



**COUNTY OF SAN LUIS OBISPO**  
**DEPARTMENT OF PLANNING & BUILDING**  
**TREVOR KEITH, *DIRECTOR***

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DATE: May 15th, 2020  
TO: Community Advisory Councils  
FROM: Ted Bench, Senior Planner, Housing & Economic Development  
SUBJECT: Amendment to the Density Bonus Ordinance – Public Review Draft

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## Introduction

On January 1, 2020, amendments to California Government Code Section 65915 became effective. This state code is titled “Density Bonuses and Other Incentives.” The state code and its amendments encourage density bonuses and other affordable housing incentives. Subsection 65915(a)(1) requires the County to “adopt an ordinance that specifies how compliance with this section will be implemented.”

The County implements the state density bonus code through the provisions of the County Land Use Ordinance Sections 22.12.010 through 22.12.060 and Coastal Zone Land Use Ordinance Section 23.04.090. The County is amending these ordinance sections to comply with the amendments to the state density bonus code.

The density bonus ordinance rewards developers who include affordable housing units in their projects. Bonus units and development incentives are offered. If some of the project’s housing units are designated as affordable units, then an increase in the total number of housing units will be allowed. The bonus units will be market rate units and the total number of housing units may exceed the limit of units allowed by zoning. Development incentives are also offered, such as reduced lot size and setback requirements, and higher building height limits.

## Ordinance Amendments

The attached Public Review Draft Ordinance has been crafted to include the amendments that were incorporated into the state density bonus code, such as:

- **Concurrent Processing.** A density bonus request shall be submitted along with an application for a subdivision or a land use permit (i.e. conditional use permit or minor use permit). The proposed project and its density bonus benefits will require CEQA clearance and adequate utility services. The project can be denied if it will cause unmitigable impacts or if there is a utility shortage.
- **Increase in the type of eligible housing developments.** Bonus units and development incentives may now be awarded for student housing for lower income students, housing for special needs residents (i.e. transitional foster youth, disabled veterans or homeless persons), housing projects providing a child care facility and for land donations of property that will be used to develop affordable housing.
- **A “sliding scale” for calculating the number of bonus units.** An increasing percentage of bonus units will be allowed when projects provide more affordable units. For example, a project that designates 10% of the original number of housing units as lower income units is allowed to increase its total number of housing units by 20%. And a project that designates up to 20% of the original number of units as lower income units will be allowed to increase its total number of housing units by up to 35%. Density bonus calculations will be rounded up in favor of producing more housing units.
- **Clarification of the application review and approval process.** Clarification is provided regarding what makes a complete application, how the application will be evaluated, the grounds for denial, and the conditions for approval of an application.
- **Protection of existing affordable rental units.** When a project site has existing affordable rental units, then a condition of approval for a density bonus project will be that the existing affordable rental units are retained or replaced at a 1-to-1 ratio.

- **An equity sharing requirement for ownership units.** When a density bonus project will produce affordable ownership housing units, the County will be required to use equity-sharing as the method for ensuring the long-term affordability of the ownership units. This method will supersede any stricter affordability requirements that the County may have.

The County ordinances secure long-term affordability by restricting the resale of affordable ownership housing units for a period of 45 years. If the unit is resold within the original 45-year affordability period it may be sold only to another income eligible buyer. A new 45-year affordability period will start upon resale to the new eligible buyer. With the density bonus ordinance, the state requires the County to enter into an equity sharing agreement with the original buyer. It is assumed that the resale value of the affordable unit will increase over time. If the original buyer wishes to sell the house, then it may be resold to anyone on the open market. The increased equity of the unit will be shared between the original buyer and the County. The County will reinvest its share of the equity in other affordable housing developments.

***Please submit comments on the Public Review Draft to Ted Bench, Senior Planner, by Wednesday, May 27, 2020 (use the current date). Community Advisory Councils with a 60-day response period must submit comments by July 17, 2020. Comments may be submitted by e-mail (tbench@co.slo.ca.us) or by mail (to the County Planning and Building Department, Attn: Ted Bench)***