

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Planning and Building	(2) MEETING DATE 4/22/2014	(3) CONTACT/PHONE Michael Conger, Planner III / 805-781-5136	
(4) SUBJECT Request to authorize processing of a Land Use Ordinance Amendment application (LRP2013-00011) to allow multi-family residential as a primary use on a 1.2-acre site designated Commercial Retail in the community of Oceano. District 4.			
(5) RECOMMENDED ACTION It is recommended that the Board review the attached proposal and determine whether your Board wishes to authorize processing.			
(6) FUNDING SOURCE(S) Application Fee (Deposit)	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT { } Consent { } Presentation { } Hearing (Time Est. ____) { X } Board Business (Time Est. <u>30 minutes</u>)			
(11) EXECUTED DOCUMENTS { } Resolutions { } Contracts { } Ordinances { X } N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: { } 4/5 Vote Required { X } N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? Yes	(16) AGENDA ITEM HISTORY { X } N/A Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW Lisa M. Howe			
(18) SUPERVISOR DISTRICT(S) District 4			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Planning and Building / Michael Conger, Planner III

VIA: Ellen Carroll, Environmental Coordinator

DATE: 4/22/2014

SUBJECT: Request to authorize processing of a Land Use Ordinance Amendment application (LRP2013-00011) to allow multi-family residential as a primary use on a 1.2-acre site designated Commercial Retail in the community of Oceano. District 4.

RECOMMENDATION

It is recommended that the Board review the attached proposal and determine whether your Board wishes to authorize processing.

DISCUSSION

Authority

The Board is considering this proposal today because, unlike the processing of land use permits, the first step when considering requested changes to the general plan or land use ordinances is for the Board to determine whether to initiate new legislation to change the rules. If the Board authorizes this request for processing, the proposed amendments will be scheduled for public hearings before the Planning Commission and the Board after the environmental review process and staff report is completed. The Board's action today only begins the process.

Summary of Request

Plaza Central, LLC wishes to develop a 1.2 acre Commercial Retail parcel in Oceano's Central Business District with a mixed-use development consisting of roughly 10,000 square feet of commercial space and 32 apartments. The majority of square footage in this development would be for multi-family residential uses, rather than commercial uses. It is therefore inconsistent with existing standards that require residential uses to be secondary and incidental to commercial uses in the Commercial Retail category. The applicant is seeking an amendment to a planning area standard to allow multi-family residential uses be established as a primary use on this site. This amendment would allow the applicant to propose development on this site with more than 50 percent of the structural area dedicated to residential uses.

Project History

Plaza Central, LLC owns an undeveloped 1.2 acre parcel located on the southeast corner of 21st Street and Cienega Street (Highway 1) in the community of Oceano. The site was previously designated with the Commercial Service land use category. In 2008, the Board of Supervisors adopted a General Plan Amendment, which re-designated the site to Commercial Retail and incorporated it into Oceano's Central Business District.

A mixed use development was approved with a Minor Use Permit. This Minor Use Permit, which has since expired, allowed the following development on the project site:

- Two (2) mixed-use buildings with two floors of commercial space and a third floor composed of eight (8) residential units.
- 14 additional apartments, two stories in height, above parking.
- Grading, site disturbance, and subterranean drainage facilities.
- A parking modification to allow 14 on-street parking spaces to be counted towards meeting the parking requirement.

The owner's representative has indicated that the owner has been unable to obtain financing to build the above-described mixed-use development. These circumstances are largely due to the lack of demand for second-floor commercial space in the community of Oceano. Lenders typically require a certain percentage of commercial space be "pre-leased" in order to approve financing for commercial construction. The owner's representative indicates that they are able to obtain financing for the residential component of the development. Additionally, they anticipate being able to obtain financing for the commercial component of the development if it were limited to the first story of the two buildings fronting Cienaga Street (Highway 1).

Planning Area Standard

Under the County's Land Use Ordinance (Section 22.30.490), the primary use of a development in the Commercial Retail land use category must be commercial in nature. In practice, this has been interpreted to mean that a majority of the development (>50% of the total structural area) must be reserved for commercial uses. As a result, residential uses in a mixed-use development must be constructed concurrent with or after the commercial development, in order to ensure that commercial uses remain the primary use of the site.

An exception to this policy is available if a planning area standard has been adopted that allows residential development to occur as a primary use on a specific site. Examples of such standards include:

Planning Area Standard	Effect
LUO Sec. 22.104.090H.4 Main Street, Templeton	Allows multi-family residences as a primary use (Conditional Use Permit required) on certain blocks in downtown Templeton.
LUO Sec. 22.112.080D.1.d Nipomo Central Business District	Allows multi-family residences as a primary use (Conditional Use Permit required) throughout the Nipomo Central Business District.

Plaza Central, LLC is requesting that a similar planning area standard be applied to the subject site in Oceano. If authorized, Plaza Central, LLC will follow-up with a Conditional Use Permit and Tract Map application to allow a new mixed-use development with reduced commercial space and additional residential units. The following table contrasts this "anticipated proposal" with the previously-approved mixed use development:

Project Feature	Former Project Authorized by DRC2007-00115 (Now Expired)	Anticipated Proposal (Future Conditional Use Permit)
Total Square Footage	39,799 sq ft	38,800 sq ft
Commercial Square Footage	19,999 sq ft (50.3%)	10,000 sq ft (25.7%)
Residential Units	22 @ 900 sq ft, each	32 @ 900 sq ft, each
Residential Square Footage	19,800 sq ft (49.7%)	28,800 sq ft (74.3%)

Project Site

The property is adjacent to lands within the Commercial Retail land use category to the north, and the Commercial Service land use category to the south, east, and west. Adjacent parcels to the north across Highway 1 largely consist of single family residences on commercial land. Surrounding uses on the south and west are a mix of single family residences interspersed with service commercial uses, including a wood shop and a tow yard. To the east is a mini-storage facility, beyond which is an RV park.

Project Data

Planning Area:South County; San Luis Bay sub-area
Community:Oceano
Assessor Parcel Number:062-117-009 and 011
Supervisory District:4
Area:1.22 acres (53,000 square feet)
Topography:Nearly level
VegetationDisturbed, grasses
Water Supply:Community system (OCSD)
Sewage Disposal:Community System (OCSD / SSLOCSD)
Existing Use and Improvements:None (vacant)
Land Use Category:Commercial Retail
Combining Designations:Airport Review; Central Business District; Flood Hazard

Surrounding Land Uses and Land Use Categories

Direction	Land Use Category	Use
North	Commercial Retail	Residences
South	Commercial Service	Residence, Storage Yard, Wood Shop
East	Commercial Service	Vacant, Warehousing (Mini-Storage)
West	Commercial Service	Vehicle Sales Lot, Residences

Major Issues

Land use compatibility. The project site is designated Commercial Retail. Existing uses to the south, along Nipomo Street are designated Commercial Service and include such things as a wood shop and a tow yard. The Planning Commission and Board of Supervisors had previously received testimony from the owners of these two parcels expressing concerns about residential development occurring in close proximity to their operations. The previously issued Mitigated Negative Declaration concluded that noise-related impacts would be less than significant with the incorporation of mitigation measures.

Parking. As the ratio of commercial and residential development will change, parking will need to be re-evaluated. Because the project is a mixed-use development, it has benefitted from a 20 percent reduction in required parking. Even so, a parking modification was still required with the prior Minor Use Permit to reduce the required parking by 14 spaces.

Community revitalization and economic development. The subject site is one of the largest undeveloped parcels in Oceano’s central business district. It’s in a highly visible location along Highway 1 and located within walking distance to restaurants, a grocery store, and a transit stop. As such, the site is ideal for compact urbanized development. Based on information provided by the developer, it appears that there is insufficient demand for second floor commercial space in Oceano, which has inhibited attempts to finance the previously-approved development.

Housing. The proposed development would provide roughly 32 apartments/condominiums in Oceano’s central business district. Providing apartment units helps to create more choice in housing stock.

Authorization Options

Option 1: Authorize with limitations. Under this option, staff would complete the environmental review process and prepare an ordinance for consideration by the Planning Commission and Board of Supervisors. The planning area standard would authorize multi-family residential as a primary use on the site, but restrict the use to the rear of the site and to upper floors of buildings fronting Cienaga Street (Highway 1). This would ensure that the first floor of the buildings along the Highway 1 frontage would be reserved for commercial use.

Option 2: Authorize without limitations. This option is similar to Option #1, except that no restrictions would be placed on the location of multi-family residential units.

Option 3: Authorize, and include additional sites. This option, which could be combined with Options #1 or #2, would expand the planning area standard authorizing multi-family development as a primary use. The standard could be expanded to include other commercial parcels in Oceano or elsewhere in the County.

Option 4: Do not authorize. Under this option, staff will not process the request. The developer may still move forward with a mixed-use development project, but residential uses would need to be secondary and incidental to commercial uses.

OTHER AGENCY INVOLVEMENT

If the project is authorized for processing, the application will be referred to all applicable agencies and community advisory bodies. The application was sent as a tentative referral to Oceano Advisory Council, Oceano Community Services District, CalTrans, Air Pollution Control District, County General Services, County Public Works, County Building, and County Airports. The responses received are as follows:

County Building – Plans are to comply with current building code requirements; soils report required; Plans to be prepared by a licensed architect.

County Airports – An aviation easement is required; FAA Form 7460-1 may be required depending on project height and distance from the Oceano Airport.

County Public Works – No comment on land use ordinance amendment; may reserve additional comments for Conditional Use Permit or Tract Map applications.

FINANCIAL CONSIDERATIONS

Plaza Central has deposited a \$7,500 into a trust account and entered into a real-time billing agreement to cover staff costs associated with processing this request.

RESULTS

If authorized, staff will begin completing the environmental review process and drafting an ordinance for review and consideration by the Planning Commission and your Board.

If not authorized, no further processing of this request will occur. The applicant may still apply for development, but at least 50 percent of the structural area will need to be dedicated to commercial uses.

ATTACHMENTS

1. Graphics
2. Applicable General Plan Policies