

ATTACHMENT D
LAFCO Proposal Review Factors - Government Code 56668
San Luis Ranch Specific Plan Annexation to the
City of San Luis Obispo 1-R-17

Factor (a) Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years.

Response. The San Luis Ranch Specific Plan Annexation involves 131 acres bounded by Madonna Road to the north and HWY 101 to the south. Many of these factors are addressed in the staff report. The San Luis Ranch Specific Plan approved by the City provides policies and development standards to ensure the orderly development of these areas. The Environmental Impact Report prepared for the San Luis Ranch Specific Plan identified the potential for 580 new dwelling units, two hundred and fifty thousand square feet of commercial, and 200 room hotel and conference center. The citywide buildout potential population is consistent with the City’s General Plan Land Use Element Update 2014. The County Resource Management System states the following with regard to population:

As of January 2010, the City’s population was approximately 44,750. The total population growth rate from the year 2000 to 2010 was 0.5%. The year 2020 population estimate is 43,370. Build out population is approximately 57,000.

San Luis Obispo Population			
2000	2005	2010	2020
44,174	44,619	44,750	43,370

Growth is likely in this area whether it’s in the City or under the countywide initiative approved in 2006 by voters as Measure J. The City is prepared to provide services and has approved the Specific Plan with the goal of providing for the planned and well organized growth. Development of the San Luis Ranch area would be phased in accordance with the City’s growth management goals outlined in the General Plan and City’s Residential Growth Management Phasing Schedule and Developers Agreement. The phasing plan allows the City Community Development Director to allocate permits based on performance triggers. Generally buildout is expected to be completed by 2023.

The topography on the site varies. Topography in the San Luis Ranch is generally flat and graded for agricultural cultivation. In the northern portions of

the site a Perfumo Creek and Cerro San Luis Channel bisect the property. The property gradually slopes down to the west and elevations range from 140 feet along the eastern boundary to 120 feet along the western boundary.

Assessed Valuation: The total assessed value of the annexation area as determined by the County Assessor is \$21,487,765. This breaks down as all land value and \$0.00 in improvement values. As discussed above, the properties are primarily in agricultural production. This assessed valuation was used as the basis for property tax negotiations between the City and County.

Factor (b) The need for organized community services, the present cost and adequacy of governmental services and controls in the area, probable future needs for those services and controls, probable effect of the proposed incorporation, formation, annexation, or exclusion and alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.

Response. The present cost and adequacy of governmental services and controls in the area is technically the County's responsibility, however, in emergency response situations the City is normally the first responder. The majority of the property is supplied water by private wells and uses for agriculture. Near the intersection of Madonna and Dalidio are City water and sewer lines. The entitlements approved by the City will identify the impact fees to be paid and other financing issues. The probable need for future services is high given the urban nature of the surrounding area, the pre-zoning and the Specific Plan already approved by the City. If the annexation is approved, the area would then be able to receive urban level services that can be provided by the City. The costs of services may increase, however the level of services available from the City is also increased. The City would provide a higher level of service to the area in terms of water and wastewater services as well as fire and police.

Factor (c) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.

Response. The proposed action would allow the proposal approved by the City to be implemented upon compliance with the conditions of approval. The area would be removed from the County's unincorporated area and be within the City's incorporated service area. The eventual impact could be an increase of population for the City. The City would be responsible for providing services to the area. The new residential and neighborhood commercial development would increase the population and the economic activity in the area and contribute to local businesses, social and economic interests.

Factor (d) The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned,

orderly, efficient patterns of urban development, and the policies and priorities set forth in Section 56377.

Response. The City prepared the San Luis Ranch Specific Plan that provides for the planned, orderly and efficient development of the area coupled with the City approving the entitlements and environmental documentation regarding this proposal both provide detailed documents that address a variety of issues, including:

- Open Space and Parks
- Airport Compatibility
- Utilities and Services
- Plan Implementation
- Development Standards
- Circulation/Transportation
- Housing Affordability
- Land Use
- Community Design
- Public Services
- Public Facilities
- Financing

The City has also completed an Environmental Impact Report that evaluates the impacts of the proposal. The following are the San Luis Obispo LAFCO Policies for City Annexations and a brief analysis of the proposal under these policies:

Policy 1. The boundaries of a proposed annexation must be definite and certain and must conform to lines of assessment whenever possible.

Analysis. The boundaries are definite and certain and adhere to assessor parcel lines. The annexation map has been approved by the County Surveyor.

Policy 2. The boundaries of an area to be annexed will not result in any areas difficult to serve.

Analysis. The properties are adjacent to the City and are not difficult for the provision of City services. In fact, annexing this area would take in an island of unincorporated territory and encourages the orderly development of the City and supports the implementation of the Plan that has been approved by the City.

Policy 3. There is a demonstrated need for governmental services and controls in the area proposed for annexation.

Analysis. The City will be able to provide an increased level of service and controls for these areas. The Specific Plan approved by the City address the provision of governmental services, financing of improvements, a plan for services and improved sales tax revenues.

Policy 4. The municipality has the resources capable of meeting the need for services in the area proposed for annexation and has submitted studies and information documenting its ability to serve.

Analysis. The City has demonstrated its ability to serve the area in the already approved Specific Plan and certified Environmental Impact Report completed for the project. The City further documented its capabilities in the Plan for Services found in Exhibit B of this Staff Report. The City has the capability to provide water and wastewater, police and fire services and other services as well. The City has an allocation of 2,588 acre-feet per year of net water availability to serve the proposed project demand of 217.6 AFY.

Policy 5. There is a mutual social and economic community of interest between the residents of the municipality and the proposed territory.

Analysis. The proposed annexation would become part of the social and economic fabric of the City of San Luis Obispo. The Area is enclosed by the City and its social and economic communities of interest. The annexation of this area will promote the implementation of the Specific Plan which address the development of this area in detail and call for incorporate this area into the City.

Policy 6. The proposed annexation is compatible with the municipality's General Plan. The proposed annexation represents a logical and reasonable expansion of the annexing municipality.

Analysis. The proposed annexation is consistent with the City General Plan and implements the Specific Plan prepared by the City for this area.

Government Code Section 56377 states:

56377. In reviewing and approving or disapproving proposals which could reasonably be expected to include, facilitate, or lead to the conversion of existing open-space lands to uses other than open-space uses, the commission shall consider all of the following policies and priorities:

(a) Development or use of land for other than open-space uses shall be guided away from existing prime agricultural lands in open-space use toward areas containing nonprime agricultural lands, unless that action would not promote the planned, orderly, efficient development of an area.

(b) Development of existing vacant or nonprime agricultural lands for urban uses within the existing jurisdiction of a local agency or within the sphere of influence of a local agency should be encouraged before any proposal is approved which would allow for

or lead to the development of existing open-space lands for non-open-space uses which are outside of the existing sphere of influence or the local agency.

Analysis. The annexation to the City promotes the development of lands proximate to the City, while providing for the preservation of open space and agricultural lands. The City's Open Space preservation policies would help to preserve more of the land than it the land is developed under County regulations. The City's General Plan Land Use Policies are stated as follows:

"LU-1.8.1 Within the City's planning area and outside the urban reserve line, undeveloped land should be kept open. Prime agricultural land, productive agricultural land, and potentially productive agricultural land should be protected for farming. Scenic lands, sensitive wildlife, and undeveloped prime agricultural land should be permanently protected as open space."

The Specific Plan Area is within the City's urban reserve line. The Plan dedicates approximately 50% of the site area to agriculture and open space. The Plan will maintain a viable agricultural operation and scenic corridor along Highway 101, and will restore and enhance habitat areas.

Factor (e) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016.

Response. The area includes one parcel, under ownership. The area is unincorporated and has seen limited development under County agricultural zoning consisting of a ranch complex (house and barn). A Countywide Imitative was approved in 2006 and court ruling in 2009 to authorize a zone change to multiple use for (the Dalidio Project- Measure J). As stated above the Plan dedicates approximately 50% of the site area to agriculture and open space. The Plan will maintain a viable agricultural operation and scenic corridor along Highway 101, and will restore and enhance habitat areas.

The City has pre-zoned the 131 acres as follows: 53 acres would be zoned for agriculture, 39.8 acres for residential (580 potential units), 19.6 acres would be zoned Commercial/Retail/Hotel with 10.8 acres dedicated as road right of way, 2.8 acres for parks, and 7.8 acres being zoned Conservation/Open Space. The project will be conditioned under LAFCOs approval to establish that a minimum of one acre for each acre of prime agricultural land being converted by the project has been permanently preserved. The documentation shall show that a minimum of 56 acres of prime agricultural land will be preserved.

Factor (f) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.

Response. The annexation boundary follows lines of assessment and does not create an island or corridor of unincorporated territory. In fact the annexation will result in the elimination of an existing island territory.

Factor (g) Consistency with City or County General and Specific Plans.

Response. The annexation is consistent with the City's and County's General Plan and Policies. The City has approved the Specific Plan and certified the Environmental Impact Reports.

Factor (h) The Sphere of Influence of any local agency which may be applicable to the proposal being reviewed.

Response. The proposal site is within the City of San Luis Obispo's current Sphere of Influence which was updated in 2016. The proposal does not conflict with the Sphere of Influence of any other jurisdiction.

Factor (i) The comments of any affected local agency or other public agency.

Response. Comments regarding this proposal have been received from the following agencies:

- County of San Luis Obispo Planning Department
- County Agriculture Commissioners Office
- County of San Luis Obispo Public Works Department
- CALFIRE/County Fire Department

The comments were addressed in the staff report.

Factor (j) The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.

Response. The City of San Luis Obispo is capable of providing services to all of the properties within the annexation area. This is documented in Specific Plan, the completed EIR, Plan for Services, and other studies completed by the City. The property tax agreement has been approved by the City and the County of San Luis Obispo. The City has also approved an impact fee structure as part of

the Specific Plan to offset the costs of future development of these areas. Additional sales tax and TOT is expected to be produced for the City.

Factor (k) Timely availability of water supplies adequate for projected needs as specified in Section 65352.5.

Response. This is discussed in detail in the water service section of the staff report and in the City's Annual Water Status report which is attached.

Factor (l) The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments consistent with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7.

Response. The table below provides the latest information regarding the City's progress towards achieving the City's share of the regional housing needs as established in the Housing Element. The annexation proposal includes the San Luis Ranch Specific Plan which will include a variety of housing types and densities. The Specific Plan requires the implementation of affordable housing as part of its future buildout of very-low, low, and moderate income- levels. A total of 34 affordable housing units are required.

**Residential Units Added to City 2007 to 2016
 New Housing Construction Objectives
 January 2007 to December 2016**

Year	SFR - Detach		SFR - Attach		MFR		Annex Units	Total Units	Net Mkt	Net Mkt Growth Rate
	Mkt	Aff	Mkt	Aff	Mkt	Aff				
2007	16	0	5	0	99	5		125	120	0.60%
2008	7	0	23	0	-1	28		57	29	0.14%
2009	16	0	3	0	29	10		58	48	0.24%
2010	15	0	17	0	23	34		89	55	0.27%
2011	0	2	0	0	23	42	18	85	41	0.20%
2012	16	0	1	0	17	0		34	34	0.17%
2013	16	3	0	0	63	10		92	79	0.38%
2014	67	0	0	0	25	22		114	92	0.44%
2015	27	0	1	0	34	11		73	62	0.30%
2016	68	2	4	0	63	52		189	135	0.65%
10-yr Total	248	7	54	0	375	214	18	916	695	3.40%
5 Year Average Annual Growth Rate										0.39%

Source: 2016 Building Permits Finaled, Community Development Department
 Note: Units shown are net totals accounting for demolitions.

When built out the Specific Plan allows for a total of 580 dwelling units, including a variety of densities and housing types ranging from Low-Medium Density Residential NG-10 covers approx.16.42% of the site and 200 units covering 21.5 acres that's approx. 9 units/ acre, Medium Density Residential NG-23 covers approx. 5.54% of the site and 100 units covering 7.3 acres that's approx. 13 units/ acre, and High Density Residential NG-30 covers approx. 8.37% of the site and 246 units covering 11.0 acres that's approx. 22 units/ acre.

Factor (m) Any information or comments from the landowner or owners.

Response. Letters from the property owners will be included and addressed in the Staff Report.

Factor (n) Any information relating to existing land use designations.

Response. The existing land use is addressed in the staff report.

Factor (o) Environmental Justice. The extent to which the proposal will promote environmental justice. As used in this subdivision, "environmental justice" means the fair treatment of people of all

racess, cultures, and incomes with respect to the location of public facilities and the provision of public services.

Response. The residential units are available for purchase to people of all races, cultures and incomes. Thirty four multi-family units are reserved for very-low, low, and moderate income households of all races and cultures. With regards to the location of public facilities and the provisions of public services, (pipelines and other infrastructure) associated with development will be located within public roadways or on the site. The City services such as police and fire are capable of serving the site and have adequate resources to serve all residents of the City of San Luis Obispo. The annexation of the area shall not require the construction of facilities in locations that unfairly impact races, cultures and incomes.