

365 Prado
Residential Mixed-Use Project
General Plan and MASP Amendment
Initiation Request



365 Prado Development Team

Project Developer **Covelop**
San Luis Obispo, California

Planning and Management **Peck Planning and Development, LLC**
Morro Bay, California

Architecture **Opticos Architects**
Berkeley, California

Civil Engineering **Above Grade**
San Luis Obispo, California

Noise and Acoustics **dB45**
San Luis Obispo, California

Survey **Above Grade**
San Luis Obispo, California

Legal/Land Use/CEQA **Monchamp Meldrum LLP**
Sacramento, California



December 22, 2023

Rachel Cohen, Senior Planner
City of San Luis Obispo
Community Development Department
919 Palm Street
San Luis Obispo, CA 93401-3218

Dear Rachel:

Thank you for your assistance in moving the 365 Prado Project forward. On behalf of Covelop, attached is the requested information to initiate the General Plan Amendment and the MASP Specific Plan amendments to facilitate the project. The project has benefitted from staff comments, and from the input from the neighborhood. With regard to the justification for the initiation, the attached narrative and graphics provide the necessary analysis and support. In summary and relative to the requirements of City Municipal Code Section 17.130.020:

Proposed Amendment. The project would involve the change in the current BP zoning to CS to accommodate the residential and commercial components. The CS zone would apply in ALUP Zones 2 and 6, with the latter airport compatibility zone permitting residential development. Residential development is not permitted in ALUP Zone 2 and none is proposed by this project. The project would include a 1.2-acre developer constructed and HOA maintained park to address the un-met need for a neighborhood park for the project, Serra Meadows and Toscana neighborhoods. Required General Plan, Zoning and MASP changes are detailed in the attached starting at Page 13.

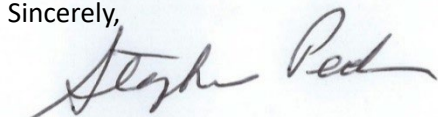
Better Reflection of Community Desires. Housing is still a high priority for the community and the project provides housing types that are not currently being provided. The project includes “Missing Middle” housing, in a greenfield development context, and directly implements Housing Element Policy 5.3 and Program 5.4 of which direct the City to “Encourage the development of a variety of “missing middle” housing types” and to “Evaluate and implement “missing middle” housing types (e.g., duplex, quadplex, cottages, etc.) to increase housing options in the City within three years of adopting the Housing Element”. The project land uses are preferred by the neighborhood, based on two community meetings on the proposal. The preference for deleting or significantly reducing the existing office/RD designation was confirmed at these meetings, with 23 of 24 attendees expressing a preference for the proposed project over existing zoning. Fiscal sustainability is a Major Community Goal, and the analysis in the attached narrative determined that the project would generate \$12.7 million in City impact fees, compared to \$7.1 million in impact fees with the current zoning, and without any new obligations associated with those impact fees. The project would generate \$157.1 million in assessed value compared to \$100 million under existing zoning, and would generate \$298,900 in annual revenue to the City, compared to \$174,500 under the existing zoning (if it ever fully builds out). The project would generate \$1.6 million in additional parks impact fees.

Re-Evaluation of Community Needs. Housing is still a Major City Goal and an economic and social need. There is no demonstrable need for the kind of development that could occur with the current zoning based on buildout projections in the 2014 Land Use and Circulation Element (LUCE) update. According to Table 2 in the attached narrative there is a demand for approximately 700,000 square feet of office/RD space in the community over the next ten years. According to Table 2.4-3 of the LUCE Draft EIR, there is capacity for 450,800 square feet of office space on potential development sites, 1,386,200 square feet of office space in previously approved specific plans, and an additional 25,900 square feet of space of previously approved projects, for a total of 1,872,900 square feet of office/RD space to meet the approximate 700,000 square feet of demand over the next ten years. The current zoning on the property was driven by the land use restrictions in the 2005 Airport Land Use Plan, which has since been amended to allow residential uses on the property. Land Use Element Policy 8.1.3 provides that "The City shall consider this area [MASP] as potentially appropriate to accommodate additional housing. Revisions to the Margarita Area Specific Plan will be required if residential development in excess of that accommodated in the plan is proposed." The proposed amendment implements LUCE Policy 8.1.3.

Effect on Adjacent Areas. The project complements the residential development to the north by providing needed park facilities. The project site also shares storm drainage resources with adjacent properties and those will not be affected by the proposal. The project design has also been developed in consideration of planned or existing land uses.

Reinforce Existing Policies. The project directly implements a number of General Plan policies. First, it directly implements Housing Element Policy 5.3 and Program 5.4 of which direct the City to "Encourage the development of a variety of "missing middle" housing types" and to "Evaluate and implement "missing middle" housing types (e.g., duplex, quadplex, cottages, etc.) to increase housing options in the City within three years of adopting the Housing Element". Second, it directly addresses a park facility services gap identified in Figure 4-2 of the Parks and Recreation Element, and implements Parks and Recreation Policies 1.3 and 1.7 relating to addressing such gaps. Third, the project addresses the Fiscal Sustainability Major City Goal by generating additional fiscal resources without generating new fiscal obligations. In total, the project would generate \$298,900 in annual revenue to the City, compared to \$174,500 under the existing zoning if it ever fully builds out. Fourth, the project would immediately create \$3.7 million in water impact fees, \$3.5 million in wastewater impact fees, \$3.4 million in traffic fees, \$1.6 million in park fees, and \$407,000 in Public Safety Impact fees, without the need for significant infrastructure improvements. Overall, the project will generate \$12.7 million in City impact fees, compared to \$7.1 million in impact fees with the current zoning (if or when such development ever occurs). Fifth, the project would provide additional housing in an area adequately served by city utilities, without reducing commercial building area below City needs. Finally, since the project is providing predominantly housing rather than jobs, it will serve to better balance jobs and housing in the community and likely result in a long term reduction in VMT in the county.

Sincerely,

A handwritten signature in dark ink, appearing to read "Stephen Peck", written in a cursive style.

Stephen J. Peck, AICP

**Application to Initiate Amendments:
General Plan Map
& Margarita Area Specific Plan Map and Text
365 Prado Road**

APPLICANT:	Covelop, Inc.
REPRESENTATIVE:	Stephen Peck, AICP
ADDRESS:	365 Prado Road
EXISTING LAND USE/ZONING:	MASP Business Park
PROPOSED LAND USE/ZONING:	MASP CS; CS Mixed Use ; MASP Text Changes

Summary

A project is proposed at 365 Prado Road that will provide for a mix of residential and commercial uses that address City Council priorities for the development of work-force and “missing middle” housing in the community.

“Missing Middle Housing is a range of house-scale buildings with multiple units –compatible in scale and form with detached single-family homes—located in a walkable neighborhood” (<https://missingmiddlehousing.com>). The term applies to such housing in an infill context on individual lots or small parcels, and to larger “greenfield” development, which is the missing middle housing type we are proposing. Opticos Design, which coined the term “missing middle,” developed the definition, and “wrote the book” on missing middle housing, has designed many greenfield missing middle developments, including Prairie Queen in Pavilion, NE; Mew homes in South Jordan, UT; and Cul de Sac Tempe in Tempe, AZ. We envision our project being a fusion of the above projects, drawing the best attributes of each, while addressing the needs of the surrounding community and constraints/opportunities of the site. We hope it will be *the* demonstration project that the City has identified in the Housing Element and their Major City Goals to “...evaluate and implement “missing middle” housing types (e.g., duplex, quadplex, cottages, etc.) to increase housing options....”



The proposed project would include 224 dwelling units and approximately 30,000-60,000 square feet of commercial uses consistent with the CS zone. Overall, the project would have 246 Density Units, approximately 21 density units per acre for the CS-Zoned area of the site that is eligible for residential development under the 2021 Airport Land Use Plan (ALUP). For sale single-family attached and detached units will have a mix of one-bedroom, two-bedroom and three-bedroom units ranging in size from 630 square feet up to 2,002 square feet with an average dwelling unit size of less than 1,300 square feet, approximately 20 percent lower than the typical offerings in the San Luis Obispo residential

market. The project will follow Traditional Neighborhood Development (TND) guidelines, meaning that it would be designed as an integrated whole, with everything having a rhyme and reason.

The project checks a lot of the city's "boxes" as follows:

1. It directly implements Housing Element Policy 5.3 and Program 5.4 which direct the City to "Encourage the development of a variety of "missing middle" housing types" and to "Evaluate and implement "missing middle" housing types (e.g., duplex, quadplex, cottages, etc.) to increase housing options in the City within three years of adopting the Housing Element". The project will demonstrate how Missing Middle development can be applied on a larger scale for "greenfield" projects as opposed to a more limited infill scale.
2. It implements City Parks and Recreation Element policies to urge the development of parks in neighborhoods without parks, either through access improvements or by the construction of new parks.
3. The Financial Plan which mentions "initiating a missing middle housing program" where existing infrastructure can support additional infill and intensification and promote complete neighborhood by including more diversity in housing options of all types.
4. Housing Element Policy 6.2 that provides priority for low income housing.

Elected officials, City staff and the residents of the Serra Meadows and Toscana neighborhoods have been consulted about the advisability of moving forward with the project. All of these meetings have been met with enthusiasm and support.

Implementation of the project will require certain amendments to the General Plan and Margarita Area Specific Plan (MASP) as specified herein. The General Plan and Zoning will be amended to show C-S land uses, and the MASP will require amendments to the text, maps and graphics as described herein. We request that the City authorize the necessary MASP and General Plan amendments to move the project forward. These changes are warranted and desirable because:

1. The proposed housing types are a high priority for the City and doing the amendment now will reduce the timeframe for development and construction by several years.
2. Direct costs of development for the project will be lower and more households will qualify.
3. There is also no demonstrable need for the office space and industrial space associated with the current zoning of the property. According to the LUCE EIR, the City currently has approximately 1.9 million square feet of available office/RD building capacity against a ten-year demand of approximately 700,000 square feet communitywide. The site would reduce that potential by less than 15 percent to 1.65 million square feet.
4. Parks and Recreation Policies 1.3 and 1.7 direct that gaps in park service areas be remedied.

5. The project generates \$12.7 million in City impact fees, compared to \$7.1 million in impact fees with the current zoning, and without any new obligations associated with those impact fees. The project would generate \$157.1 million in assessed value compared to \$100 million under existing zoning and would generate \$298,900 in annual revenue to the City, compared to \$174,500 under the existing zoning (if it ever fully builds out).

In sum, allowing the project by initiating and approving the requested MASP and General Plan amendments would reduce housing costs and be economically positive to the City for both one-time impact fees and ongoing revenue. There does not appear to be a compelling reason to not initiate the amendment.

Introduction

A project is proposed at 365 Prado Road that will provide for a mix of residential and commercial uses that address City Council priorities for the development of workforce housing in the community. It is being positioned to address housing and employment needs in the community through a combination of design excellence, value-added features, location, design, and a range of housing types and sizes that are not being met in the community. Proposed by Covelop Holdings of San Luis Obispo, it is located at the southeast corner of Prado Road and Davis/Serra Meadows Drive. (See Figure 1.) The project involves the change in general plan designation, rezoning and an amendment to the Margarita Area Specific Plan from BP to CS for 16.4 acres of the project. There will be a 1.2-acre HOA-maintained park intended to be open to the public.

As currently planned, the proposed project would be a “mixed use” project within the meaning of Table 1 of the Land Use and Circulation Element, and Table 2-1 and Section 17.70.130 of the Zoning Ordinance. The project includes approximately 159 attached and detached single family homes at a density of 20.5 density units to the acre: 65 for-rent apartments units and approximately 30,000-60,000 square feet of mini storage/office/RD space. A 1.2-acre park is proposed to fill the current geographic and timing gap to provide adequate park facilities for the Serra Meadows and Toscana neighborhoods. Those neighborhoods are deficient in park area and are currently dependent solely on the development of the MASP neighborhood park on the Garcia property, which has a low likelihood of developing over the next 20 years. The project would add needed park facilities and provide an alternate means of meeting such needs as provided in Parks and Recreation Policies 1.3 and 1.7. The project would provide a park in a park access gap identified in Figure 4-2 of the Parks and Recreation Element. Because of the design of the project and potential to meeting neighborhood park facility needs, the project is strongly supported by the existing neighborhood who were consulted about the project during two neighborhood workshops.

The project will follow guidelines for Traditional Neighborhood Development (TND), meaning that it would be designed as an integrated whole, with everything having a rhyme and reason. Care is taken with details such as the height of the porches from the ground, the connectivity of homes with amenities, open spaces and other housing product types. Each neighborhood is walkable and clustered around common open space, yards, and a recreation center with a community building. No residential unit is ever more than 500 feet from a park or trail, with a variety of housing options fronting parks,

walking paths, and streets. The development also ensures compatibility with the existing neighborhood through consistent building massing and gentle density transitions.

The project will also emphasize “Missing Middle” housing types. The term “missing middle” is meant to describe housing types that were common in the pre-WWII United States such as duplexes, rowhouses, and courtyard apartments but are now less common and, therefore, “missing”. Rather than focusing on the number of units in a structure, missing middle housing emphasizes scale and heights that are appropriate for single-family neighborhoods or transitional neighborhoods, but at densities that have been more typical of multi-family stacked flat developments. This approach allows the introduction of smaller floor plans, but with the massing and building arrangement that are more typical of single family detached developments. Missing middle units are characterized as being within a walkable context, smaller footprint unit sizes, lower perceived density, high design and detailing, less parking demand and supply because they are placed in walkable neighborhoods. They are also affordable by design because they rely on simple Type V construction, so that there are not the typical tradeoffs of higher density resulting in higher per-square foot costs.

Missing middle housing has been used as an infill strategy to achieve higher densities in low density zoned areas while still preserving existing building massing and single family street scenes patterns, as well as larger scale projects that provide an integrated eclectic mix of housing types. Accordingly, Missing Middle housing is highly sought after by millennials and empty nester baby boomers, the two biggest elements of the local residential development market.

Various studies are underway for the project, including a biological reconnaissance study, wetland delineation, geotechnical study, noise study, traffic study (including capacity and lane configuration studies for Prado Road and Higuera), and others to satisfy City requirements. It is expected that the environmental effects of the projects, and necessary mitigations, will be covered in an environmental impact report (EIR).

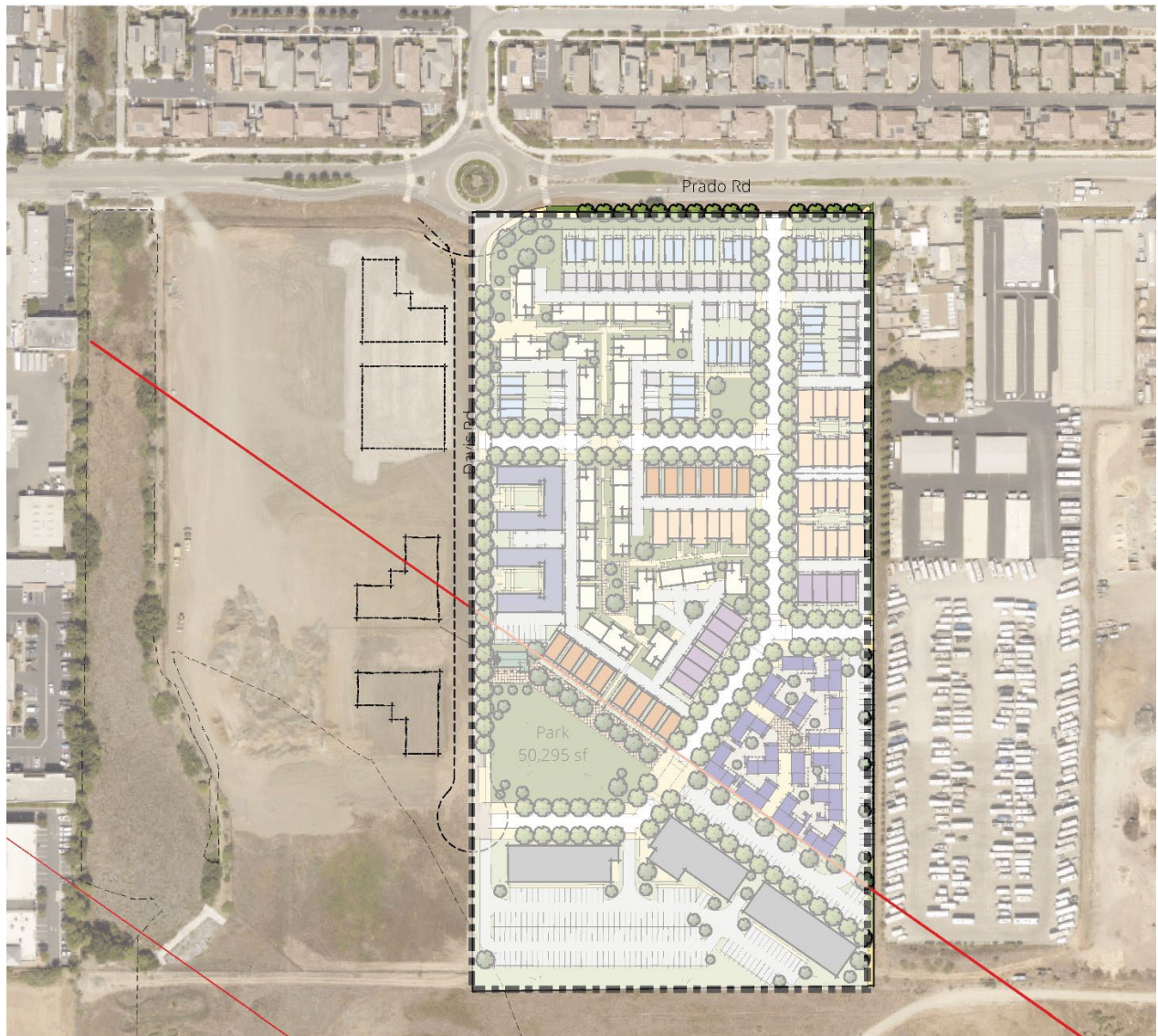


Figure 1 Site Location and Vicinity

Mixed Use/Common Interest Subdivision

The City's General Plan and Zoning Ordinance require that any residential development in the CS zone be "mixed use", and Section 17.70.130 establishes guidelines for such developments. Developments can be master planned and entitled as a single project, and there can be subsequent lot splits and parcelization if the parcels are subject to the necessary entitlements and maintenance and management documents to ensure ongoing operation of the project as a mixed use development. Each individual small lot or large conveyance lot in our project will not be "mixed use" and the project will use the provision of Section 16.17.020 for common interest subdivisions that provide for compliance of "...property development standards such as lot coverage and density are determined by using the exterior boundaries of the property and where standards apply to the project as a whole instead of requiring conformance with all property development standards on each of the proposed parcels/units in the subdivision. These types of subdivisions can rely on shared ownerships as is the case with subdivisions with common interests (i.e., condominiums) or may also rely solely on or in part with easements for common areas such as recreation facilities, open space, parking, driveways, etc." The park and drainage basin/infrastructure will be common ownership elements. Within our project, small lot tract maps and larger lot conveyance maps will be subject to a Homeowner's Association, one or more Property Owner's Associations (for commercial or multifamily rental parcels), and Joint Management and Maintenance Agreements.

It is anticipated that the project will request a concession of the ground floor use limitations in Zoning Ordinance Section 17.70.130 D. 1 relating to requirements for the minimum amount of ground floor commercial as part of its Density Bonus application, but the project will comply in all other materials ways with the mixed use requirements of the CS Zone. Additionally, the project will request waivers of development standards to accommodate the proposed project including setback and lot size requirements as allowed through California Density Bonus Law.

Project Data and Design

The project plans in Attachment 1 show a mixture of single family attached and single family detached units ranging in size from 630 square feet to 2,002 square feet. The different unit types will be designed and constructed in clusters rather than in homogenous pods as is typical of product-segmented neighborhoods. The various unit types will be connected and organized through a central walkway in the "Mews" portion of the project that will originate at Prado Road and Davis Street and terminate at the park. There is a total of 224 dwelling units, with 159 of those as single family attached and detached units which are intended for sale. The project also includes 65 for-rent apartments, ranging in size from 480 square feet to 1,000 square feet. The total density of the project is 246.26 density units, or 21.8 density units per acre. Total permitted density is 270.7 density units per acre. Table 1 shows the summary of the land uses and the development. (See Figure 2, Land Use Plan, and Figure 3, Site Plan.)

Table 1**Land Use and Development Summary**

Data		Total	Sale	Rent	C-S	Parks	Streets
Net Site Area		19.35	9.52	1.76	3.87	1.15	3.05
Units		224	159	65			-
Studio		16	-	16			-
1BR		36	20	16			-
2BR		87	54	33			-
3BR		85	85	-			-
Density Units		246.26	194.70	51.56			-
Density Units/Acre		21.83	20.45	29.30			
Doors/Acre		19.86	16.70	36.93			
FAR			53.2%	66.6%	35.6%		
Total Building Area		331,498	220,418	51,080	60,000		-
Garage Area		16,160	16,160	-			-
Floor Area		315,338	204,258	51,080	60,000		-

The project proposes to construct approximately up to 60,000 square feet of commercial space (potentially mini storage or light industrial uses) in the area of the site in ALUP Zone 2 that does not permit residential development. Under the current zoning designation for 19.5 acres of Business Park, the project would accommodate 277,500 SF of office/RD space. Based on the projected demand for office/RD space in the community as itemized in Table 2 below, it is unlikely that level of development will ever occur. According to Table 2 below, there is a demand for approximately 700,000 square feet of office/RD space in the community over the next ten years. According to Table 2.4-3 of the LUCE Draft EIR, there is capacity for 450,800 square feet of office space on potential development sites, 1,386,200 square feet of office space in previously approved specific plans, and an additional 25,900 square feet of space of previously approved projects, for a total of 1,872,900 square feet of office/RD space to meet the approximate 700,000 square feet of demand over the next ten years. And there is currently 400,000 square feet of vacant building space on the market, not including office space conversions that are possible in the downtown, and not including major pending projects like The Link along Tank Farm Road. If the project captures as much as 20% of total unmet demand project to occur over the next 10 years, only 40,000 to 60,000 square feet of office/RD space could reasonably be expected to occur over that time frame. Even if all of the current BP property in the MASP that is now eligible for residential development was so converted, it would result in a reduction of office/RD development capacity of the community 600,000 square feet to 1,272,900 square feet of office/RD, which is four times the need over the next ten years that is not being addressed by existing vacant buildings.

Table 2

Commercial Space Needs Projection

2018-2028 Industry Employment Projections										
San Luis Obispo-Paso Robles-Arroyo Grande Metropolitan Statistical Area (San Luis Obispo County)										
Industry Title	Base Year Employment Estimate 2018 ^[2]	Projected Year Employment Estimate 2028	Numeric Change 2018-2028	SF per Employee	Occupied Building Space Demand	Vacancy Factor	Total Building Demand	Industrial	Office/RD	Hospitality
Wholesale Trade	2,700	2,800	100	-	-	-	-	-	-	-
Information	1,300	1,600	300	250	75,000	3,750	78,750	-	78,750	-
Finance and Insurance	2,300	2,300	-	250	-	-	-	-	-	-
Real Estate and Rental and Leasing	1,600	1,800	200	250	50,000	2,500	52,500	-	52,500	-
Accommodation and Food Services	17,600	20,300	2,700	250	675,000	33,750	708,750	-	-	708,750
Other Services (excludes 814-Private Household Workers)	4,000	4,400	400	250	100,000	5,000	105,000	-	105,000	-
Mining, Logging, and Construction	7,900	8,800	900	1000	900,000	45,000	945,000	945,000	-	-
Trade, Transportation, and Utilities	20,900	21,600	700	500	350,000	17,500	367,500	367,500	-	-
Transportation, Warehousing, and Utilities	3,900	4,500	600	500	300,000	15,000	315,000	315,000	-	-
Nondurable Goods Manufacturing	4,500	5,300	800	500	400,000	20,000	420,000	420,000	-	-
Manufacturing	7,700	8,800	1,100	500	550,000	27,500	577,500	577,500	-	-
Durable Goods Manufacturing	3,200	3,500	300	500	150,000	7,500	157,500	157,500	-	-
Retail Trade	14,300	14,300	-	300	-	-	-	-	-	-
Financial Activities	3,900	4,100	200	300	60,000	3,000	63,000	-	63,000	-
Professional and Business Services	10,800	11,600	800	300	240,000	12,000	252,000	-	252,000	-
Educational Services (Private), Health Care, and Social Assistance	17,700	21,300	3,600	300	1,080,000	54,000	1,134,000	-	1,134,000	-
Local Government	13,100	13,300	200	300	60,000	3,000	63,000	-	63,000	-
State Government	10,800	10,700	(100)	300	(30,000)	(1,500)	(31,500)	-	(31,500)	-
Self Employment ^[4]	8,800	9,500	700	450	315,000	15,750	330,750	-	330,750	-
Total Farm	5,200	6,500	1,300	-	-	-	-	-	-	-
Private Household Workers ^[5]	200	200	-	0	-	-	-	-	-	-
Total MSA	162,400	177,200	14,800		5,275,000	263,750	5,538,750	2,782,500	2,047,500	708,750
SLO City Capture @ 35%			9.11%		-	-	1,938,563	973,875	716,625	248,063

The preference for deleting or significantly reducing the existing office/RD designation was confirmed at a neighborhood meeting. Of the 24 neighbors in attendance, 23 expressed a preference for the proposed project over existing zoning. The conclusions drawn from the above analysis and the community meetings is that the current office/RD designation is not needed to support employment growth in the community and is not supported by the community. Keeping the existing BP designation will only perpetuate the bloated inventory of vacant office/RD land that was created from the 2005 ALUP constraints.

Early in the project during two community meetings and design charrettes, there was a need expressed for a public park. Under the MASP, the parks for the neighborhood were to be provided in a central neighborhood park on the Garcia property located to the east of the current terminus of Prado Road. The Garcia property has a low likelihood of developing over the next 20 years. The Parks and Recreation Element identifies a park “gap” identified in Figure 4-2 of the Parks and Recreation Element. The project would add a 1.1-acre park. Figure 4 shows the open space and park proposed for the project.

The project has ready access to sewer, water, storm drainage and roads. The site has drainage rights to the Serra Meadows basin, and sewer, water and storm drainage connections are available at the side of the Davis Road/Prado Road intersection. Road frontage improvements will be required, but no offsite improvements are needed.

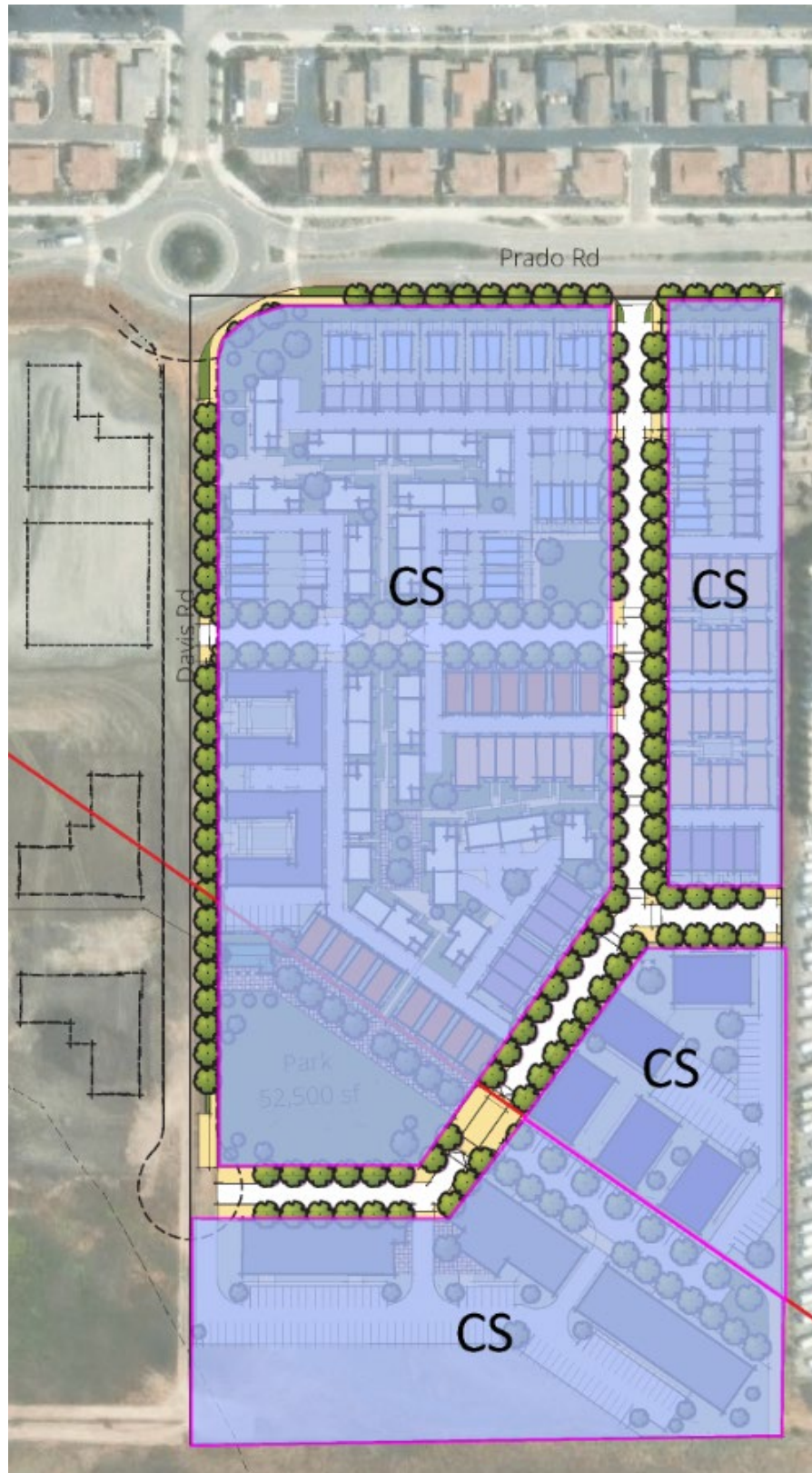


Figure 2 Proposed Land Use and Zoning Plan

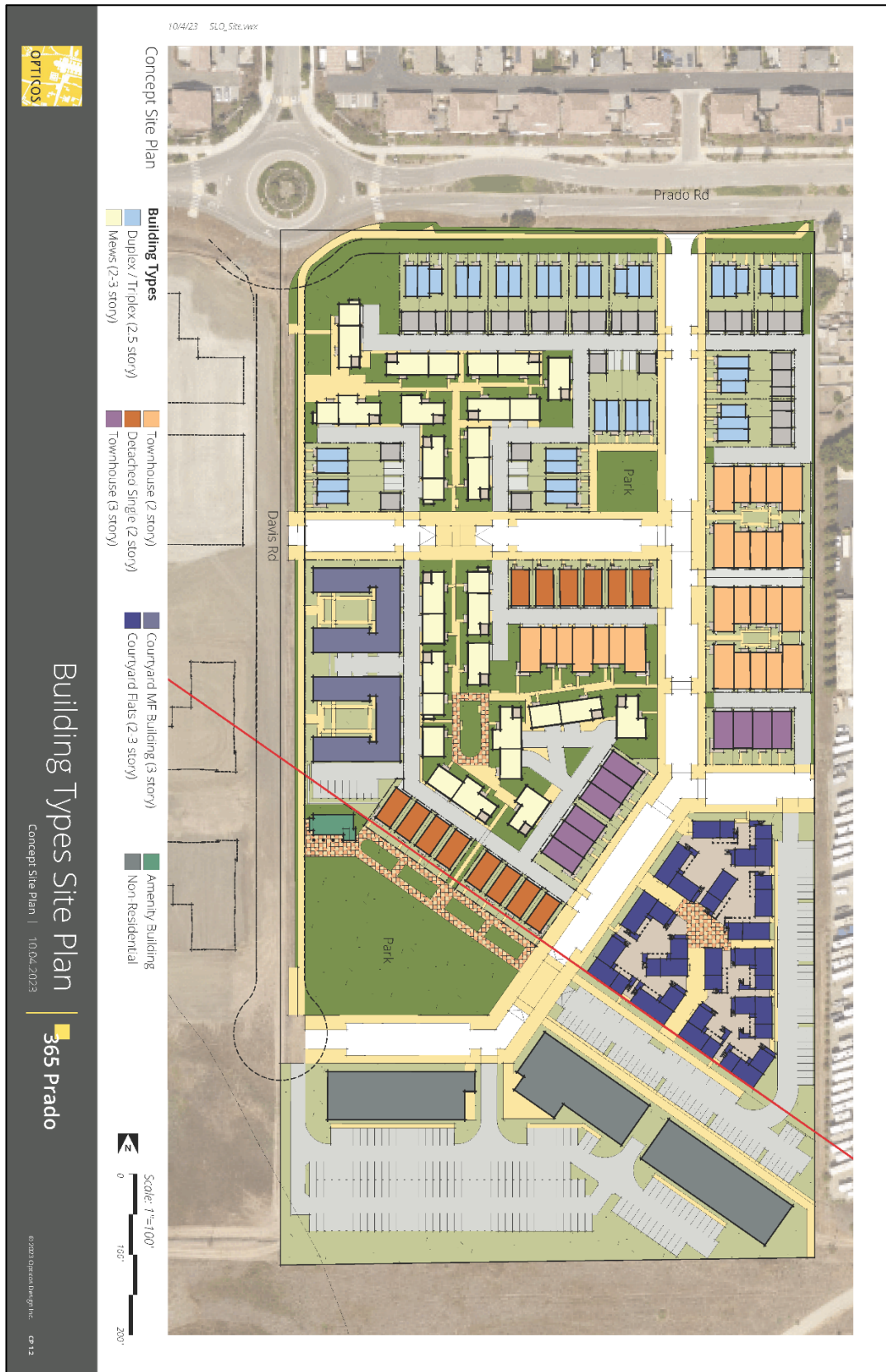


Figure 3 Building Types Site Plan

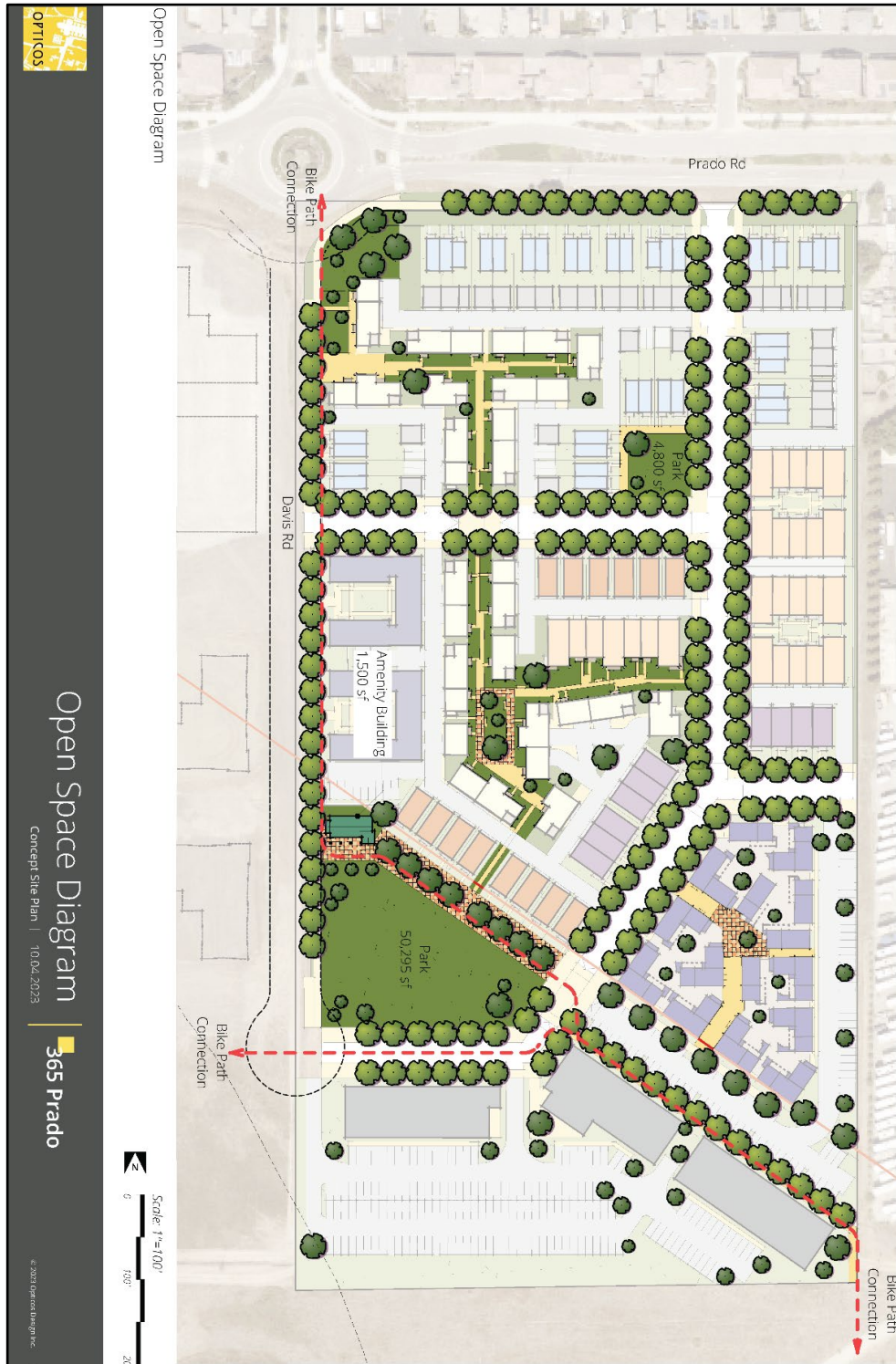


Figure 4 Open Space and Parks

Entitlement and Land Use Regulations

The current zoning on the property, and in fact in the entire MASP, was driven by the land use restrictions in the 2005 Airport Land Use Plan that generally prohibited residential land uses south of Prado Road, and substantially reduced the allowed number of residential units in the remainder of the specific plan area. The County completed an update to the ALUP in 2021 and residential land uses are now permitted on 12.5 acres of the project site's 19.4 acres under the new ALUP. The LUCE has not been amended since its original adoption in 2014 to address this new information and the modified restriction, but Land Use Element Policy 8.1.3 provides that *"The City shall consider this area [MASP] as potentially appropriate to accommodate additional housing. Revisions to the Margarita Area Specific Plan will be required if residential development in excess of that accommodated in the plan is proposed."* The City has begun scoping the required studies and processes for an update to the MASP. That amendment will start with technical studies, followed by environmental review and will conclude with modification of the General Plan and Specific Plan. A likely timeframe for completion is three to five years. The city's efforts in the larger amendment will be primarily focused on the evaluation and development of environmental and planning documents for the 160-acre Garcia property in the eastern portion of the MASP, which are somewhat unrelated to the subject property. There are no improvements that need to be installed or key questions answered related to the MASP that are necessary to move forward with the subject project and waiting for the MASP to be completed before starting on this project will only delay implementation by 5-7 years. Proceeding with this project will not compromise the other effort and has the following advantages:

1. Since there is no obvious demonstrated need for the office/RD space that would be eliminated from this site, there is no real need to look at this in a global context. The City is oversupplied with office/RD land. The project site has been vacant with the current land use designation for the past 20 years and it is unlikely that it will develop in the future as currently zoned.
2. The project is proposing a housing type that is not currently being provided in the marketplace and provides housing at a smaller size and lower price point. The City has placed a high priority on "missing middle" housing and this project delivers the first project in a greenfield context.
3. The project will qualify for a density bonus by providing 5% very low density units (either for sale or for rent). Excluding the future public roads and the areas within Zone 6 of the ALUP, the site is 11.26 acres yielding a maximum residential density of 270.24 units. We are proposing 14 density units as deed restricted to qualifying very low incomes.
4. The project requires little new infrastructure. The housing would come without any significant city obligations for infrastructure or infrastructure reimbursement. Despite little need for new infrastructure, the project would immediately create \$3.7 million in water impact fees, \$3.5 million in wastewater impact fees, \$3.4 million in traffic fees, \$1.6 million in park fees, and \$407,000 in Public Safety Impact fees. Overall, the project will generate \$12.7 million in City impact fees, compared to \$7.1 million in impact fees with the current zoning (if or when such development ever occurs).

5. The project would provide a much-needed park. The need has been identified for a park at this specific site in the Recreation and Parks Element and is a high priority of the residents in the area. The residents want something like this sooner than later.
6. The project has been reviewed by the affected neighbors and elected officials without any real objections raised.
7. This land use/zone change is supported by LUCE Policy 8.1.3, as well as MASP policies to support mixed use developments; Parks and Recreation Policies 1.3 and 1.7 relating to addressing gaps in park access identified in Figure 4-2 of the Parks and Recreation Element; and, the 2020 Housing Element Policy 5.3 and Program 5.4 of which direct the City to “Encourage the development of a variety of “missing middle” housing types” and to “Evaluate and implement “missing middle” housing types (e.g., duplex, quadplex, cottages, etc.) to increase housing options in the City within three years of adopting the Housing Element”. Starting this project now helps the City meet the deadline for evaluating and encouraging missing middle housing.
8. The project would generate \$157.1 million in assessed value compared to \$100 million under existing zoning. While the city does not participate in the base property taxes, the proposed project would generate \$84,000 per year in State Property Taxes In Lieu compared to \$59,300 with the existing zoning. Further, the project would generate \$110,000 per year in local sales taxes (share of Bradley-Burns plus local measure), whereas the office/RD uses would generate no sales taxes. In total, the project would generate \$298,900 in annual revenue to the City, compared to \$174,500 under the existing zoning if it ever fully builds out.

Required General Plan and Zoning Changes

1. Change the land use designation for the property to CS, CS-Mixed Use, and PF as represented in Figure 2.

Required MASP Changes

In addition to the LUCE land use and zoning changes, there are a number of changes that are necessary to the MASP, as follows:

1. Figure 5—Residential Development Areas to be amended to include project site. Change name to “Potential Residential Development Areas”.
2. Delete the reference to “dwellings” being prohibited in Section 2.6.1 D.
3. Review and modify FAR limitations as necessary.
4. Amend Figures 10 and 11 to reflect revised ALUP safety zones. Delete references to unit limitations within the various subareas of the MASP and instead refer to unit limitations and development requirements in the ALUP. (The City recently amended Section 17.70.020 of the Zoning Ordinance to require that “All projects including but not limited to renovation, remodeling, new construction, or granting of any permits for land uses or other activities, shall be consistent with the height, use, noise, safety, and density criteria of the Amended and Restated San Luis Obispo County Regional Airport (SBP) Airport Land Use Plan (ALUP).” This change would bring the MASP into conformance with the Zoning that is applicable to the rest of the City.
5. Figure 12—Circulation Plan is inconsistent with General Plan Circulation Figure 1—Streets Classification Diagram. The latter shows an E-W “Proposed Local Street” on the southern one-third of the property paralleling Prado Road. MASP Figure 12 and the development plan will need to be modified to be consistent with the General Plan Circulation Element.
6. Delete Table 13 and Figure 23 relating to phasing of improvements. It essentially requires completion of Prado Road to Broad Street before development on the site is permitted.

Modify land use tables to reflect the addition of residential units to General BP land use category.

Other Needed Entitlements

1. Concession of ground floor commercial requirement and waivers of development standards (setbacks, lot size, etc.) as part of the density bonus application.
2. Adjustment to parking and setback requirements through the MASP amendment, or density bonus program.
3. Vesting Subdivision Map, plus large lot conveyance map.