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WEEKLY UPDATE
FEBRUARY 23 - 29, 2020

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HEAR STEVE HAYWARD'S PHENOMENAL FIRST HAND ACCOUNT

WHY IS THE WORLD SO CRAZY? CAN IT BE MADE SANE AGAIN?

Steven F. Hayward is currently senior resident scholar at UC Berkeley's Institute of Governmental Studies, and a visiting lecturer at Berkeley Law. He was previously the Ronald Reagan Distinguished Visiting Professor at Pepperdine University's Graduate School of Public Policy, and was the inaugural visiting scholar in conservative thought and policy at the University of Colorado at Boulder in 2013-14. From 2002 to 2012 he was the F.K Weyerhaeuser Fellow in Law and Economics at the American Enterprise Institute in Washington DC, and has been senior fellow at the Pacific Research Institute in San Francisco since 1991.

He writes frequently for the *Wall Street Journal*, *New York Times*, *Washington Post*, *National Review*, the *Washington Examiner*, the *Claremont Review of Books*, and other publications. The author of six books including a two-volume chronicle of Reagan and his times entitled *The Age of Reagan: The Fall of the Old Liberal Order*, *1964-1980*, and *The Age of Reagan: The Conservative Counter-Revolution*, *1980-1989*, and the *Almanac of Environmental Trends*. His most recent book is *Patriotism is Not Enough: Harry Jaffa, Walter Berns, and the Arguments That Redefined American Conservatism*.

THIS WEEK

STRATEGIC HOUSING AND INFRASTRUCTURE PLAN

INCLUDES THE CITIES, COUNTY, SLOCOG, HOME BUILDERS & OTHERS

FAR REACHING AND NEEDED

FY 2019-20 ANNUAL FINANCIAL REPORT

$1.4 BILLION IN SHORT AND LONG TERM DEBT

PENSIONS, WATER, & SEWER SYSTEMS TOP THE LIST

LARGE MENTAL HEALTH GRANT

DEALS WITH PROBLEMS IN MIDDLE SCHOOLS – SUICIDES, DROPOUTS, EXPULSIONS, INCARCERATIONS, ETC. – WHO WOULD HAVE THOUGHT?

$608 MILLION 5-YEAR CAPITAL IMPROVEMENT PLAN

PLANNING COMMISSION TO EXPAND PASO WATER MORATORIUM – 103,000 ACRES OF RANGE LAND TO BE ANNEXED TO SGMA AREA

LAST WEEK

NO BOARD OF SUPERVISORS' MEETING

LOCAL AGENCY FORMATION COMMISSION

EXEC DIRECTOR TO RETIRE IN JULY
BOARD MULLS AFFORDABLE HOUSING

SLO COLAB IN DEPTH

SEE PAGE 21

CALIFORNIA'S PROGRESSIVE WAR ON SUBURBIA

BY EDWARD RING

CALIFORNIA DYSTOPIA UPDATE, FEBRUARY 2020 EDITION: GOING BACKWARDS ON HOUSING

BY CHRIS REED

THIS WEEK'S HIGHLIGHTS

Board of supervisors Meeting of Tuesday, February 25, 2020 (Scheduled)

Item 7 - Fiscal Year 2018-19 Comprehensive Annual Financial Report (CAFR). The CAFR, along with the Budget, is one of the most important documents required of a government entity. It contains a number of current and historical tables which are of great value in understanding the financial status of the County. It also contains a letter from the County's independent auditors that renders an opinion as to whether the required data is properly displayed or if there are some "qualified matters." The County received an unqualified audit, which is good.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2019, and the respective changes in financial position, and where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The matter has been placed on the consent calendar, which is too bad. It would be useful for the Auditor Controller and CEO to give a presentation and highlight some of the key trends.

For example, on the positive side the County is paying down its various types of capital investment debt and its pension obligation bonds at about 3% per year.

Some highlights include:

Discretionary property tax receipts were $132 million in FY 2018-19, an increase of 5.6% over the prior year.

The total tax levy on secured property, which excludes unsecured property, direct charges, and school bonds, was $549,868,636 for FY 2018-19, an increase of 5.2% from the previous year.

Property Transfer Tax is related to the value and number of real estate transactions during the year. The County's unincorporated areas' property transfer taxes decreased 5.6% in FY 2018-19; this is the first year with a decrease after eight years of increases.

The property tax delinquency rate of 0.9% has remained unchanged over the last four years. The rate continues to demonstrate a stable local economy.

This could be trouble. No one can afford the properties or the wine boom is over? Transfer tax can be a harbinger of future growth or lack thereof.

Table G
Outstanding Debt
June 30, 2019
(in thousands)

	Governmental Activities June 30, 2018	Governmental Activities June 30, 2019	Business-Type Activities June 30, 2018	Business-Type Activities June 30, 2019	Total June 30, 2018	Total June 30, 2019	Total Percent Change
Certificates of Participation	$ 21,059	$ 19,768	$ 13,035	$ 12,184	$ 34,094	$ 31,952	(6.3%)
Certificates of Participation from direct borrowings	5,883	5,762	2,971	2,922	8,854	8,684	(1.9%)
Pension Obligation Bonds	99,407	96,903	-	-	99,407	96,903	(2.5%)
State notes from direct borrowings	2,056	1,901	87,667	84,409	89,723	86,310	(3.8%)
Revenue Bonds	-	-	177,336	172,628	177,336	172,628	(2.7%)
General Obligation Bonds	-	-	8,658	8,162	8,658	8,162	(5.7%)
Assessment Bonds	-	-	76,746	75,358	76,746	75,358	(1.8%)
Total	$ 128,405	$ 124,334	$ 366,413	$ 355,663	$ 494,818	$ 479,997	(3.0%)

Of course this table presents only the principal amounts. With interest it is a lot more per the tables below, where the interest totals about $208 million. Accordingly, $479.9 million in principal from the table immediately above and the $208 million from the tables below total $687.9 million. The staff and some Board members like to talk about the $8.1 million in General Obligation bonds as if they are the only real debt, because these are full faith and credit bonds of all the taxpayers. The other types of debt are paid from utility rates or, like the pension obligation, bonds are buried in payroll costs.

Annual debt service requirements for governmental activities as of June 30, 2019, are summarized as follows:

	Governmental Activities					
	Certificates of Participation, including Direct Borrowings		Pension Obligation Bonds			
Year Ended June 30,	Principal	Interest	Principal	Unaccreted Appreciation	Interest	Total
2020	$ 1,379	$ 1,030	$ 8,258	$ 222	$ -	$ 8,480
2021	1,431	974	8,337	703	-	9,040
2022	1,494	916	8,392	1,228	-	9,620
2023	1,558	850	8,428	1,797	-	10,225
2024	1,621	781	8,447	2,403	-	10,850
2025-2029	7,722	2,806	42,191	22,404	-	64,595
2030-2034	3,788	1,651	12,850	10,875	-	23,725
2035-2039	3,582	775	-	-	-	-
2040-2044	1,324	300	-	-	-	-
2045-2047	909	53	-	-	-	-
Total	$ 24,808	$ 10,136	$ 96,903	$ 39,632	$ -	$ 136,535

Governmental Activities (Continued)

Year Ended June 30,	State Notes Principal	State Notes Interest
2020	$ 157	$ 19
2021	158	17
2022	160	15
2023	162	14
2024	163	12
2025-2029	841	36
2030-2031	260	3
Total	$ 1,901	$ 116

Business-Type Activities

Year Ended June 30,	Certificates of Participation, including Direct Borrowings		State Notes		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 903	$ 668	$ 3,331	$ 1,792	$ 4,284	$ 7,520
2021	942	628	3,409	1,714	4,510	7,298
2022	989	584	3,488	1,635	4,745	7,064
2023	1,038	536	3,571	1,553	4,990	6,817
2024	1,087	484	3,479	1,470	5,250	6,558
2025-2029	5,760	1,548	18,161	6,135	30,585	28,456
2030-2034	2,158	471	12,995	4,327	38,480	20,553
2035-2039	463	305	12,753	3,098	48,590	10,448
2040-2044	554	213	14,080	1,770	22,692	929
2045-2049	665	102	9,142	368	-	-
2050-2053	252	18	-	-	-	-
Total	$ 14,811	$ 5,557	$ 84,409	$ 23,862	$ 164,126	$ 95,643

Business-Type Activities (Continued)

Year Ended June 30,	General Obligation Bonds		Assessment Bonds	
	Principal	Interest	Principal	Interest
2020	$ 460	$ 374	$ 1,415	$ 2,053
2021	485	351	1,460	2,013
2022	510	327	1,505	1,972
2023	540	300	1,541	1,931
2024	565	271	1,587	1,888
2025-2029	3,325	848	8,619	8,750
2030-2034	1,600	81	9,897	7,479
2035-2039	-	-	11,358	6,020
2040-2044	-	-	13,025	4,346
2045-2049	-	-	14,946	2,426
2050-2052	-	-	10,005	417
Total	$ 7,485	$ 2,552	$ 75,358	$ 39,295

Of course, then there is the unfunded accumulated actuarial liability for pensions which now stands at $707 million assuming the system will achieve a minimum 7% return year in and year out over the next 17 years.

The following table presents the County's portion of the net pension liability calculated using the discount rate of 7.00%, as well as what the County's portion of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower, 6.00%, or one percentage-point higher, 8.00%, than the current rate:

	1% Decrease (in thousands) 6.00%	Discount Rate (in thousands) 7.00%	1% Increase (in thousands) 8.00%
County net pension liability	$ 967,112	$707,815	$495,695

Obviously this one could become much more costly in an economic downturn.

In any case, $707 million plus $687 million (when everything is counted) is $1,394,000 billion with a CAPITAL B.

Staff minimizes the concerns and defends the debt as being like your mortgage on your home. The problem is that the pension debt is not secured by real estate or anything else that could be sold. Likewise, they can't just go out and sell the Los Osos Sewer Treatment Plant, the Nacimiento Pipeline, and Chorro Regional Park if things go south. It's the taxpayers and ratepayers who are on the hook.

In any case, the CAFR is an important report and should be required reading for the officials, candidates, political party leadership, and others who claim to have a role in County government. We could actually have them all read it and the Budget, and then we could administer the final exam.

Item 17 - Request for authorization to apply for a Mental Health Services Oversight & Accountability Commission (MHSOAC), Mental Health Student Services Act (MHSSA) grant in the total amount of $4,000,000 for a period of 48 months (July 1, 2020 – June 30, 2024), to expand mental health partnerships between the Behavioral Health Department and local schools throughout the county. The item authorizes the County to apply for a competitive grant that would expand its mental health programs for middle school students. The agenda item contains a copy of the 114-page template, which the State requires the various competing counties to submit. The completed application must be huge, as the forms and narratives are extensive and repetitive. It is likely that the State staff that prepared the application form are recent graduate students, who lack real world experience.

In any case, the program may well be beneficial, as middle school is generally a terrible place except for the talented and/or socially mature few. Army boot camp and successive schools are a much more positive experience.

Ultimately, buried in the general goals and objective language for the program is a list of the actual conditions that it seeks to remediate. What is stunning is that the Board letter does not contain any data about the current status of these conditions, even though about 12 schools already participate in the existing programs. The list displayed below is fairly succinct and you would think that each middle school would have the data as a matter of course. For those schools that are already in the County Behavioral Department's existing program, one would think that it would have the data, since it already ostensibly is working to reduce these conditions in the schools that it currently already serves.

Preventing negative outcomes in the targeted population, including, but not limited to:
a. Suicide and attempted suicide
b. Incarceration
c. School failure or dropout
d. Unemployment
e. Prolonged suffering
f. Homelessness
g. Removal of children from their homes
h. Involuntary mental health detentions

Wonder what the metrics are for item e?

If there is no base data, how will management, the Board of Supervisors, the State, and eventually the citizen taxpayers ever know if the program works? In fact, how do they know if there is a significant problem? One the most serious flaws of governments in general is failure to define and measure the problem that it is attempting to solve. Business schools and public administration schools continuously stress this point, but the professional managers, which they generate, seem to ignore it over and over.

One might also ask how much, on top of the billions for K-12 education spent in this state, programs run though other agencies like the County add to the true cost of the failing system.

Item 31 - FY 2020-21 Budget Preparation Update and State Budget Status. In the near term the County is in good shape and should not have a problem in preparing next year's budget, which will be adopted in June. A slight revenue expenditure gap is currently forecast for the General Fund. By the time the staff is rolling up all the revenues and expenditures in March, this should easily be eliminated.

Reserve and contingency accounts are in good shape.

The balancing model does not contain any estimate for salary increases that will be negotiated after November 19, 2019. Since staff knows which union contracts are currently in play, it could provide scenario cost estimates for 1%, 2%, and 3% increases overall on top of what is already built into the budget forecast.

	Forecast	Status Quo	$ Diff	% Diff
Non-Dept Revenue	231,426,194	228,852,187	(2,574,007)	(1.11%)
Departmental Revenue	316,196,675	314,930,205	(2,781,546)	(0.88%)
Fund Balance Available	32,768,135	32,768,135	0	-
Total Revenue	**580,391,004**	**575,035,451**	**(5,355,553)**	**(0.92%)**
Salary and Benefits	314,459,315	314,489,540	30,225	0.01%
Non-Salary Expense	240,218,074	233,989,116	(6,228,958)	(3.58%)
5% Contingency	27,733,869	27,238,591	(495,278)	(1.79%)
Total Expenditures	**582,411,258**	**575,717,247**	**(6,694,011)**	**(1.15%)**
Available Funds/(Gap)	**(2,020,255)**	**(681,796)**		
Range	**($0-5 M)**	**($0-1.5M)**		

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Ultimately, the real questions will come down to how the Board wishes to deal with the housing problem, homelessness, and the infrastructure deficit (water and roads), which hinders the development of housing. Note that the State, County and cities' scheme of land rationing in the name of "efficient development" and climate change are major culprits in undermining normal housing development responsive to demand and market forces. Government created scarcity drives up prices.

See the articles beginning on page 21in the COLAB In Depth Section that detail this problem statewide and that propose remedies.

Item 32 - Presentation and submittal of a resolution approving and authorizing the Chairperson or designee to sign the San Luis Obispo Countywide Regional Compact. This item presents a major opportunity to begin solving the housing and infrastructure issues of the County on a strategic basis. COLAB has been advocating such an approach for years. The system here was developed by the County and city executives, who have done a great job in articulating the framework and process.

Background: Last year the Board of Supervisors assigned staff to pursue a number of housing initiatives, some of which have been delivered, such as the Additional Dwelling Units Ordinance and the temporary increase in the housing-in-lieu fees (while exempting units of 2500 sq. ft. and under).

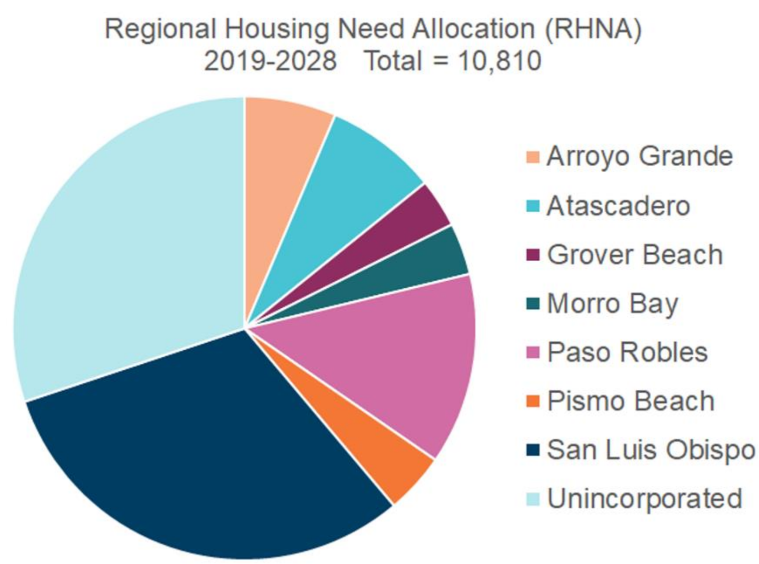
One of the barriers to housing development is lack of infrastructure, such as road capacity, water, drainage and flood control, and village center improvements (including sidewalks, parking, recreation facilities, etc.). These needs are under the control of separate agencies, including the County, 7 cities, community service districts, and the SLO County Council of Governments (SLOCOG). Each entity has its own capital improvement budget, financing limitations, and community priorities.

For this reason the County Executive Officer in cooperation with the 7 city managers in the County, SLOCOG, and a number of not-for-profit agencies are working on a regional strategy to work together on the regional economics of housing, infrastructure, jobs, and financing. In doing this it was realized that the governing bodies of the participating governments involved need to embrace the process, participate in the ultimate goal and subsequent program formulation, and ultimately empower their respective staffs to work on the overall strategy and resulting program components. To this end a Regional Compact has been proposed. Each jurisdiction would commit to participate and support the overall goals.

This is a major process step forward and provides an opportunity to make real progress on a regional basis.

The Regional Compact: The report seeks action on the first major milestone related to the County Board's direction to develop a Regional Infrastructure and Housing Strategic Action Plan. Today's action seeks approval of a countywide "Regional Compact" that *"creates a united regional framework to unlock our potential to develop an adequate supply of housing and resilient infrastructure that support our economic prosperity."* It is intended to be adopted by nine local agencies – the County, the seven Cities, and SLOCOG. It serves as a vision and a launching off point for future recommended strategies and actions focused on addressing key housing and infrastructure issues.

Why strategize about regional planning for housing and infrastructure? The San Luis Obispo County region is currently one of the least affordable places to buy a home in the United States – recently reported as the 8th least affordable region in the Nation. There are affordability challenges as well as a critical shortage of housing and, in some communities, the infrastructure and resources to support that housing need. In the near term, State law requires San Luis Obispo County's local communities to collectively plan for 10,810 new housing units by 2028 and will require planning for additional growth in future decades.



Meeting the current and future RHNA cycles will require local communities to plan and set policies for additional growth and prioritize investment in housing and infrastructure. Meeting the housing needs of the San Luis Obispo County region is a challenge shared by the County, all seven Cities, and SLOCOG, and it will take collective actions to overcome. With this great challenge also comes an opportunity for regional collaboration.

The Regional Compact sets a vision for future regional planning for housing and infrastructure: The local agencies and stakeholders, including the Housing Coalition (made up of representatives from Home Builders Association, SLO Chamber of Commerce, Housing Trust Fund, People's Self Help Housing, Economic Vitality Corporation, Habitat for Humanity, Housing Authority of San Luis Obispo, and Paso Robles Housing Authority) are working together to develop a first-ever *Regional Infrastructure and Affordable Housing Strategic Action Plan*. The Plan will be developed through the end of 2020 and will build a strong collaboration that integrates local agencies' efforts to:

- Coordinate existing efforts to address housing and infrastructure shortage countywide;
- Understand regional housing needs and identify ways to increase jobs/housing balance;
- Identify and prioritize critical infrastructure (water, wastewater and transportation) needs to support housing/resilient communities;
- Develop a long-term strategic action plan with a focused funding/implementation strategy.

Countywide Regional Compact underpinning the Regional Planning Efforts: The local agencies have made positive progress towards building informal collaborative relationships to support this planning effort. The region needs its community leaders to continue the positive progress towards action. Staff and leadership of the local agencies developed the Regional Compact as a meaningful first milestone of the Regional Plan development process.

The Regional Compact *"creates a united regional framework to unlock our potential to develop an adequate supply of housing and resilient infrastructure that support our economic prosperity."* By approving this compact, the region's community leaders set an aspirational vision and tone for how local agencies and their communities can come together regionally to solve critical issues. By signing the Regional Compact, agencies commit to act as partners in aligning actions with six regional goals and hope that this strong collaborative intent will make the San Luis Obispo County Region more competitive for State funding.

The report lists six shared regional goals that unite the nine local agencies and the communities they serve:

> ***Goal 1. Strengthen Community Quality of Life – We believe that our Region's quality of life depends on four cornerstones to foster a stable and healthy economy for all: resilient infrastructure and resources, adequate housing supply, business opportunities, and educational pathways.***
>
> ***Goal 2. Share Regional Prosperity – We believe that our Region should share the impacts and benefits of achieving enduring quality of life among all people, sectors and interests.***
>
> ***Goal 3. Create Balanced Communities – We believe that our Region should encourage new development that helps to improve the balance of jobs and housing throughout the***

Region, providing more opportunities to residents to live and work in the same community.

Goal 4. Value Agriculture & Natural Resources – We believe that our Region's unique agricultural resources, open space, and natural environments play a vital role in sustaining healthy local communities and a healthy economy, and therefore should be purposefully protected.

Goal 5. Support Equitable Opportunities – We believe that our Region should support policies, actions, and incentives that increase housing development of all types, available to people at all income levels.

Goal 6. Foster Accelerated Housing Production – We believe that our Region must achieve efficient planning and production of housing and focus on strategies that produce the greatest impact.

The Regional Compact sets the path for future critical milestones. It sets a vision that will feed into each agency's Housing Element by late 2020, a Regional Infrastructure and Housing Plan by late 2020/early 2021, and recommendations for future collaborative actions. There will be more chances to engage on recommended actions throughout 2020.

Council and Board Dates to consider approving the Regional Compact: All local agency Councils and Boards are expected to consider approving the Regional Compact between late February through early April:

February 25th	County Board of Supervisors
March 2nd	City of Grover Beach Council
March 3rd	City of Paso Robles Council
March 3rd	City of Pismo Beach Council
March 10th	City of Arroyo Grande Council
March 10th	City of Atascadero Council
March 17th	City of San Luis Obispo Council
March 24th	City of Morro Bay Council
April 1st	SLOCOG Board of Directors

Recommendations: It will be important for the Board of Supervisors, the seven cities, and SLOCOG to maintain their staff support for the execution of this promising effort.

Also and once again please see page 21 in the **COLAB In Depth** section below for a high level discussion of broader State and local policy considerations, which should become part of this effort in addition to mobilizing the existing tools on a regional basis. In brief some of these include:

- *Abandon "inclusive zoning" aimed at integrating subsidized low income residents into middle class neighborhoods via massive taxpayer expenditures.*

- *Restrict mandated higher density zoning to the core urban areas in California and along major traffic arteries. One absolute set of governing criteria should apply everywhere.*

- *Treat every county and city exactly the same, instead of allowing select counties and cities to take longer to come up with their own plans.*

- *Repeal or significantly reform the California Environmental Quality Act.*

- *Repeal energy neutral mandates and assorted other unwarranted environmentalist inspired building code regulations that add costs to home construction.*

- *Set a maximum period of time within which building permits can be granted, and set a maximum building fee at $10,000 per home/unit (or less).*

- *Streamline the building permit process to make it easier, not harder, for developers to acquire permits. Look to Texas for guidance.*

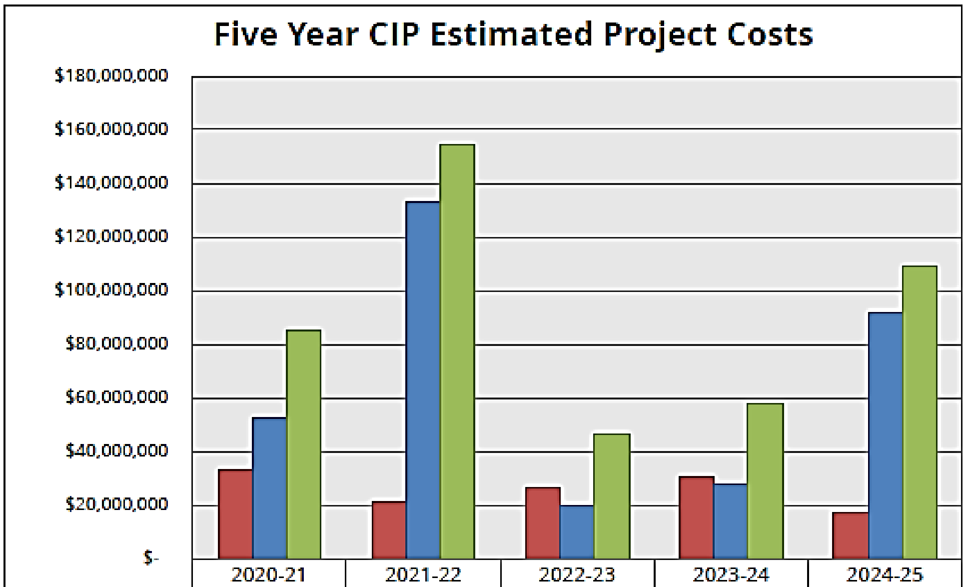
- *Ban project labor agreements and require open bidding processes for public works projects.*

- *Restore public funding to streets and connector roads instead of charging developer fees which are then reflected in much higher home prices.*

- *Repeal laws designed to prevent reasonable expansion of the urban footprint. Allow housing developments again on open land.*

Item 33 - Five Year (FY 20-21 through FY 24-25) $608 million Capital Improvement Program Proposed. Each year the County updates the CIP. The CIP is the plan that contains the projects and funding for both new and replacement construction as well as major maintenance. A portion of the program supports infrastructure such as roads, bridges, sidewalks, traffic controls, storm water management structures, etc. A second portion supports facilities such as jails, firehouses, libraries, general office buildings, fleet and operations, maintenance buildings, and parks facilities.

Staff estimates that all in, the County needs to spend $608 million over the next 5 years. Most of the costs are funded by service fees, special assessments, grants, debt, and categorical Federal and State revenues.



	2020-21	2021-22	2022-23	2023-24	2024-25
Infrastructure	$32,807,468	$20,970,024	$26,177,370	$30,323,649	$17,392,188
Facilities	$52,598,258	$133,235,195	$20,058,349	$27,529,286	$91,396,500
All Projects	$85,405,726	$154,205,219	$46,235,719	$57,852,935	$108,788,688

FY 2020-21 Highlights

- 38 infrastructure projects are proposed for FY 2020-21 with a total expenditure of $32.8 million.
- 43 facilities projects are proposed for funding in FY 2020-21 with an estimated cost of $52.6 million.

The out years contain more estimates, as the exact revenues are not known. The large increase in facilities for FY 24-25 includes a new County office building. A related set of policy questions would be: How much are they spending on rent? How many sq. feet are they renting? How many employees are in rented space? The long-term lease obligation is displayed in the table below:

Year Ending June 30,	Minimum Lease Payments
2020	$ 3,589
2021	2,851
2022	2,570
2023	2,010
2024	1,499
2025-2029	5,603
2030-2034	2,543
2035-2039	1,287
Total	$ 21,952

Note: Some of these may be equipment, not office space. In any case it usually doesn't make sense for governments to lease office space, as they can borrow to build or acquire buildings at tax-exempt rates not available to commercial office developers.

Planning Commission Meeting of Thursday, February 27, 2020 (Scheduled)

Item 5 - Hearing to consider a request by the County of San Luis Obispo to amend Title 22 and Title 9 to update the maps of the Paso Robles Groundwater Basin boundary and the Area of Severe Decline to be consistent with the Paso Robles Sub basin Groundwater Sustainability Plan and to incorporate a fallowing option into the Agricultural Offset Program. The staff recommends that the boundary of the area subject to the Paso Basin water moratorium and its sub-component regulations be brought into conformance with State designated Paso Basin boundaries. This action is necessary to conform the boundaries of the area recognized by the State and the Paso Basin Groundwater Sustainability Plan (GSP).

It means that the areas shown in green (in the map below) are added, and the areas shown in orange are deleted.

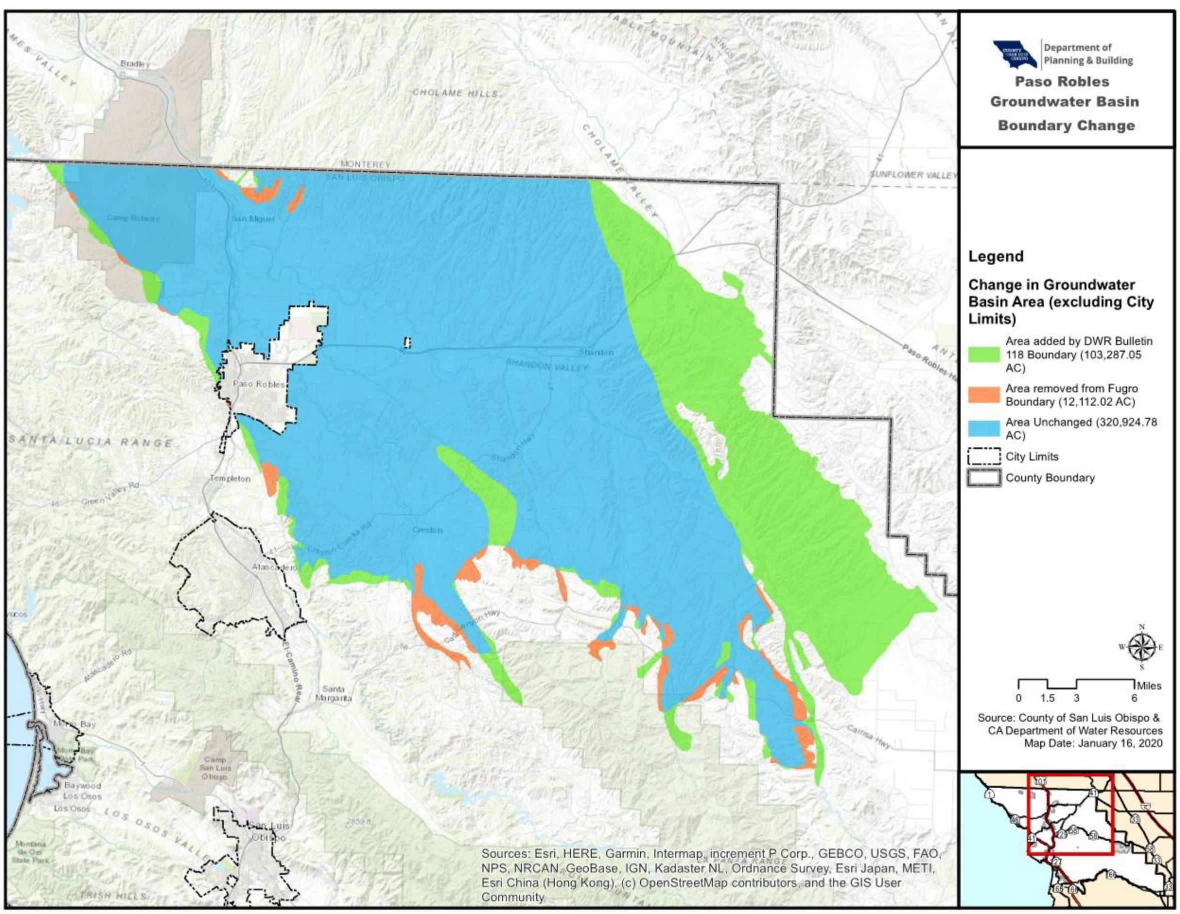
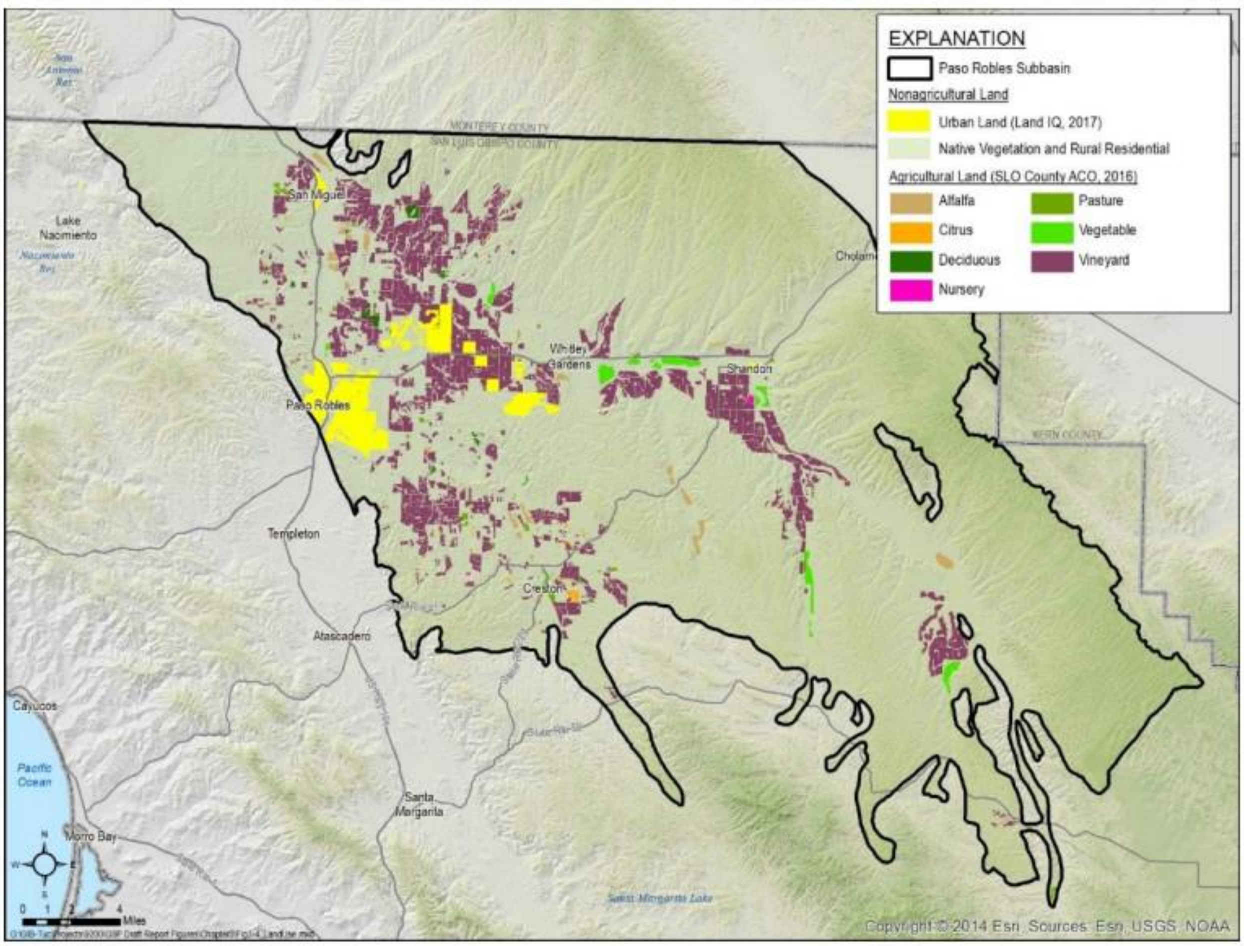


Figure 3: Change in Paso Basin Area

A summary of the differences between the Fugro and Bulletin 118 Paso Basin maps in terms of the number of included acres, properties, and property owners is shown in Table 1 below. With this update, 945 properties (524 owners) that are not currently considered to be in the Paso Basin would now be within the basin. 301 properties (244 owners) that are currently considered to be in the Paso Basin would be removed. Overall, the changes would be a 27% increase in area, 8% increase in affected properties, and 5% increase in affected property owners.

Table 1: Summary of Changes to the Paso Basin Map

Paso Robles Groundwater Basin			
Change	**Area (acres)**	**Properties**	**Property Owners**
Added	103,287	945	524
Removed	12,112	301	244
Net Change	91,175	644	280
Percent Change	27%	8%	5%



This change is actually pretty significant and many cattle ranches are included. The staff writes the impact off as diminimus, stating in part:

Most of the acres added to the Paso Basin in the updated map are properties in the eastern portion of the basin where the existing land use is native vegetation and rural residential uses without existing irrigated crop production on-site. The Agricultural Offset Ordinance (Section 22.30.204) would prohibit planting new commercial irrigated crops on these properties, (except for a 5 AFY de minimus exemption if the property is not located in the Area of Severe Decline) unless off-site agricultural offsets are re-allowed in the future. Most of the added area is composed of large grazing properties with low residential density that will be minimally impacted by the 1:1 offset requirement for new construction (Section 19.07.042). The Paso Basin Planning Area Standards (Section 22.94.025) would 1) require a 2:1 water offset and low-water using landscaping for projects approved through a discretionary land use permit, and 2) prohibit General Plan Amendments that increase water demand and land divisions in the added areas, excluding San Miguel and Shandon. The Phase 2 WNND Amendments will re-examine the requirements of the 1:1 offset ordinances and the planning area standards.

Should the impacted ranchers wish to add a residence or irrigated crops, they will now be subject to the various basin moratorium requirements.

Phase 1 (effective December 5, 2019)
 Eliminate off-site agricultural offsets.
 Extend the termination date to January 1, 2022.
 Include a water duty factor for hemp and supplementally irrigated dry cropland.
 Establish a process to determine water duty factors for crops not specified in the ordinance.
 Require a recorded disclosure form instead of a deed restriction.

Phase 1.5 (for review today, see Attachments 1 and 2)
 Update the maps of the Paso Basin and the Area of Severe Decline to be consistent with the Groundwater Sustainability Plan (GSP).
 Create a fallowing registration

Phase 2 (for review later, pending environmental determination)
For agricultural offsets:
 Expand the definition of the 5 acre-feet per year (AFY) per site one-time exemption to allow 25 AFY per site, considering parcel size.
 Extend the lookback period beyond 5 years.
 Discuss re-allowing off-site offsets.

For non-agricultural (rural/urban) offsets:
 Revisit water offset fees and water usage assumptions.
 Revisit the Paso Basin planning area standards prohibiting land divisions and General Plan Amendments.
 Revisit the 1:1 water offset requirement for the Nipomo Mesa.

It is not clear from the write–up if the staff discussed the impacts with the ranchers and farmers within the 100,000+ acre area to be added and subjected to the existing and impending regulations, not to mention the SGMA Groundwater Sustainability Plan itself.

LAST WEEK'S HIGHLIGHTS

No Board of Supervisors Meeting on Tuesday, February 18, 2020 (Not Scheduled)

The next scheduled meeting is set for Tuesday, February 25, 2020. That meeting will present major new policy concepts related to housing and infrastructure. It will include a proposed compact between the cities and the County to work jointly on developing infrastructure, the lack of which has been a barrier to the production of workforce housing.

The meeting also presents an opportunity for the public to encourage and support the Board in ordering an independent investigation into the allegations concerning Supervisor Hill.

San Luis Obispo County Local Agency Formation Commission (LAFCO) Meeting of Thursday, February 20, 2020 (Completed)

The key item on the Commission agenda was a discussion of the Froom Ranch Specific Plan, which contains a substantial planned development off Los Osos Valley Road. The proposal contains housing oriented toward various states of aging, support facilities, a hotel, and other development**.** The Commission spent considerable time examining the proposal in terms of LAFCO responsibilities, such as limiting sprawl, promoting affordable housing, and preserving ag land. Some concern was expressed that they have reviewed a number of proposals which promised affordable housing. The problem is that when the project is actually built, the affordable units will cost $750,000. Please see the articles in the COLAB In Depth section on page 21, which examine the problem more globally.

The Froom Ranch Specific Plan area is currently located in the County of San Luis Obispo immediately southwest of the City. The Specific Plan area consists of two parcels, totaling approximately 110 acres just south of the Irish Hills Plaza and across Los Osos Valley Road from the auto park. Beyond the defined Specific Plan area, the project site also includes an offsite drainage basin easement
area which is 7.1 acres in size.

The proposed Froom Ranch Specific Plan Project includes two main components:

Villaggio – Life Plan Community
* *366 Independent Living units*

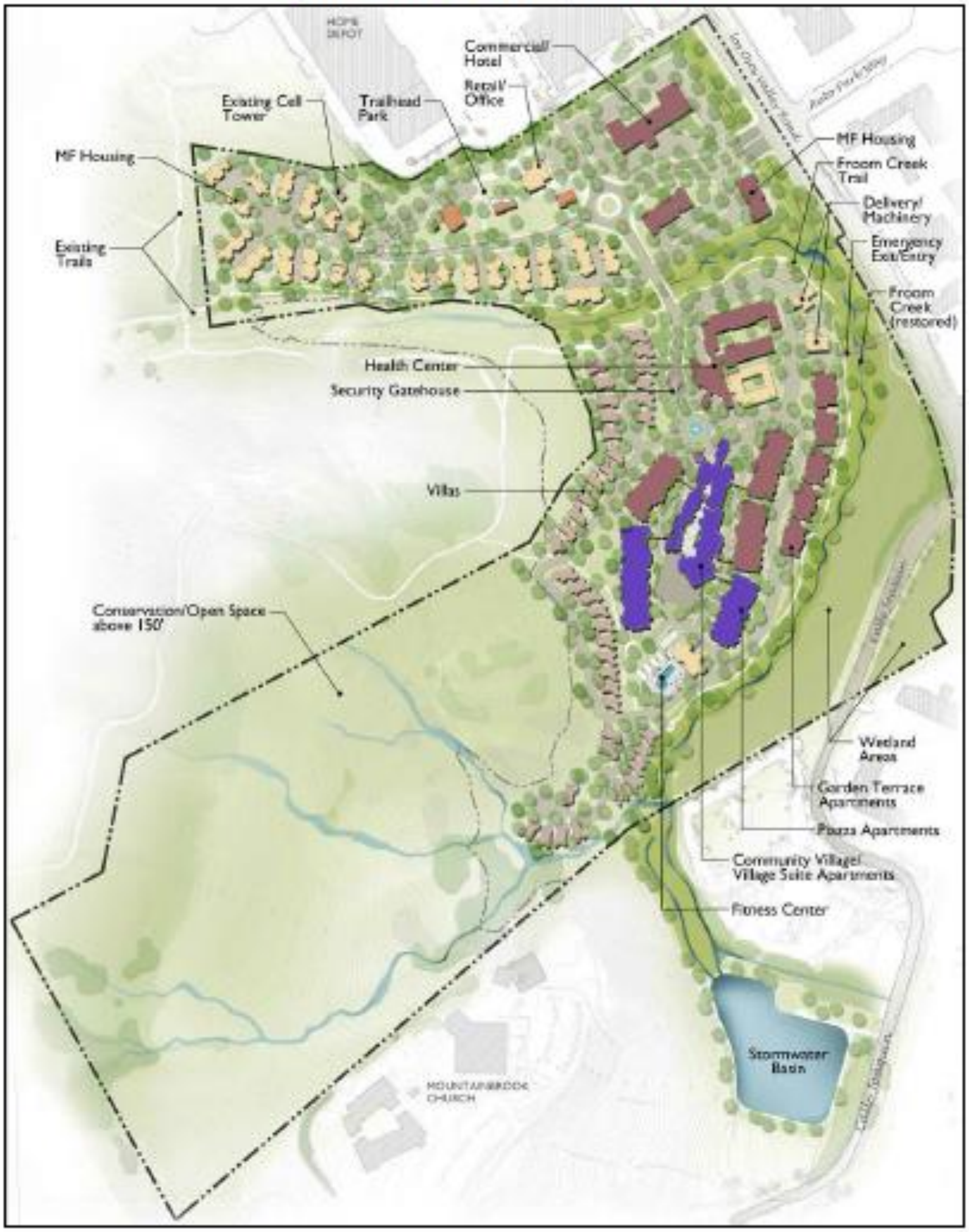
- *38 Assisted units*
- *17 Memory Care beds*
- *34 Skilled Nursing beds*
- *15,000 square feet of restaurant uses and theaters*
- *11,000 square feet of recreational facility*

Madonna Froom Ranch

- *Up to 174 Multi-Family units*
- *30,000 square feet of retail and office space*
- *70,000 square feet Hotel; 120 rooms*

Please see the site plan on the next page below:

Figure 2 Froom Ranch Specific Plan



Executive Director to Retire: Long time LAFCO Executive Director David Church announced his retirement on July 24, 2020. The Commission went into executive session, presumably to discuss its plans for recruitment of a new Executive Director. More info will be provided in the future. Mayor Waage praised Church, saying that he was a rock star in the LAFCO world.

Housing Information: Readers may recall that during its January meeting, the Commission received an extensive report on housing needs from the SLOCOG staff and the County Executive. The PowerPoint slides, which were provided by both agencies, constitute a good summary and are a useful resource. They can be accessed and copied from the link:

http://nebula.wsimg.com/b1437f3e32c5b32261e553bded3bda5f?AccessKeyId=242F22EFFFFDE4B18755&disposition=0&alloworigin=1

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

CALIFORNIA'S PROGRESSIVE WAR ON SUBURBIA

BY EDWARD RING

For three years in a row, California's progressive lawmakers have attempted to legislate high density housing by taking away the ability of cities and counties to enforce local zoning laws. And for the third year in a row, the proposed law, Senate Bill 50, was narrowly defeated. But eventually something like SB 50 is going to passed into law.

In opposition were homeowners who understandably don't want their single family home neighborhoods subjected to random demolitions in order to replace single family homes with construction subsidized fourplexes. These homeowners, and the local elected officials who represent them, were joined by "housing justice advocates" who claimed the law didn't adequately address the gentrification effect, whereby higher density developments often displace existing residents to construct luxury condominiums.

There's a lot going on here, and it seems that very little in the way of analysis can support a dogmatic ideological perspective. From a property rights perspective, its argued that people who purchase homes have a right to expect the zoning density of the neighborhood to be respected, since that's what they relied on when they invested their life savings and lifetime earnings. But a property rights perspective might also argue that each individual home owner has the right to do whatever they wish with their property, even if that means demolishing the home to construct a multi-story apartment building. These unresolved and conflicting interpretations of property rights prevent consensus and delay action.

While some ideological dogmas lend themselves to contradictory interpretations, others simply defy reality entirely. Some of the housing justice advocates believe that providing shelter is a human right. For them, mandating taxpayer subsidized "affordable housing" construction and taxpayer subsidized rent, is the only solution to California's housing shortage and affordability crisis. The sooner we get busy, the better. This unrealistic extension of human rights attracts opposition, if not ridicule, and in any case is impossibly expensive.

But perhaps the worst of the ideological dogmas that prevents rapid solutions to the housing challenges facing Californians is environmentalist values taken to extremes. The side effect of regulations – from CEQA reporting requirements and CEQA lawsuits to burdensome and expensive building codes – is to make housing construction unprofitable for anything that might be considered affordable to the average Californian.

Environmentalist ideology hasn't just made construction costs unaffordable, it has made land costs unaffordable as well, by passage of environmentalist inspired laws that strictly limit the amount of raw land that can get approved for new home construction. Around every city in California, with varying degrees of enforcement, "urban containment" boundaries have been established. Sometimes these boundaries serve important goals; to protect prime farmland, or to preserve important ecosystems such as wetlands for migratory birds. But it seems that almost all open land, everywhere within California's vastness, is off limits to developers because of environmentalists.

California's Regulations Destroyed Affordability

The problem with SB 50, or any eventual legislation that mandates higher housing density, is that without reforms to the laws that have made construction of affordable housing unprofitable, the only housing that will ever get built will be high-end homes by private investors, or housing that will require government subsidies both to construct and for the renters to be able to afford to live in them. This is not sustainable. It costs too much and takes too long. And it sets up a dangerous bifurcated society, where forcibly integrated into residential single family neighborhoods, randomly situated pretty much anywhere, are apartment buildings populated by residents receiving taxpayer funded rent subsidies.

There's no doubt that some legislation may have to occur to selectively increase housing density. When a bill like SB 50 returns, inevitably, certain modifications could help. In particular, SB 50 specified where state law could preempt local zoning, and included in "job-rich, good schools areas." This is "inclusionary zoning" at its ostensibly high-minded, vindictive worst. The bill's authors made this provision without any reference to whether or not "job-rich, good schools areas" are in parts of town that ought to naturally convert to higher density. Instead, the message seems to be "you've managed to maintain a prosperous and stable community with good schools and jobs, so into that community, we're going to subsidize the entrance of predatory investors. These will purchase and demolish homes that come onto the market, replace them with apartments, and fill those apartments with people who never had to face down the astronomical mortgages that all you residents shouldered in order to have the right to live here."

This is wrong. It destroys the incentive for anyone to ever want to pay extra to live in a decent neighborhood. Equally important, it destroys the incentive for low income individuals to work hard and aspire to move to a better neighborhood. And to be clear: this provision would never impact truly wealthy neighborhoods. The one percent can afford attorneys to tie development proposals up in knots for years, SB 50 or not. This provision attacks California's middle class. Delete it.

On the other hand, within the urban core and on properties with frontage along major boulevards, it is an unfortunate reality for anyone still living there in single family homes that their property is doomed to transition. In the past, that would be accomplished because the value of a few of these properties, consolidated and rezoned for a large multi-family building, would make it a lucrative deal for the sellers. Now, however, the business model is broken. Not only has the impact of CEQA and overdone building codes raised costs, but the resultant entrance of public financing into the equation has made project labor agreements elevate the total project cost still further. The relatively recent entrance of powerful "nonprofit" corporations into the subsidized housing market has padded total project budgets and increased costs even more.

For these reasons, mandating densification, however better tuned the rules eventually turn out, is not enough. The entire economic landscape requires revision.

Rewriting SB 50 to Recognize Economic Reality

It is possible to increase the supply of affordable market rate housing without involving the government and taxpayers in the actual construction funding. It is also possible to increase the supply of housing in a manner that allows the developers and landlords to earn a decent return on investment without involving the government and taxpayers in funding rent subsidies. Therefore, the next version of SB 50 might recognize and account for the following factors:

- Abandon “inclusive zoning” aimed at integrating subsidized low income residents into middle class neighborhoods via massive taxpayer expenditures.

- Restrict mandated higher density zoning to the core urban areas in California and along major traffic arteries. One absolute set of governing criteria should apply everywhere.

- Treat every county and city exactly the same, instead of allowing select counties and cities to take longer to come up with their own plans.

- Repeal or significantly reform the California Environmental Quality Act.

- Repeal energy neutral mandates and assorted other unwarranted environmentalist inspired building code regulations that add costs to home construction.

- Set a maximum period of time within which building permits can be granted, and set a maximum building fee at $10,000 per home/unit (or less).

- Streamline the building permit process to make it easier, not harder, for developers to acquire permits. Look to Texas for guidance.

- Ban project labor agreements and require open bidding processes for public works projects.

- Restore public funding to streets and connector roads instead of charging developer fees which are then reflected in much higher home prices.

- Repeal laws designed to prevent reasonable expansion of the urban footprint. Allow housing developments again on open land.

These and other changes would make it possible again for private homebuilders to profitably construct affordable housing. Redirecting public money into constructing enabling infrastructure would take additional financial pressure off of home builders as well as home buyers. That worked in the 1960s and 1970s in California, and it still works in other states. The overall cost of increased public investment in infrastructure is less, perhaps far less, than the cost of taxpayers subsidizing the construction, and then subsidizing the rent in perpetuity, for literally millions of units of housing.

There is a war on suburbia being waged in California. This ideological battle, where suburbanites are stigmatized as classist, privileged, and environmentally destructive, is utterly unfounded. Suburbs are where a majority of Americans prefer to raise their families. And not these new suburbs with a dozen "single family dwellings" per acre. Spacious, beautiful suburbs where homes sit on lots of at least 6,000 square feet; suburbs where the homes themselves might actually be smaller and more affordable, once the economic hindrances to building them are removed via legislative reforms.

The arrogance of environmentalists who believe suburbs to be a planetary abomination must be called out for what it is – extremism completely unjustified by reality. Everything, from cars to energy to building materials, are becoming clean and sustainable. And there's plenty of open land in California to spare a few thousand more square miles for new human settlement. At the least, if environmentalists are serious about saving California's ecosystems, they might stop making common cause with the open borders lobby, and they might endorse nuclear power. Until then, they are transparently hypocritical.

* * *

Edward Ring is a co-founder of the California Policy Center and served as its first president. This article originally appeared in the California Globe.

CALIFORNIA DYSTOPIA UPDATE, FEBRUARY 2020 EDITION: GOING BACKWARDS ON HOUSING

BY CHRIS REED

A decade ago, when the U.S. Census Bureau began issuing a measure of poverty that included the cost of living, Californians found out something that had somehow eluded the thousands of journalists, authors and academics who chronicled life here. Because of the cost of housing, California — not West Virginia or Mississippi — had the highest percentage of impoverished households. The latest annual Census report, issued in September, showed 18.2% of state residents struggled to pay for the basics of life.

But a decade later, the housing crisis and the related issue of homelessness are worse than ever in California — and a strong case can be made that the most significant housing law enacted under Gov. Gavin Newsom is likely to make the problem even worse. Not only that, after failing to live up to big promises about adding housing while campaigning in 2018, Newsom somehow thinks he's doing a good job on the issue. This is the definition of dysfunction.

This month, the Construction Industry Research Board reported that housing construction in California actually decreased in 2019 over 2018. The 110,218 new housing starts were down 7% from the previous year and nowhere near the 180,000 units state officials say is needed just to keep up with job growth.

Four years ago, there were reasons to hope that progress was possible in the Golden State. In 2016, then-Gov. Jerry Brown blasted his fellow Democrats' complacent orthodoxy of responding to the housing crisis by providing heavily subsidized "affordable housing" units which cost $400,000 or more to a relative handful of families which won de facto lotteries.

Brown declared that the only way to have a substantial, long-lasting remedy for the problem was through a sharp increase in privately built homes. He endorsed a "by right" measure in which housing projects that met basic conditions could not be blocked by local officials.

That year, San Francisco Supervisor Scott Wiener got elected to the state Senate and immediately began pushing a similar bill. But while Brown and Wiener got some minor measures approved, their boldest ideas about limiting local control over housing approvals went nowhere. In January, Wiener's Senate Bill 50 — which provided state pre-approval to small condo and apartment projects in areas near transit and population centers — failed for the third time in the Legislature. Despite his commitment in his 2018 gubernatorial campaign to a "Marshall Plan"-style approach to housing that would lead to the construction of millions of new units, Newsom stayed on the sidelines during the SB 50 fight for the second straight year.

Yet in an October interview with the Los Angeles Times, the governor strongly defended his administration's housing record, touting intensifying efforts to use new and existing laws to force local governments to meet their "housing element" construction commitments. He cited his support for billions of dollars of the sort of affordable housing projects that his predecessor said would never solve the housing crisis — and his success in getting the Legislature to adopt a far-reaching rent-control measure blocking landlords from increases of more than 5% plus inflation.

He signed the bill to the groans of economists across the ideological spectrum. As Nobel-winning economist Paul Krugman famously observed in 2000, there are few topics that unite his profession like rent control. The vast majority of economists agree that rent control depresses construction of new housing. It seems perverse that someone as proudly wonky as Newsom would pat himself on the back for ignoring what experts say — especially because in so doing, he has almost certainly made the housing crisis worse.

But it's also possible that he's had a cynical epiphany and realized that it's not just NIMBYs who don't want local governments to lose control over housing decisions. It's the majority of Californians who are satisfied with their lives and their housing circumstances — including those who got elected partly with their social justice rhetoric.

Newsom can point to rent control and say, as President George H.W. Bush did to New Hampshire voters in 1992, "Message: I care." That might be enough for an electorate that's grown used to — and tolerant of — dystopia.

Memory Lane Department: Ten years ago this month, Gov. Arnold Schwarzenegger and the Legislature were completing negotiations on a gas tax scheme that went explicitly against the wishes of California voters. They approved ballot measures in 2002 and 2006 meant to ensure gas tax revenues were primarily used for road repairs. But clever lawyering freed up $1.8 billion in gas taxes for the general fund — voters be damned.

Penal Rental Department: A 1,078-square-foot apartment in the Chinatown neighborhood of Los Angeles can be had for just $3,525 a month. But consider getting some body armor before you move in. An analysis shows Chinatown has the highest rate of violent crime in L.A. — three times worse than what's seen in scruffy Venice.

Chris Reed is a contributing editor to California Policy Center, and an editorial writer and columnist for The San Diego Union-Tribune. You can follow him on Twitter @chrisreed99.

The bus is in SF, not China.

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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

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(Revised 2/2017)