar as a general requirement?

4. Is it public policy thought that by requiring builders or homeowners to expend the funds for the electrical version, they will be discouraged from installing natural gas or propane because of double the expense?

5. Has the City calculated the additional cost impacts of these regulations on:
   a. A typical new 2700 sq. ft. single family home?
   b. A typical 20-unit attached apartment house or condo?
   c. A 1200 sq. ft. ADU?

d. Or some other equivalent examples?

6. There are some requirements on fenestration insulation. What do these mean and what do they cost?

7. Since the City appears to be requiring installation of all the front end features for total electric buildings, is it contemplating requiring conversion of existing structures to all electric at some future time, perhaps as a condition of clearing escrow at the point of sale? It would seem that this will be necessary to achieve major CO_2 reduction goals in a mature community which is largely built out, such as SLO City.

8. Is the overall public policy purpose designed to reduce the amount of metric tonnes of CO_2 generated over some accumulative time period? If so, what is the amount and the time period based on the City's various development estimates? A nice 20-year graph projection would be helpful here.

We will report back on these and other provisions as the meeting date approaches.

CENTRAL COAST TAXPAYERS ASSOCIATION

IMMEDIATE RELEASE

August 9, 2019

Contact: Andrea Seastrand

805-720-6745

Central Coast Taxpayers Association's Letter to the City of San Luis Obispo City Council

San Luis Obispo City Council

990 Palm Street

San Luis Obispo, California 93401

Re: Proposed Local Amendments to California Building Code

Dear Mayor and Council Members:

The Central Coast Taxpayers Association, a California non-profit corporation and IRC Section 501c4 tax exempt organization and taxpayer watchdog on the Central Coast, opposes the City's adoption of the proposed amendments that would lead to the elimination of use of natural gas for heating in both residential and non-residential commercial buildings, as well as apartment buildings and hotels/motels

This amendment is not required by state law, has not been evaluated in terms of its cost impact on already-impacted new housing construction or on remodeled construction, and is very likely to increase the cost of housing which the city acknowledges has become unaffordable to local families and workers. Neither the efficacy nor the energy consumption impacts of the proposal has been evaluated.

The proposal appears to be another attempt by the City of San Luis Obispo to "burnish" its extreme environmental credentials at the expense of residents and taxpayers.

We urge the City to take no action on this measure.

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DAN WALTERS EXPLAINS SACTO MACHINATIONS AT A COLAB FORUM

See the presentation at the link: https://youtu.be/eEdP4cvf-zA

AUTHOR & NATIONALLY SYNDICATED COMMENTATOR BEN SHAPIRO APPEARED AT A COLAB ANNUAL DINNER

NATIONAL RADIO AND TV COMMENTATOR HIGH HEWITT AT COLAB DINNER

Coalition of Labor, Agriculture and Business
San Luis Obispo County
"Your Property – Your Taxes – Our Future"
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Email: colabslo@gmail.com / Website: colabslo.org

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(Revised 2/2017)