

**COLAB**

San Luis Obispo County



The Coalition of Labor Agriculture and Business

## **WEEKLY PDATE**

**September 29 – October 6, 2025**

### **An Appealing Common Sense Idea**

Typically, county subsidies are directed at low and fixed income people who cannot afford a vital service. When it comes to disagreeing with the granting of a building permit in the coastal zone, however, coastal residents are automatically offered a free ride subsidy to appeal building permit decisions in SLO County regardless of their financial status. Inland neighbors are charged up to \$2,000 to file an appeal.

Supervisor Moreno has been attempting to get an explanation for this odd situation for months and finally had a motion heard at the September 23 Board of Supervisors meeting. Moreno called for the three categories of appeal fees, coastal, inland and cannabis, to all be equal. Her initial request in March of this year was as follows”:

- Research data on projects that are appealed to the CCC;
- Review options to standardize fees across all types of appeals, including coastal, inland, and cannabis projects;
- Explore a cost recovery model that ensures fiscal responsibility

The report came last week, and Moreno followed up with a formal motion to make all appeal fees equal. There was no reason stated as to why cannabis and inland fees were different (\$2,000 and \$850 respectively) , but the reason that the \$850 coastal fees are waived has to do with a Coastal Commission rule that allows appellants the opportunity to take their appeal directly to the Commission if a county charges a fee for an appeal. Theoretically, by waiving the fee, the BoS gets to preserve local control by having their own hearing.

While we are all for local control, there are three important facts that Moreno pointed out; the appeal process costs the county between \$8,000 –13,000 in staff time to prepare and present their findings, it takes several months to finalize the appeal hearing and get it on the calander (creating expensive delays for the original applicant) and about 95% of the appeals to the BoS are upheld with almost all of those going to the Coastal Commission anyway.

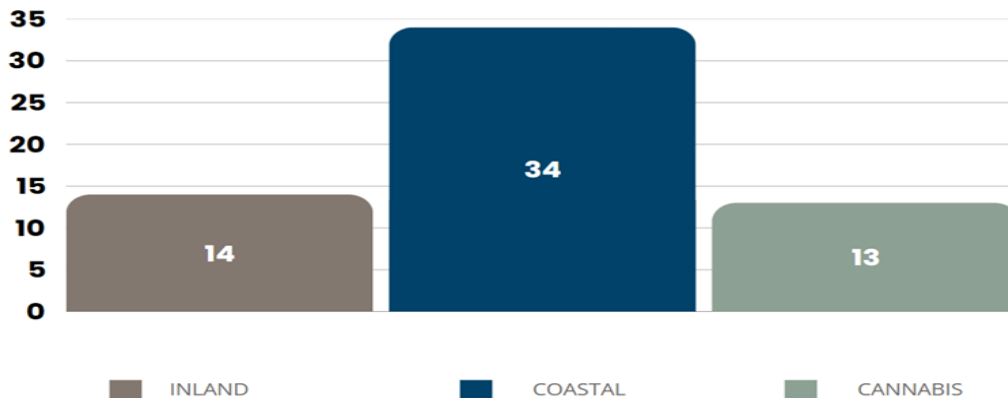
Moreno’s point is that it is costing taxpayers a lot of money to accomplish nothing and its causing permit applicants expensive and unnecessary delays that can take almost a year to finalize. She suggests that we already have local control by hiring and directing quality planning staff and that their competence is reflected in the record of so few appeals upheld.

The following graph was prepared by county staff to illustrate our fee structure compared to neighboring counties:

LAND USE APPEAL FEES BY NEIGHBORING COUNTIES		
County	Fees for Coastal Zone Appeals	Fees for Non-Coastal Zone Appeals
San Luis Obispo	<b>\$850</b> Fee is enforceable under current fee schedule but generally waived for projects that may be appealed to the Coastal Commission in order to preserve access and require exhaustion of local appeal requirements.	<b>\$850</b>
Santa Barbara	<b>N/A</b> Appeals of projects located in the Coastal Zone that may be appealed to the Coastal Commission are exempt from appeal fees.	<b>\$793.06</b>
Ventura	<b>N/A</b> Appeals of projects located in the Coastal Zone that may be appealed to the Coastal Commission are exempt from appeal fees.	<b>Varies</b> Appeals are subject to fees based on actual staff time, as per the Planning Division Fee Schedule. If the appeal is upheld, fees are refunded; if denied, the appellant is responsible for processing costs.
Monterey	<b>N/A</b> Appeals of projects located in the Coastal Zone that may be appealed to the Coastal Commission are exempt from appeal fees.	<b>\$3,716.10</b> Appeals are subject to fees based on actual staff time, as per the Planning Division Fee Schedule. If the appeal is upheld, fees are refunded; if denied, the appellant is responsible for processing costs.

The following graph illustrates the total number of appeals in SLO County by type over the last five years:

### COUNTY APPEALS BY TYPE 2020-MID2025



One of the big concerns voiced by each of the Supervisors was the abuse of the appeals system, where some people appeal every building permit in their community – even for interior work or for minor projects like repairing a deck, which results in unreasonable delays and higher costs.

Supervisor Gibson was animated in his opposition to what he described as relinquishing local control. Supervisor Paulding echoed Gibson’s comments (as he often does) and Supervisor Ortiz Legg, while agreeing with Moreno’s points, ended up siding with Gibson.

In the end, Moreno’s proposal that all fees be made equal was passed with a provision that the county would continue to waive fees for coastal appeals. Bravo to Supervisor Mareno. Let's hope that one day common sense will prevail, and true local control on local land use decisions will come about regardless of how far or close a project is to the beach.

## County Budget OK, But Revenues Soft

The Fiscal Year 2024-25 Year-End Financial Status Report was presented by county staff and highlighted the major departmental spending and receipts as they align with the current budget.

In the big picture, the county is doing ok staying within its budgetary parameters, but a somewhat troubling trend may be just starting to appear, which is that several departments that rely on revenue are reporting “less than anticipated” levels.

That current revenues are slightly down in a few departments doesn't automatically mean that we are in financial trouble, but at the same time, the numbers could indicate problems if they become a trend.

The following graph compares the current budget with last year's at the same stage:

### Expense and Revenue Comparison

	FY 2023-24	FY 2024-25
<b>Governmental Funds:</b>		
Expenditures	75%	76%
Revenue	77%	78%
<b>General Fund:</b>		
Expenditures	86%	83%
Revenue	92%	88%

The Sheriff/Coroner office had the biggest shortfall at \$2.4 million mostly due to recent salary and benefits negotiations. Planning had fewer building applications resulting in about \$250,00 less revenue than expected but was able to reduce some salary and benefit expenditures resulting in a net savings. Likewise, County Fire was able to increase contracted services with CalFire which brought about a nearly \$5 million savings.

Here is look at those departments ahead of budget:

## Departments with Significant General Fund Savings

General Fund Department	Unspent GFS compared to budget	
Probation	\$862,262	5.80%
Information Technology	\$890,582	5.40%
Parks and Recreation - Community Parks	\$963,769	14.69%
Social Services	\$989,281	5.81%
County Counsel	\$1,502,711	22.55%
County Fire	\$4,868,273	17.35%
Health Agency (137, 160, 166)	\$6,183,095	14.82%

An important segment of the budget expenditures is project funding and completion. Done right, these projects can end up saving the county money by replacing assets before maintenance and downtime costs increase beyond practicality. Here is a list of completed projects:

## Projects Completed in FY 2024-25

### Facilities Projects

- 11 Individual Facilities Maintenance Projects (82% expended)
- 15 Countywide Facilities Maintenance Projects (100% expended)
- 18 Facilities Capital Projects (89% expended)

### Airports Projects

- 6 capital projects (77%)

### Infrastructure Projects

- 14 Infrastructure Capital Projects (89% expended)
- 1 Infrastructure Roads Major Maintenance Project (100% expended)

### Parks and Golf Projects

- 2 Parks and Golf Projects

The most significant aspect of this report isn't actually contained within, but rather by extrapolation. This report confirms what we have been saying throughout the budget process: our county economy is esuriently stagnant. Requests for funding are higher than

our spending, which is outpacing revenue. This will lead to a very challenging next budget cycle.

Our county went through some very difficult but important reviewing of each department's budget in preparing for the current fiscal year. It was a thorough process that resulted in \$38 million in cuts, but we were still almost 9% higher than last year. And a whole bunch of service providers were caught off guard, resulting in pleas for help after the final document was adopted.

New revenue sources for the county tax base have not materialized. We aren't attractive to manufacturing or large-scale distribution businesses because housing costs too much for employees. Several new hotels have popped up, but primarily in incorporated cities. Same for housing. We ran Phillips66 out, along with their 1400 highly paid employees and tax base contributions, and we are faced with lower tax levels from Diablo Canyon due to its reduced value with only a five-year extension. Watch out if it doesn't get the much needed 20-year extension.

The bottom line is that while the county is doing a pretty good job of trying to keep the budget process in the black, the state is broke, the feds are trillions in debt and are cutting spending - and there are no new golden geese coming our way for increases in our local tax revenue or other government funding.

It would be wise for any department, agency or service provider dependent upon county funding to find ways to become more efficient sooner rather than later.

## **Fingers Crossed For A New kind of Funding**

As the Supervisors conducted budget hearings earlier this year, one consistent message that was offered from each was that service providers that are dependent on county funding need to find additional financial resources. Nobody knew how much would be cut, but almost everybody knew cuts were coming.

For some organizations, non-governmental funding was an entirely new concept, while others have been working at it for years. In an effort to assist our local nonprofit service provider universe, the Community Foundation of San Luis Obispo County has organized a plan to get funding to those organizations that need it most.

The Foundation has a strong base of philanthropic sources including private donors, trust funds and corporate donors, and has a new Executive Director who has had an excellent record of success in Monterey County for growing that organization.

The Community Foundation's proposal to the County Board of Supervisors is as follows:

Waive the terms of the County Contracting for Services Policy and approve sole source professional services contracts with the Community Foundation, for specialized administrative services to implement the Community Resiliency Grant, in the grant amount of \$1,164,000, with payment for services not to exceed \$36,000. Assign the Community Foundation selected grant committee to be the review and

recommendation body for the one-time Community Resiliency Grant; and authorize the County Administrative Officer or designee to sign any amendments to the agreements that do not increase the level of General Fund Support, provided County Counsel approves said amendment(s) as to form and legal effect.

This is their mission:

### **Protecting the services our community cannot afford to lose**

Across San Luis Obispo County, nonprofits deliver critical services—food, housing, mental health support, childcare, and healthcare—to residents who would otherwise go without. Right now, these essential services are at risk. Many nonprofits are facing significant, unexpected government funding cuts, with some losing nearly half of their budgets. Immediate support is needed to ensure these vital programs continue serving our community.

They are starting strong with a fantastic matching grant program:

### **Stronger When We Give Together**

No donor can fill this gap alone, but together our community can make a real difference. We launched the Together for SLO County Fund initiative to provide rapid, flexible grants to ensure essential services go where they are needed most. **Right now, every gift—large or small—is being doubled through a \$500,000 community match.** This is the power of collective giving: neighbors coming together to protect the safety net that keeps our county strong.

The organizations that the Foundation seeks to help are the very same that struggle just to provide basic services, and don't have enough time or expertise to fundraise as well:

### **Who Benefits**

#### ***SLO County residents most in need, such as:***

- Families facing food insecurity and childcare needs
- Youth in foster care
- Immigrant and mixed-status families
- People without stable housing
- Neighbors lacking healthcare or mental health support
- LGBTQIA+ community members
- Populations living in poverty



**We applaud the Community Foundation for stepping up at this critical time and wish them much success. Anyone interested in learning more can reach them at:**

**[Donorservices@cfsloco.org](mailto:Donorservices@cfsloco.org) or by calling 805 543-2323**

## **More Housing Elements – Any Solutions?**

From a layman's point of view, listening to the proposals brought forth from county staff designed to increase (primarily) affordable housing seems like someone cleaning the windshield on a car that is on fire.

As we reported 6 weeks ago, the county has made numerous building code and regulation adjustments regarding multifamily and low-income dwellings. These adjustments include topics such as density adjustments, lot line regulations and commercial/residential rules.

Now the next step has been adopted, which they call **The Housing Element Implementation Action**. It seeks to encourage **Multi-Family Dwelling Development Action** and affirm a **Regional Housing Incentive Program**. They propose to accomplish this through a supply-side approach because “increased supply improves affordability across all income categories over time”. They also propose a direct affordable housing approach that better addresses near-term housing affordability. The plan is designed for non-profit builders to leverage local funding to bring in state & federal money into our region.

The plan includes four categories of incentives and takes a creative look at how the fee structure could be used to further incentivize certain housing projects.

Theoretically, these efforts make it easier for builders to bring projects into commercial districts through either a commercial portion downstairs and residential upstairs, or in some cases, entirely residential if low-income components are included.

The vision for commercial/residential mixed-use properties:





**It is entirely appropriate and good that county staff seek ways to fine tune regulations, and they have put a great deal of work into doing so. This is an an especially complicated process, as state regulations frequently change as well.**

**That said, what seems to be missing in all of this work is a deep introspective look at the impediments that builders face when working with the county. Fees, paperwork hassles, subjective inspections, and expensive delays are some of the major issues that builders often cite. Then, there is the opportunity cost. The same amount of work could build a nice single-family home that returns more profit.**

**Housing costs in San Luis Obispo County are creating havoc for employers who can't find low-income help, or even high-income professional employees. Your favorite cafe is barely making it because labor costs are going up faster than they can raise prices. Getting a doctor or other medical appointment is incredibly frustrating. It is challenging for retirees on fixed income or young people just starting out. The 101 going south from SLO on a weekday afternoon is starting to look like Southern California because housing costs are less in Santa Maria.**

**We appreciate the thoughtful approach to streamlining various elements of our county housing regulations and encourage county planners to continue. At the same time, leadership should be looking for opportunities to go beyond fine tuning.**

**Just Government Protecting Us**

**Sometimes (often?) it is truly amazing how complicated government can make things. Recent Board business is an excellent example. The very basic concept is that if the County Department of Emergency Services needs to call on a transit authority to help transport people during a crisis, formal approval from the Board of Supervisors and a six-page contract needs to be in place first.**

**Item seven on the last BoS agenda reads as follows:**

“Request to authorize the Director of the Office of Emergency Services to sign a no end date Memorandum of Understanding with the San Luis Obispo Regional Transit Authority on an actual cost basis to provide transportation assistance to the public affected by disaster when there is an immediate threat to life and such services are requested by the County Office of Emergency Services”.

Let's all hope they get that Memo of Understanding signed and filed before our next disaster because apparently without it, even an immediate threat to life wouldn't be enough to get a ride on a transit vehicle!

## **Fall Forum October 2 - Don't Miss It**

**A great program is slated for our October 2 Fall Forum. The program is about energy production policies in California and how it impacts accessibility and affordability.**

**We have three industry experts who will share fascinating insights.**

**The event is free and will feature refreshments and appetizers. Please join us at the Pioneer Museum, 2010 Riverside Ave in Paso Robles, from 5:30 – 7:30 PM.**

**For more details, please see the attached flyer or visit [COLABSLO.org](http://COLABSLO.org). RSVPs are appreciated but not required. We hope to see you there.**

## **Prop 50 Fight Needs You**

**The fight against Proposition 50, the political dirty trick redistricting plan put forth by Gavin Newsom to interfere with Congress, is progressing. Please engage.**

**This abuse of power is being portreid by proponents as an emergancy to save our democracy, yet it tramples all over our democracy, ignores our constitution and rejects the work of our California Redistricting Commission.**

**Signs and volunteer opportunities can be found at the two Republican Headquarters locally:**

### **Atascadero**

[7357 El Camino Real, Atascadero, CA 93422](#) · 3.0 mi  
[\(805\) 541-4010](#)

### **Arroyo Grande**

1312 E Grand Ave, Arroyo Grande, CA 93420-2422  
[\(805\) 668-2064](#)

## **Last Week**

**“If you believe in something, you need to have the courage to fight for those ideas – not run away from them and silence them”.**

Those are the words of Charlie Kirk. That some pathetic fool thought assassinating him would somehow silence him is folly. Charlie Kirks thoughts and words have been amplified thousands of times since that evil deed.

The assigation has been covered and commented on by every news outlet, talk show host and politician in the country. There is nothing more that we can add to the discussion other than passing along our thoughts and prayers to his family.

What we can offer is an organization that stands for truth and transparency and gives freedom loving people an opportunity to stay informed along with a voice to advocate for common sense government.

Small grassroots nonprofit organizations like Cattlemen, the Chamber of Commerce, Homebuilders, Realtors, the Farm Bureau and countless others are critical sources of information that members need to engage with government to keep the bureaucracy from destroying our businesses and our rights.

Unlike most of the modern media, small grassroots organizations aren't interested in having hundreds of thousands of followers, they aren't trying to go viral with every post and they don't rely on clickbait or sensationalism to drive up their advertising rates. Instead, they offer detailed information on important issues that may not be sensational but could be life changing .

At COLAB, we work to keep you apprised of the important activities of our county government that impact your industry, business and your private life. We try to give you tools that help you fight for what you believe. If Charlie Kirks assassination troubles you, if you feel the need to stand a little taller in your beliefs as a result, and if you want to be a more effective fighter for what you believe, then we welcome your participation.

## **An Audit Add On - Added On**

Early in the public comment portion of the September 9 San Luis Obispo Board of Supervisors meeting, one commenter inquired about why the county was looking at spending an additional \$315,000 to audit the County Health Department after it had just received an audit report of that department a few months ago.

Item 6 read as follows:

**Request to 1) approve Amendment No.1 to the contract with KPMG LLP, for the Health Agency to expand the scope of services, extend term of agreement, and increase the total compensation in the amount of \$315,000, allowing KPMG consultants to implement selected recommendations as outlined in the recommendation from their organizational review of the Health Agency; and 2) approve a corresponding budget adjustment in the amount of \$315,000 from General Fund Talent Development Reserve Designation to FC 104 - Administrative Office, by 4/5 vote.**

As it turns out, the department seems to have serious problems with billing which has resulted in some losses of revenue from the state. Explanations were vague, but hope was expressed that the additional audit will pay for itself through improved performance. The item passed on a 5-0 vote.

## **Big Systems Changes Coming... Soon?**

If excuses about the Health Department billing systems are needed, the antiquated data management system might fill the need.

Item 25 on the agenda read:

**Request to: 1) approve three contracts in the total amount of \$28,242,254, including a 10-year licensing contract with Iron Brick Associates, LLC, a 3-year master services agreement with Cognizant Worldwide Limited, and a contract with Collaborative Solutions LLC to implement the Enterprise Resource Planning (ERP) Replacement Project; 2) delegate authority to the Auditor-Controller Treasurer-Tax Collector Public Administrator, or their designee, to execute amendments to the agreements; 3) jointly authorize the Human Resources Director and County Administrative Officer to create Position Allocation List (PAL) exceptions and approve the attached list; 4) approve a resolution to amend the PAL for FC 114 – Information Technology to extend a 1.00 FTE Limited Term Business Systems Analyst I/II/III through June 30, 2028; 5) authorize a corresponding budget adjustment for FC 114 – Information Technology in the amount of \$167,454 from FC 266 - Countywide Automation Replacement, by 4/5 vote; and 6) approve a resolution for the new classification of Enterprise Resource Planning System Analyst. (Auditor-Controller-Treasurer-Tax Collector & Information Technology)**

A committee of department heads worked for nearly half a year to create a detailed list of all data management needs across the entire county government and match those needs with data management companies offerings. The committee found that SLO county government utilizes over 700 different programs, and most do not work with each other. When data is needed that is covered by more than one county department, often the departments need to create spreadsheets and manually merge the data between two or more departments unable to sync their programs.

Several horror stories were shared to illustrate the need for this new system causing one to wonder how it got so and why it is just now being addressed.

The good news is that the proposed new system will streamline many functions and supposedly make the budget process more transparent.

The not so good news is that it will cost \$28 million and require 18 months and 160,000 labor hours to enact. We hope that it does what is promised and turns out to be a good investment.

Staff recommendation was accepted on a 5-0 vote.

## **Ag Report: Good But Not Great**

The annual Ag Report was presented to the board by Ag Commissioner Martin Settevendemie with some good news along with a few challenges.

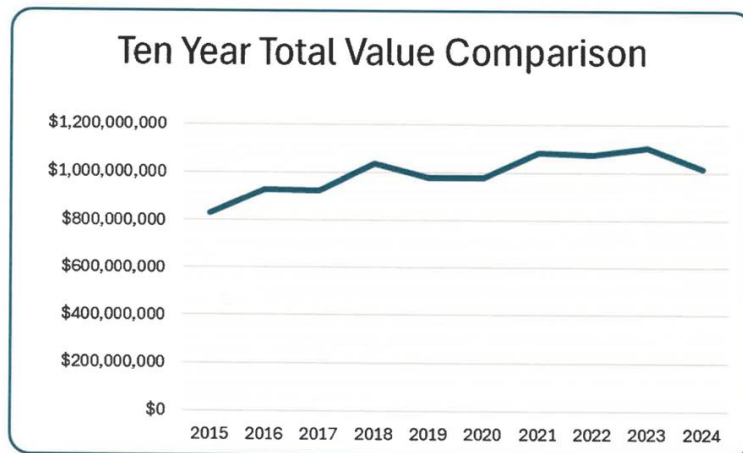
Agriculture is a cornerstone of San Luis Obispo's culture and economy. It provides not only food, but a solid tax base, much needed employment, land management and conservation, ecological stewardship and a strong draw for tourism.

Our diverse county agriculture industries contribute to over \$1 billion in our local economy. Here is a summary of overall performance for last year, followed by a graph that illustrates the ag revenues over the last ten years:

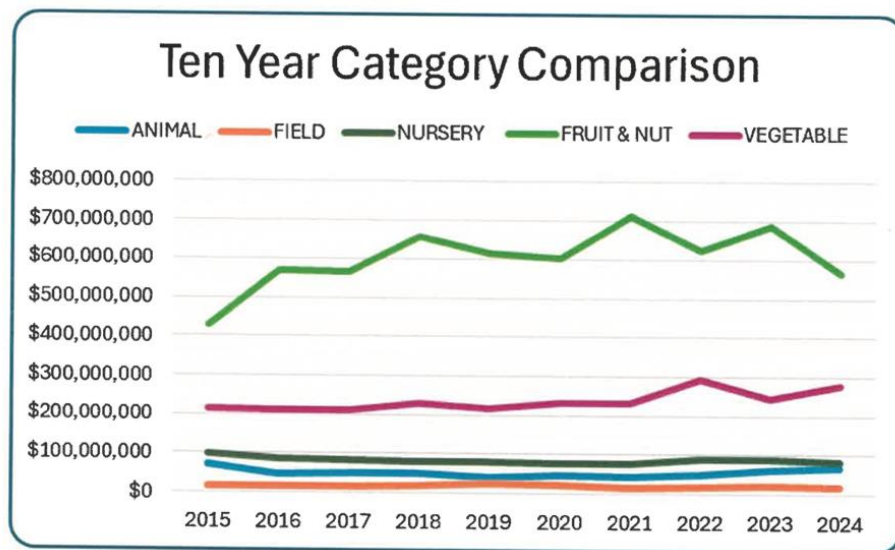
## ***Total Valuation***

- 2024 Crop values for SLO County reached a high of \$1,015,855,000 which is an 8% decrease from 2023.
- This is the fifth time that agricultural values have exceeded the billion-dollar mark.
- The field and nursery categories saw a slight decrease, while the fruit and nut sector experienced the only significant decline primarily due to a drop in total wine grape sales.
- The remaining two categories, consisting of animal products and vegetables increased when compared to 2023.





Categorical comparisons tell a fascinating story and underscore the significance of each aspect of agriculture throughout our SLO community:





### ***Top Ten Value Crops***

<b><i>Crop</i></b>	<b><i>Value</i></b>
Strawberries	\$242,370,000
Wine Grapes	\$194,981,000
Cattle and Calves	\$65,531,000
Avocados	\$56,247,000
Broccoli	\$53,758,000
Lettuce, Head	\$35,412,000
Vegetable & Ornamental Transplants	\$32,307,000
Lettuce, Leaf	\$23,153,000
Lemons	\$22,906,000
Cauliflower	\$21,392,000

The report offered detailed figures for each category and goes into deeper detail about performance figures for each crop grown in our county. The full report can be found on the San Luis Obispo Department of Agriculture/Weights and Measure website.

Following the report, several speakers representing various ag industry groups made comments praising the help and performance of the Ag Department as well as cautioning the Board about rising regulatory costs that are driving up crop prices and, in many cases, putting farmers out of business. San Luis Obispo Farm Bureau Executive Director Paul Clark illustrated that trend with figures from a Cal Poly study that showed an increase of 1300% in regulatory costs over the last decade for lettuce farmers.

It's easy to take our local farmers and ranchers for granted, but a quick review of these numbers should give us all cause to be thankful for their hard work.

## **Cannabis Conundrum Can't Create Contentment**

Do we make it easier for the legal pot guys to do business so that they can better compete with the illegal guys, or do we treat them like any other regulated industry and let the chips fall where they may?

The SLO County Sheriff Department has developed a number of cost cutting measures designed to reduce the fees that cannabis growers pay to cover the costs of compliance. These measures include outsourcing some services while maintaining the strict protocols required for licensure.

Following the detailed explanation from the Sheriff Department that went through the many steps taken to reduce the cost structure so that fees can be reduced, several cannabis growers took the time to make public comment. Each complained that their business is struggling and that the county should eliminate almost all compliance programs.

## **Tax Measures on the Horizon**

Following the agenda business, Supervisor Ortiz Legg requested County Administrative Officer Matthew Pontes do a review of “finance mechanisms” to boost firefighting capabilities in San Luis Obispo County. What this likely means is a sales tax measure. With over 200,000 acres burned so far this year in our county, such a measure might garner enough support to pass. With the June primary just about 10 months away, this would almost certainly be a measure on the November 2026 ballot.

However, it is becoming more likely that there will be another sales tax measure on that ballot for transportation in SLO County. It’s impossible to say how they would impact each other, or even if either would pass. The language and the priorities of each will probably have an impact with voters.

What these two measures do illustrate is the fact that our county revenues are not keeping up with our spending. That we are facing new additional taxes for services that most people would consider basic responsibilities of government says a lot about our county government priorities. Will voters agree with those priorities and be willing to pay more for fire services and/or road maintenance, or will they ask county government to shift spending within the existing \$1 billion budget to cover those items?

**Newsom’s Con Game is 6 Weeks Away. Will You Let Him Get Away With It?**



Proposition 50 will be on the ballot on November 2. Not only does it cost taxpayers over \$200 million just for the special election, but it also costs voters and our election process integrity and representation. It is Newsom's temper tantrum focused solely on making life difficult for President Trump.

You need to get involved. The No campaign is being led by Former Speaker Kevin McCarthy and Former Governor Arnold Schwarzenegger. Yard sign and literature are available at both Republican headquarters:

#### **Atascadero**

[7357 El Camino Real, Atascadero, CA 93422](#) · 3.0 mi  
[\(805\) 541-4010](#)

#### **Arroyo Grande**

1312 E Grand Ave, Arroyo Grande, CA 93420-2422  
[\(805\) 668-2064](#)

## **Fall Forum Fast Approaching**

Don't miss our COLSAB Fall Forum happening on October 2. This informative event will feature three expert panelists discussing energy production in California. The event is free and will include beer, wine, refreshments and appetizers. By the way, did we mention that it's free?

You will hear about the latest policies that impact prices and availability of fuels and electricity, and what is being done to try to restore common sense to the regulation of those industries.

It takes place on October 2, from 5:30 to 7:30 at the Pioneer Museum in Paso Robles. The address is 2010 Riverside Ave. in Paso Robles - ADJACENT to the

south end of the Fairgrounds. We would appreciate your RSVP before Sept. 25. Please respond at [colabslo@gmail.com](mailto:colabslo@gmail.com) or by calling (805) 548-0340. Naturally, please feel free to bring guests.

## **EMERGENT TRENDS - SEE PAGE 21**

- **How bad is California's housing shortage? It depends on who's doing the counting**
- **California's marijuana industry gets a break under new law suspending tax hike**

## **COLAB IN DEPTH Page 28**

**Why California voters should reject Prop. 50 and stay out of the redistricting wars**

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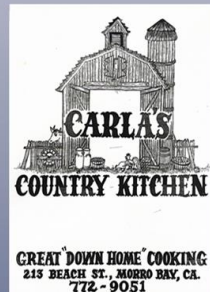
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- How bad is California's housing shortage? It depends on who's doing the counting

-  BY BEN CHRISTOPHER SEPTEMBER 26, 2025

- **IN SUMMARY**

56,000. 2.7 million. 840,000. Why is one of California's most pressing policy problems so hard to measure?

Imagine you've finally taken your car to the mechanic to investigate that mysterious warning light that's been flashing on your dashboard for the past week and a half.

The mechanic informs you that your car's brake fluid is too low. Dangerously low. Your brake fluid supply, he says, has reached "crisis" levels, which sounds both scary and very expensive.

Naturally, you would prefer that your car have a non-critical amount of brake fluid. "How much more do I need?" you ask.

"A quart," the mechanic responds. "No, actually, three quarts. Or maybe seven gallons — but only routed to your rear brakes. Actually, let's settle on half an ounce."

Such is the situation with California's housing shortage.

For nearly a decade now, the Legislature has been churning out bills, Attorney General Rob Bonta has been [filing lawsuits](#) and Gov. Gavin Newsom has been [revamping agencies](#), dashing off executive orders and [quoting Ezra Klein](#) with the explicit goal of easing the state's chronic undersupply of places to live.

California simply doesn't have enough housing and this shortage is the leading cause of our housing affordability concerns — virtually everyone in and

around the state government, along with the vast [majority of academics](#) who have studied the issue, seems now to agree on this point.

This consensus was on display this year when lawmakers passed two sweeping changes to state housing law, one that [shields apartment developments](#) from environmental litigation and the other that would [permit denser development](#) near major public transit stops in big cities. Both were legislative non-starters just a few years ago. These days even the opponents of these bills have accepted the premise that the state faces a “housing shortage,” a term evoked [at least 30 times](#) in committee hearings and floor speeches this year.

Now, if only anyone could agree on how big the housing shortage actually is.

## ● **How big is California's housing shortage?**

- It depends on whom you ask
- Estimates of California's housing shortage ranging from 3.5 million to 56,000
- 0500K1M1.5M2M2.5M3M3.5M4M
- McKinsey, 2016
- LAO, 2015
- California HCD, 2021
- California Housing Partnership, 2023\*
- Up For Growth, 2024
- Freddie Mac, 2020
- Moody's, 2025
- \*Only counting units affordable to very low and extremely low income households

Plenty of people have tried to put a number on the problem.



In 2015, the [Legislative Analyst's Office](#), which serves as a policy analysis shop and think tank for the Legislature, took an early crack at quantifying the state's shortage by calculating how many additional units major metro areas would have had to build over the prior three decades to keep housing cost inflation on par with that of the rest of the country.

It came up with 2.7 million missing units.

A year later, consulting giant McKinsey one-upped the LAO, putting the state's "housing shortfall" at [3.5 million houses](#), apartments and condos, a number [Newsom campaigned on](#).

Not all estimates hit seven digits. In 2024, the housing policy nonprofit Up For Growth published the more modest [estimated shortfall](#) of 840,000 units, which comes pretty close to the 820,000 [Freddie Mac](#) put forward a few years earlier

- **Californians: Here's why your housing costs are so high**

California Housing Partnership, a nonprofit that advocates for affordable housing, has [counted the deficit](#) at 1.3 million units — but not just any units. That's how many homes the state needs to add that are affordable to people making under a certain income.

Then, this summer, a group of housing analysts including an economist at Moody's Analytics, came up with the strikingly low figure of [just 56,000](#) — though the authors acknowledged that it's probably an underestimate.

Estimates of the nation's overall housing supply are similarly all over the place: From as high as [8.2 million](#) to [1.5 million](#) (and, in one [controversial paper](#), zero).

- **What even is a housing shortage?**

The concept of a “housing shortage” is, in theory, pretty simple, said Anjali Kolachalam, an analyst at Up For Growth.

“It’s basically just the gap between the housing you have and the housing you need,” she said.

In practice, defining and then setting out to quantify the “housing you need” is an exercise fraught with messy data, guesstimation and an inconvenient need for judgement calls.

Most estimates begin with a target vacancy rate. In any reasonably well-functioning housing market, the logic goes, some houses and apartments sit empty, either because they’re between renters, they’ve just been built or sold, they’re being fixed or renovated or they’re someone’s second home. A modest vacancy rate is what allows you to pull up Zillow or Craigslist and not get a “No Results Found” error. A very low one suggests there aren’t enough homes to go around.

But choosing a “healthy” vacancy rate — one that reflects a functional housing market — and then backing out the number of additional homes needed to hit it, is more art than science. Most estimates turn to historical data to find some level when supply and demand weren’t completely out of whack. Whether that halcyon period of relative affordability is 2015 or

2006 or 2000 or 1980 varies by researcher and, likely, by the region being considered.

**“This notion of ‘pent up demand’ is necessarily in an economist’s judgment call.”**

- ELENA PATEL, FELLOW, BROOKINGS INSTITUTION

Beyond that, many researchers have tried to put a value on what is sometimes called “pent up” demand or “missing households.” Those are all the people who would have gone off and gotten their own apartment or bought their own place, but, because of the unavailability of affordable places to live, have opted to keep living with housemates, with parents or, in more extreme cases, without shelter of any kind. Absent a survey of every living person, there’s no way to precisely measure how many people fall into this camp.

“This notion of ‘pent up demand’ is necessarily in an economist’s judgment call,” said Elena Patel, a fellow at the Brookings Institution who helped put together a nationwide shortage estimate last year ([4.9 million](#)). These variations in methods help explain some of the differences in the shortage estimates. Other differences pop-up thanks to the vagaries of data. The Moody’s Analytics-led report, for example, calculated a national shortage of roughly 2 million units by adding together both the number of new units needed to raise the overall vacancy rate and the homes needed to backfill their measure of “pent up” demand. But for its California-specific estimate, the data wasn’t

available to do the latter, potentially leaving out a big chunk of the statewide shortage.

Then some estimates differ because the analysts are defining the shortage in a completely different way.

The California Housing Partnership looks at the difference between the number of households deemed by federal housing guidelines to have “very” or “extremely” low incomes and the number of units that those households could conceivably rent with less than 30% of their incomes.

That gap of 1.3 million gets at a problem totally distinct from an overall shortage of homes.

Finally, there’s the question of scale. Housing markets are, on the whole, local. A national shortage is going to add together San Francisco and Detroit, masking the extremes of both. A shortage estimate for a state as large and diverse as California may have the same problem.

“It is like looking for a weather forecast for a trip to the beach and being told that the average temperature nationwide is likely to be 67 degrees,” the authors of the [Moody’s-led analysis](#) wrote.

- **Why estimate a shortage?**

What might be more valuable than fixating on any one shortage estimate, said Daniel McCue, a researcher at the Harvard Joint Center for Housing Studies, is to look at all the estimates together and appreciate that, by and large, they’re all huge.

“Whether it’s one-and-a-half million or five-and-a-half million, these are big numbers,” he said. That leads to an inescapable takeaway, he said. “There’s so much to do. There’s so far to go.”

Patel, from Brookings, said trying to put a precise tally on what is ultimately the somewhat nebulous concept of a “housing shortage” is still a worthwhile exercise because it gives lawmakers and planners a benchmark against which to measure progress.

How much additional taxpayer money should a state throw at affordable housing development? How aggressive should a locality be in pursuing changes to local zoning? “The more concrete you can be in policy making land, the better,” she said.

The State of California does in fact have its own set of concrete numbers.

Every eight years, the Department of Housing and Community Development issues planning goals to regions across the state — a number of additional homes, broken down by affordability level, that every municipality should plan for. These are, effectively, California government’s official estimates of the state shortage.

To cobble together these numbers, state regulators look at projections of population growth to accommodate the need for future homes and then tack on adjustments to account for all the homes that weren’t built in prior periods, but perhaps ought to have been. If a region has an excess number of households deemed overcrowded, it gets more units. If vacancy rates are below a predetermined level, it gets more units. If there is a bevy of people spending more

than 30% of their incomes on rent, more (affordable) units.

It's a process that the state regulators have come to [take somewhat more seriously](#) in recent years, engendering an ongoing political backlash from density-averse local governments and neighborhood activists.

In the state's last estimate, the topline total was 2.5 million units.

This coming cycle, which has already begun in the rural north and will slowly roll out across the state in the coming years, will produce yet another number. That will be one more estimate for state lawmakers of how much brake fluid the car needs.

## California's marijuana industry gets a break under new law suspending tax hike



BY NADIA LATHAN SEPTEMBER 23, 2025

Gov. Gavin Newsom on Monday signed a bill [to roll back taxes on recreational weed](#) in an effort to give some relief to an industry that has struggled to supersede its illicit counterpart since voters legalized marijuana almost 10 years ago.

The law [will temporarily revert](#) the cannabis excise tax to 15% until 2028, suspending an increase to 19% levied [earlier this year](#). The law is meant to

help dispensaries that proponents say are operating under slim margins due to being bogged down by years of overregulation.

“We’re rolling back this cannabis tax hike so the legal market can continue to grow, consumers can access safe products, and our local communities see the benefits,” Newsom said in a statement, and that reducing the tax will allow legal businesses to remain competitive and boost their long-term growth.

An excise tax is a levy imposed by the state before sales taxes are applied. It’s applied to the cannabis industry under a 2022 agreement between the state and marijuana companies. It replaced a different kind of fee that was supposed to raise revenue for social programs, such as child care assistance, in accordance with the 2016 ballot measure that legalized cannabis.

For years, the cannabis industry has lobbied against the tax, arguing that it hurts an industry overshadowed by a thriving illicit drug market.

“By stopping this misguided tax hike, the governor and Legislature chose smart policy that grows revenue by keeping the legal market viable instead of driving consumers back to dangerous, untested illicit products,” Amy O’Gorman, executive director of the California Cannabis Operators Association, said in a statement.

Since its legalization, the recreational weed industry has struggled to outpace the illegal market as farmers flooded the industry and prices began to drop. Taxable cannabis sales [have slowly declined](#) since their peak in the second quarter of 2021 of more than \$1.5 billion to \$1.2 billion four years later, according to data from the state Department of Tax and Fee Administration. Legal sales make up about 40% of all weed consumption, according to the state Department of Cannabis Control.



Several nonprofits that receive grants through the tax opposed the bill, arguing that it will threaten services for low-income children, substance abuse programs and environmental protections.

In the Emerald Triangle, where the [heartland of the industry lies](#) nestled in the northern corner of the state, conservation organizations said they were disappointed in the governor and that it was a step backwards for addressing environmental degradation caused by illegal growers in years past.

“All this bill does is reduce the resources we have to remedy the harms of the illegal market,” said Alicia Hamann, executive director of Friends of the Eel River in Humboldt County.

Many nonprofits supported spiking other fees in agreement with lawmakers and industry groups that the excise tax would be increased three years later, Hamann said.

“It feels a little bit like a stab in the back,” she said.

## **Why California voters should reject Prop. 50 and stay out of the redistricting wars**

SEPTEMBER 19, 2025 BY JEANNE RAYA

In 2008, the Voters First Act created California’s Citizens Redistricting Commission, an independent body consisting of people who reflected the state’s diversity. Good government groups pushed the ballot measure forward, seeking to make sure voters were — as the law’s name declared — put first. I served on the first commission two years later.

Voter approval of an independent commission effectively ended the backroom partisan gerrymandering that characterized [redistricting in California](#) for decades.

Commission members spent nearly a year [drawing new maps](#), giving citizens access to more than 100 public meetings and different ways to submit written comments. Voters could describe their communities, their environment, their infrastructure and their economy. This gave the commission a picture of the whole of California and helped it create districts that gave voters a fair chance at electing accountable representatives.

California's commission is now considered the gold standard for U.S. redistricting, free of partisan self-interest and conducted fully in public view.

If only Texas could learn from California. There, [lawmakers adopted new maps](#) in August in an attempt to rig the 2026 election in favor of Republicans — at the [behest of President Donald Trump](#). Their actions represent the basest motivations of politicians so fearful of losing power, all they can think to do is cheat.

Their determination to stack the congressional deck prompted Gov. Gavin Newsom to [pursue retaliatory mid-cycle redistricting in California](#) to elect more Democrats. It's now in the hands of voters in a special election on Nov. 4. [Proposition 50](#) would replace the maps drawn by the state's independent commission with [districts drawn by legislators](#) solely to gain or protect Democratic seats. And that protection will extend through three election cycles.

That is hardly a temporary change.

As a registered Democrat, I would celebrate replacing members of Congress who have forgotten their oath to serve constituents and protect the Constitution. But it can't be at the expense of California's Constitution — nor its voters who mandated fair, nonpartisan redistricting.

###

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