



## PLANNING COMMISSION AGENDA REPORT

**SUBJECT:** REVIEW OF A MIXED-USE PROJECT WITH A 24% DENSITY BONUS, INCLUDING A MINOR USE PERMIT, CONSISTING OF 94 RESIDENTIAL UNITS AND 924 SQUARE FEET OF COMMERCIAL SPACE. AN ADDENDUM TO THE PREVIOUSLY APPROVED MITIGATED NEGATIVE DECLARATION HAS BEEN PREPARED.

**PROJECT ADDRESS:** 279 Bridge Street

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**FILE NUMBER:** ARCH-0587-2020,  
USE-0412-2021, AFFH-0413-2021&  
EID-0494-2021

**FROM:** Tyler Corey, Deputy Director

### RECOMMENDATION

Adopt the Draft Resolution approving the Addendum to the previously adopted Mitigated Negative Declaration (MND) and approving the Minor Use Permit, development plan and associated affordable housing incentive request, based on findings and subject to conditions of approval.

### SITE DATA

<b>Applicant</b>	Scott Smith, HASLO	
<b>Zoning</b>	M (Manufacturing)	
<b>General Plan</b>	Services & Manufacturing	
<b>Site Area</b>	2.73 acres	
<b>Environmental Status</b>	An Addendum to the previously adopted Mitigated Negative Declaration (ER#0286-2014) has been prepared (EID-0494-2021).	

### SUMMARY

The applicant, Housing Authority San Luis Obispo (*HASLO*), proposes a mixed-use development consisting of three new three-story structures, which contain 94 low-income affordable units, community rooms, and leasing/management offices, and one new single-story commercial structure consisting of 924 square feet of commercial/office space. A Minor Use Permit is required for a mixed-use project within the M-zone subject to specific findings as detailed in this report.

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The project proposes a podium style design for the residential structures that provides parking and community rooms on the ground floor, with residential units on the second and third floors. The proposed site improvements include several outdoor green spaces with seating and play areas, with a community courtyard along Meadow Creek (Attachment 2, Project Plans). The project site is located in close proximity to Meadow Park and South Hill hiking trails, with an existing pedestrian and bicycle accessway from the end of Bridge Street to Exposition Drive.

The project includes a request for a 24% Density Bonus to increase the density of the site from 65.52 Density Units/Acre to 80.92 Density Units/Acre, by providing 100% of the units dedicated for affordable housing to low-income households, where only 13% of the units would normally be required to be dedicated for low-income households. The project includes affordable housing incentive requests to reduce site development standards to allow for balconies on the second and third floors on the building side facing an adjacent property that is zoned low-density residential (§17.70.050.D.3<sup>1</sup>), and a waiver from the site development standard that requires window placement to be offset by 12-inches from adjacent existing structures along the second and third floors (§17.70.050.D.3<sup>2</sup>).



Figure 1: Rendering of project design from creek side courtyard (right), ariel view (left)

## 1.0 PLANNING COMMISSION'S PURVIEW

The Planning Commission's role is to review for consistency with the General Plan, Zoning Regulations, Community Design Guidelines (CDG), and applicable City development standards. Planning Commission (PC) review is required for projects which include more than 10 residential units (ARCH-0587-2020), and an associated Minor Use

<sup>1</sup> **17.70.050.D.3 Edge Conditions. Standards. Upper-Level Open Space Orientation and Setbacks.** Balconies and terraces are prohibited above the first floor on the building side facing an adjacent zone receiving transition.

<sup>2</sup> **17.70.050.D.5 Edge Conditions. Standards. Windows.** All windows along any facade facing a property in a zone receiving transition shall, at the second story and above, be offset horizontally at least 12 inches (edge to edge) from any windows on buildings on an adjacent property in a zone receiving transition, with the intent of preserving privacy and avoiding having windows immediately opposite each other.

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Permit to allow a mixed-use development in the M-zone (USE-0412-2021). As noted above, the proposed affordable housing incentive and waiver are also included for final determination by the PC (AFFH-0413-2021). The project also includes an Addendum to the previously adopted Mitigated Negative Declaration (EID-0494-2021).

## **2.0 BACKGROUND**

On May 1, 2017, the Architectural Review Commission (ARC) approved a project on this project site that consisted of three commercial shell buildings including the following: Building A (8,636 square feet [sf]); Building B (9,957 sf); and Building C (4,704 sf including a second-floor caretaker's residence). The previous approval included tree removals and onsite plantings as recommended by the City Arborist, and associated site improvements (Attachment 3, ARC Report & Minutes 5.1.17).

On September 9, 2019, the ARC reviewed a modification to the approved project and proposed uses for the site. The revised project consisted of three buildings including: Building A (8,636 sf manufacturing shell); Building B (31,726 sf mixed-use building including 7,200 sf of commercial shell on the ground level with 16 loft-style, two-bedroom residential units above); and Building C (6,850-sf mixed-use building including 3,421-sf of commercial shell on the ground level with two residential units above). The ARC recommended approval of the revised design to the Planning Commission for final action (Attachment 4, ARC Report & Minutes 9.9.19).

On September 25, 2019, the Planning Commission (PC) reviewed and approved the revised project design with associated parking and site improvements and a mixed-use parking reduction (Attachment 5, PC Report & Minutes 9.25.19).

None of these approved projects were ultimately constructed, with the exception of the bridge that provides access to the project site across Meadow Creek.

## **3.0 PREVIOUS REVIEW**

On July 19, 2021, the ARC reviewed the project for consistency with the CDG. The ARC determined that the project was consistent with applicable design guidelines and provided four directional items to the applicant to address related to building and site design, and recommended that the Planning Commission find the project consistent with the Community Design Guidelines (6-0-1) (Attachment 6, ARC Report and Minutes 7.20.20). These items and the applicant's response to the recommendations is discussed further in Section 5.4 of this report.

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#### 4.0 PROJECT STATISTICS

Table 1 – Zoning Regulations - Project Statistics		
Site Details	Proposed	Allowed/Required*
Setbacks		
North	48-82	0
East	24	10
South	20	10
West	12	0
Creek Setback	34-40	20
Floor Area Ratio (FAR)	0.88	1.5
Edge Conditions		
Setbacks	25-27	23
FAR Reduction	Compliant (0.88)	10% Reduction (1.35)
Upper-Level Open Space	<b>Concession Request**</b>	2 <sup>nd</sup> & 3 <sup>rd</sup> Floor Balconies Prohibited
Rooftop Open Space	No Rooftop Open Space	10-foot Setback
Window Orientation	<b>Waiver Request**</b>	12-foot Offset
Driveway Orientation	Compliant	Screening Required
Trash and Recycling	Compliant	Located Internal to Site
Hours of Operation	Compliant	7:00 AM to 8:00 PM
Service and Loading Areas	Compliant	Screening Requirements
Maximum Height of Structures	35 feet	35 feet
Max Building Coverage	31%	75%
Affordable Housing	100% Low-Income Households	Exempt 17.138.020.B.7
Public Art	In-Lieu fee	On-site or In-Lieu fee
Monument Sign		
Max Height	3 feet	6 feet
Max Area	23 sq. ft.	24 sq. ft.
Total # Parking Spaces	102	87
Electric Vehicle Parking	10 EV Ready & 26 EV Capable	10 EV Ready & 26 EV Capable
Bicycle Parking	120	95
Motorcycle Parking	7	5

\*2019 Zoning Regulations - Development Standards

\*\* PC will determine if the findings can be made to support the requested incentive and waiver.

#### 5.0 PROJECT ANALYSIS

The proposed improvements must conform to the standards and limitations of the Zoning Regulations and Engineering Standards and be consistent with the applicable CDG. Staff has evaluated the project's consistency with relevant requirements and has found it to be in substantial compliance, as discussed in this analysis.

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## 5.1 Consistency with the General Plan

The Housing and Land Use Elements encourage mixed-use projects where they can be found to be compatible with existing and potential future development. The project is consistent with Housing Element Policies 6.1 and 7.4 because the project supports the development of more housing in accordance with the assigned Regional Housing Needs Allocation and establishes a new neighborhood development, with pedestrian and bicycle linkages that provide direct, convenient and safe access to adjacent neighborhoods. The Land Use Element encourages compatible mixed uses in commercial districts (LUE Policy 3.8.5) and specifically discusses residential and commercial mixed use (LUE Policy 2.3.6)<sup>3</sup>. The project is consistent with LUE policies pertaining to affordable housing and density bonuses<sup>4</sup>.

The Housing Element provides policies and programs that speak specifically to supporting affordable housing projects that provide for density bonuses. Granting a density bonus and allowing a reduction in site development standards to allow for balconies on the second and third floors, and a waiver from the site development standard that requires window placement to be offset by 12-inches are consistent with the Housing Element programs and policies to provide additional housing for low-income households.

## 5.2 Consistency with the Zoning Regulations

In accordance with Table 2-1 of the Zoning Regulations, mixed-use development projects require a Minor Use Permit to be constructed within the M zone. Minor Use Permits require specific findings regarding General Plan consistency, neighborhood compatibility, findings for health, safety and welfare, and findings for site suitability regarding design, traffic generation, and public services, which have been incorporated into the draft resolution. The project design complies with lot coverage, setbacks, parking, and building height requirements for the M zone (see Section 2.0 Project Statistics).

Mixed-Use Development: The Zoning Regulations §17.70.130 Mixed Use Projects provide standards for the design of mixed-use projects to consider potential impacts on adjacent properties and designed to be compatible with the adjacent and surrounding residential neighborhoods. Mixed-use projects must be designed to achieve specific objectives including design criteria, site layout, pedestrian access and performance standards. The project has been designed with the physical separation between the residential and nonresidential uses and associated activity areas by outdoor seating areas and a drive aisle through the site, ensuring that the residential units are of a residential character and provide privacy between the uses, while maintaining internal

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<sup>3</sup> **Land Use Element Policy 2.3.6.** *The City shall encourage mixed use projects, where appropriate and compatible with existing and planned development on the site and with adjacent and nearby properties. The City shall support the location of mixed use projects and community and neighborhood commercial centers near major activity nodes and transportation corridors / transit opportunities where appropriate.*

<sup>4</sup> **Land Use Element Policy 2.4.2.** *The City shall approve a density bonus for projects that: (B) Include affordable housing for seniors or lower income households consistent with the requirements of State Law.*

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compatibility between the different uses by integrating pedestrian connectivity with the commercial areas.

The project minimizes potential impacts to and from adjacent properties by locating commercial activities towards Bridge Street and residential uses towards the rear of the property adjacent to existing residential uses. The vicinity is developed with commercial service and residential uses that are conducive to a mixed-use project with existing residential development to the east, south, and west. The project's proposed common area is located internal to the project and along Meadow Creek, which is oriented toward the neighboring commercial properties, minimizing potential adverse impacts from non-residential project noise.

Edge Conditions: The Zoning Regulations § 17.70.050 (Edge Conditions) is intended to provide a buffer between low-density residential zones or open space areas and zones that permit development of higher intensity. These regulations require specific development standards along the property line that transitions from a lower intensity zoning, such as the adjacent R-2 zoning to the east and south of the subject property. The Edge Conditions regulations stipulate that balconies are prohibited above the first floor on the building side facing the R-2 zone (§17.70.050.D.3). The Edge Conditions standards also require that window placement on the proposed building be offset horizontally by 12 inches from any windows located on buildings on the adjacent properties in the R-2 zone (§17.70.050.D.5). The intention of these restrictions is to preserve privacy for adjacent lower-intensity developments. The project is requesting an affordable housing alternative incentive to allow for balconies on the second and third floors on the building side facing adjacent properties that are zoned R-2. The project also includes a waiver from the site development standard that requires window placement to be offset by 12 inches from adjacent existing structures along the second and third floors. The requested alternative incentive and development standard waiver are discussed in more detail in Section 5.3 below.



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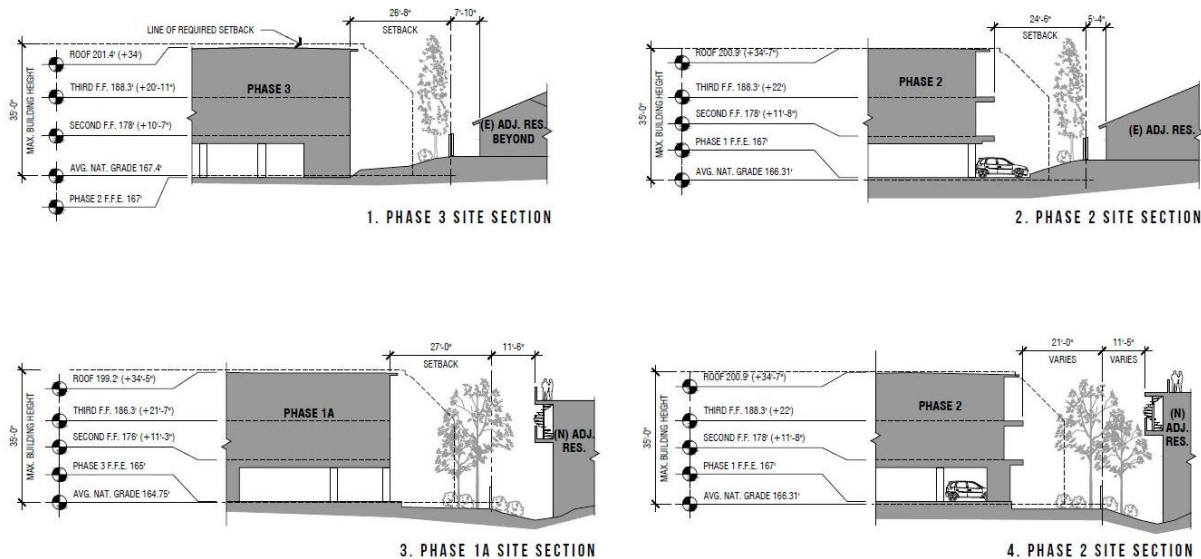


Figure 2: Section Cuts demonstrating compliance with Edge Conditions setbacks, the balconies referenced are located on Section Cut 1, 2 and 4.

**Parking:** Zoning Regulations Section 17.140.040.K stipulates that housing developments occupied exclusively by low-income households, as defined by the State, may provide one car and one bicycle space per dwelling unit, however, upon request of the developer the parking ratio for senior housing may be provided at 0.5 spaces per bedroom. The project includes 32 one-bedroom dwelling units for senior living, which would require only 16 parking spaces; the remaining 62 low-income units require only one space per dwelling unit, resulting in a total of 78 parking spaces for all residential dwelling units. The commercial space has been designed to provide parking at a ratio of one space per 100 square feet, resulting in a parking requirement of 9 spaces. The total parking required for the project is 87 parking spaces, where 102 parking spaces would be provided on-site.

**Phasing:** The project has been proposed to be developed in three phases: (1) Site improvements, commercial structure, and a residential structure I (32 residential units), (2) Senior housing structure II (32 units), and (3) the remaining site improvements and residential structure III (30 units). This phased approach anticipates 20 months of construction per phase, over a five-to-seven-year schedule, subject to financing as an individual tax credit project. Staff recommends Condition No. 2 which limits the phasing schedule to three years for the issuance of building permits, and additional renewals after three years may be granted in conformance with §17.104.070.

### 5.3 Consistency with Affordable Housing Requirements

The City has recognized housing as an important issue. The City's 2021-2023 Financial Plan identifies housing as a Major City Goal. The City's Housing Element includes numerous policies and programs that support incentives, such as density bonuses, to provide housing for low, very low and extremely low-income households.

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The Department of Housing and Urban Development's Housing Accountability Act and Density Bonus Law provide protections for housing development projects which include density bonuses. To implement the State's Density Bonus Statutes (Gov. Code §§ 65915-65918), the City's Zoning Regulations provide three types of incentives for projects that provide affordable housing: a Density Bonus (§17.140.040.A), an Alternative Parking Requirement (§17.140.040.K), and Additional Incentives (§17.140.070.A) that may be requested by an applicant.

Zoning Regulations Section 17.140.070.A states that three incentives or concessions shall be granted for housing developments that include at least 30% of the total units dedicated for low-income households. The proposed project provides 100% of the total units to be dedicated to low-income households. One of the alternative incentive examples called out in Chapter 17.140 is reduction in site development standards.<sup>5</sup> Government Code Section 65915(d)(1)(B) and (d)(3) prevent an agency from denying the density bonus or the incentive or concession unless the agency can make a finding based on substantial evidence that the density units, the incentive or concession or reduction in a development standard causes a "*specific, adverse impact*" upon the public health, safety, or the physical environment, and for which there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact<sup>6</sup>.

In addition to those standard incentives, an applicant may also request "the waiver or reduction of development standards that will have the effect of physically precluding the construction" of a development providing affordable housing at the density permitted under Density Bonus Law (Govt. Code § 65915 (e)(1)). As provided in Density Bonus Statutes, the City must grant an applicant's requested waiver of development standards, unless doing so would result in a specific adverse impact upon health, safety, or the physical environment or run contrary to state or federal law.

Alternative Incentive Request: Reduction to Site Development Standards: The applicant is requesting an alternative incentive to reduce site development standards to allow for balconies on the second and third floors on the building side facing an adjacent property that is zoned medium density (R-2). As mentioned earlier, balconies are prohibited above the first floor on the building side facing a property located within the R-1 or R-2 zones. The proposed project is surrounded by R-2 zoning to the east and south of the site.

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<sup>5</sup> **§ 17.140.070 Alternative or Additional Incentives (B.1):** A reduction in site development standards or modification of Title 17 requirements or architectural design requirements that exceeds the minimum building standards approved by the California Building Standards Commission as provided in Part 2.5 (commencing with Section 18901) of Division 13 of the Health and Safety Code, including, but not limited to, a reduction in setback and square footage requirements and in the ratio of vehicular parking spaces that would otherwise be required that results in identifiable and actual cost reductions to provide for affordable housing costs.

<sup>6</sup> **Government Code § 65589.5(j)(1). Definition of 'Specific, Adverse Impact':** Significant, quantifiable, direct, and unavoidable impact, based on objective, identified written public health or safety standards, policies, or conditions as they existed on the date the application was deemed complete



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The requested concession to allow balconies on the second and third floors will not create a specific or adverse impact because the balconies are setback from the adjacent property line by more than 20 feet, which provides adequate separation to preserve privacy and avoid direct overlook.

Waiver of Site Development Standards: The applicant is requesting a waiver to reduce the site development standard that requires window placement to be offset by 12 inches from adjacent existing structures on the building sides facing the R-2 zone. The request for a waiver to the development standard is appropriate because the windows are necessary for egress for occupancy of the dwelling units in compliance with the California Building Code. Put differently, application of the development standard would physically preclude the affordable units from being built as they would not comply with Building Code requirements. Furthermore, the location and orientation of the proposed windows do not result in specific adverse impact because all of the windows are located more than 30 feet from any existing structure located in the R-2 zone, which provides adequate separation to preserve privacy and avoid direct overlook. Due to the amount and size of the windows on the existing R-2 sites, it is infeasible to comply with the 12-inch offset and concurrently comply with California Building Code for required egress.

#### **5.4 Architectural Review Commission Directional Items**

The ARC recommended four directional items to be reviewed and evaluated by the Planning Commission prior to taking final action on the project. The applicant has made the following changes in response to the directional items:



*Figure 3: Revised rendering, demonstrating the new balcony railing, and the lower heights of the screening features surrounding the interior courtyard.*

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***ARC Directional Item #1:*** *Provide additional screening to the balconies on south and east building elevations, screening thresholds of the balconies shall be up to the discretion of the developer.*

Response: The applicant has agreed to modify the balconies to provide additional screening by incorporating a railing system that is a more solid design rather than open railing, see Figure 3. Staff has recommended Condition No. 5 which requires the balcony rails to be replaced with a screened design that visually obscures views of storage on the balconies and provides additional privacy between existing and new residential units.

***ARC Directional Item #2:*** *Reduce height of screening features surrounding the interior playground courtyard to provide a balance of vehicle screening and pedestrian safety.*

Response: The applicant has agreed to change the design of the screening features surrounding the interior courtyard, see Figure 3. Staff has recommended Condition No. 6 which requires that the screening features are modified consist with the ARC's direction.

***ARC Directional Item #3:*** *Consider that trees along the south perimeter be planted at a greater maturity.*

Response: The applicant has agreed to plant trees of a greater maturity along the southern perimeter of the site. Staff has recommended Condition No. 11 which requires trees planted along the southern perimeter of the project site to be of a greater maturity to provide additional screening between the existing and new structures, minimum size 36-inch box.

***ARC Directional Item #4:*** *Incorporate addition of an accent color.*

Response: The applicant has agreed to incorporate an accent color on the building elevations and will present a new rendering of the design for consideration at the Planning Commission Hearing. Staff has recommended Condition No. 3 to add an accent color to the building elevations consistent with the ARC's direction.

### 5.5 Consistency with the Sign Regulations

The Sign Regulations are intended to protect and enhance the character of the community against visual blight and the proliferation of signs, which can seriously detract from the pleasure of observing the natural scenic beauty of San Luis Obispo. Signs have an important design component and must be architecturally compatible with the character of surrounding development.

It is the intent of these regulations to regulate the time, place and manner under which signs are permitted, and not the content of signage. Content shall not be used as a basis for determining whether or not a proposed sign may be permitted.

The proposed monument sign is consistent with the intent and purpose of the Sign Regulations, the sign is of similar size as other properties in the vicinity with the same zoning and provides for a superior design that does not result in visual clutter on the property. No exception from the Sign Regulations is necessary or requested.

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## **6.0 ENVIRONMENTAL REVIEW**

An Initial Study/Mitigated Negative Declaration (IS/MND) was adopted on June 1, 2015, for the development of the project site, which included construction of a bridge over the creek and three manufacturing shell buildings. Since that time, construction of the bridge has been completed. The adopted IS/MND identifies that the project would potentially affect the following environmental factors unless mitigated: aesthetics, air quality, biological resources, geology/soils, and noise.

The currently proposed project necessitated preparation of an Addendum to the adopted IS/MND to address the project changes, per State CEQA Guidelines Section 15164. Section 15164 subsection (b) states that an addendum to an adopted negative declaration may be prepared if only minor technical changes or additions are necessary or none of the conditions described in Section 15162 calling for the preparation of a subsequent EIR or negative declaration have occurred. This section of the State CEQA Guidelines is designed to provide clear authority for an addendum as a way of making minor changes or additions to an IS/MND. A summary of the potential impacts and adopted mitigation measures required to ensure potential impacts are mitigated to a level of insignificance are provided in Attachment 7, Addendum ER#0286-2014. The addendum adds additional information to the environmental record for the project, including changes to the project description and associated analysis. As documented and supported by the analysis in the addendum: 1) these minor technical changes do not materially change the findings and conclusions of the adopted IS/MND; 2) no substantial changes are proposed or would occur that would require major revisions to the adopted IS/MND; 3) no new significant environmental effects are identified and there would not be a substantial increase in the severity of previously identified significant effects; 4) the project would not result in any significant effects that would be substantially more severe than what was identified in the adopted IS/MND; and 5) the applicant will comply with all identified adopted mitigation measures, which are incorporated into the Draft Resolution.

## **7.0 OTHER DEPARTMENT COMMENTS**

The project has been reviewed by various City departments and divisions including Planning, Engineering, Transportation, Building, Natural Resources, Utilities, and Fire. Staff has not identified any unusual site conditions or circumstances that would require special conditions. Other comments have been incorporated into the draft resolutions as conditions of approval.

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## **8.0 ALTERNATIVES**

1. Continue project. An action to continue the item should include a detailed list of additional information or analysis required to make a decision.
2. Deny the project. An action denying the project should include findings that cite the basis for denial and should reference inconsistency with the General Plan, Community Design Guidelines, Zoning Regulations or other policy documents. Should the PC want to pursue this alternative, Staff recommends that the specific findings under Government Code § 65915(d)(1)(B) and (d)(3) are adequately addressed.

## **9.0 ATTACHMENTS**

1. Draft Resolution
2. Project Plans
3. ARC Report & Minutes 5.1.17
4. ARC Report & Minutes 9.9.19
5. PC Report & Minutes 9.25.19
6. ARC Report & Minutes 7.19.21
7. Addendum (ER#0286-2014)