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## PLANNING COMMISSION AGENDA REPORT

**SUBJECT:** REVIEW OF A TEXT AMENDMENT TO THE ZONING REGULATIONS TO ADD SINGLE-FAMILY AND MULTI-FAMILY USES AS CONDITIONALLY ALLOWED WITH APPROVAL OF A MINOR USE PERMIT IN THE NEIGHBORHOOD COMMERCIAL (C-N) ZONE. THE PROJECT IS EXEMPT FROM ENVIRONMENTAL REVIEW.

**PROJECT ADDRESS:** Citywide

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**FILE NUMBER:** CODE-0224-2024

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**FROM:** Tyler Corey, Deputy Director

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### RECOMMENDATION

Recommend the City Council introduce and adopt an Ordinance revising Table 2-1 (Uses Allowed by Zone) in Title 17 (Zoning Regulations) to add single-family and multi-family uses as conditionally allowed with approval of a Minor Use Permit in the Neighborhood Commercial (C-N) Zone. The project is exempt from environmental review under Section 15301(b)(3) (General Rule Exemption) of the California Environmental Quality Act (CEQA) Guidelines.

### SUMMARY

On behalf of the City of San Luis Obispo (City), the Community Development Director (Director) has initiated a text amendment to Title 17 (Zoning Regulations) of the Municipal Code. To provide additional flexibility in the development potential and use of parcels in the C-N zone, the proposed text amendment includes a revision to [Table 2-1](#) (Uses Allowed by Zone) to add “single-unit dwellings, detached” and “multi-unit residential” as conditionally allowed uses with approval of a Minor Use Permit in the C-N zone (Attachment A – Draft Planning Commission Resolution, Attachment B – Draft City Council Ordinance). There are no other revisions proposed as part of the application.

### 1.0 PLANNING COMMISSION’S PURVIEW

Per [Chapter 17.124](#) (Amendments – Zoning Regulations and Zoning Map), the Planning Commission’s role is to review the proposed text amendment for consistency with the City’s General Plan and State Law and provide a recommendation to the City Council.

### 2.0 PROJECT INFORMATION

#### 2.1 Background

Since at least 1981, single-family and multi-family uses were conditionally allowed uses with approval of a Minor Use Permit (i.e., Administrative Use Permit) in the C-N zone

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([Ordinance No. 887 \[1981 Series\]](#)). These uses were removed from the list of allowable uses for the C-N zone as part of the comprehensive update to Title 17 (Zoning Regulations) in 2018 ([Ordinance No. 1650 \[2018 Series\]](#)). It is not clear to staff if this change was intentional or an oversight as there was no specific discussion in the staff reports, presentations, or minutes from the public hearings regarding this amendment. As such, the current Zoning Regulations does not include “single-unit dwellings, detached” and “multi-unit residential” uses as allowable uses in the C-N zone (Figure 1 – Table 2-1).

Table 2-1: Uses Allowed By Zone																	
Key:	A = Allowed; MUP = Minor Use Permit approval required; CUP = Conditional Use Permit approval required M/A = Minor Use Permit approval required on ground floor along street frontage, allowed on second floor or above																
	Permit Requirement by Zoning District																
Land Use	AG	C/OS	R-1	R-2	R-3	R-4	PF	O	C-N	C-C	C-R	C-D	C-T	C-S	M	BP	Specific Use Regulations
RESIDENTIAL USES																	
General Residential Housing Types																	
Single-Unit Dwellings, Detached	A	CUP	A	A	A	A		A									
Multi-Unit Residential				A	A	A		A									
Boarding House					CUP	CUP					MUP	MUP					

Figure 1 – Table 2-1 (Uses Allowed by Zone) of the current Zoning Regulations

## 2.2 Public Interest / Proposed Text Amendment

In response to public interest received to allow single-family and multi-family uses in the C-N zone, the Director has initiated a text amendment in accordance with [Section 17.124.020\(B\)](#) (Authority to Initiate an Amendment to the Zoning Regulations). The proposed amendment includes a minor revision to Table 2-1 (Uses Allowed by Zone) to add “single-unit dwellings, detached” and “multi-unit residential” uses as conditionally allowed uses with approval of a Minor Use Permit (Figure 2 – Proposed Text Amendment). This amendment would be consistent with use regulations for the C-N zone prior to the comprehensive update in 2018. No other revisions are proposed as part of this application.

Table 2-1: Uses Allowed By Zone																	
Key:	A = Allowed; MUP = Minor Use Permit approval required; CUP = Conditional Use Permit approval required M/A = Minor Use Permit approval required on ground floor along street frontage, allowed on second floor or above																
	Land Use	Permit Requirement by Zoning District															
AG		C/OS	R-1	R-2	R-3	R-4	PF	O	C-N	C-C	C-R	C-D	C-T	C-S	M	BP	Specific Use Regulations
RESIDENTIAL USES																	
General Residential Housing Types																	
Single-Unit Dwellings, Detached	A	CUP	A	A	A	A		A	MUP								
Multi-Unit Residential				A	A	A		A	MUP								
Boarding House					CUP	CUP					MUP	MUP					

Figure 2 – Proposed Text Amendment to Table 2-1 (Uses Allowed by Zone)

### 3.0 PROJECT ANALYSIS

#### 3.1 Consistency with the General Plan

The Neighborhood Commercial (NC) land use designation is intended for the provision of goods and services that meet the frequent shopping needs of people living nearby as described in the [Land Use Element](#) (LUE) (Table 1 – General Plan Land Use Designations and Development Standards in the LUCE Planning Sub-area). Listed examples of intended uses include small-scale grocery stores, laundromats, drugstore, small-scale specialty stores, residential uses as part of mixed-use projects, and public and quasi-public uses. It is noted that the examples provided do not reflect an exhaustive list of allowable uses as the intents of land use designations inform allowable uses in corresponding zones of the Zoning Regulations.

Since the NC land use designation is intended for small-scale commercial uses that serve the daily needs of nearby residents, the proposed text amendment would not conflict with the intent of the land use designation and instead provide additional opportunities where residential uses can be allowed. To facilitate its intent, the NC land use designation is located in proximity or adjacent to residential land use designations (e.g., Low, Medium, Medium-High, and High Density Residential) as shown in the [Land Use Map](#). As such, the amendment to add single- and multi-family uses to the list of allowable uses in the C-N zone would result in residential uses that are in proximity to other compatible residential and neighborhood serving commercial uses.

#### 3.2 Consistency with the Zoning Regulations

Per [Chapter 17.26](#) (Neighborhood Commercial [C-N] Zone), the C-N zone is intended to accommodate the establishment and operation of small-scale, pedestrian-oriented, and low-impact retail sales and personal services for the convenience and frequent needs of people living in the surrounding residential areas. As shown in the [Zoning Map](#), there is a limited number of parcels in the C-N zone throughout the City. These properties are developed with existing residential, personal service, restaurant, general retail, commercial recreation, etc. uses. They are primarily concentrated near and along the Broad Street corridor between Church Street and Alphonso Street with few exceptions (or outliers) at the following locations:

- Broad Street and Lincoln Avenue intersection
- California Boulevard between Hathway Avenue and Highway 101
- Laurel Lane between Augusta Street and Southwood Drive

There are also C-N zoned parcels located within the San Luis Ranch Specific Plan and Avila Ranch Development Plan areas. However, these properties are differently regulated by the applicable Specific Plan or Development Plan approval.

After the comprehensive update to the Zoning Regulations in 2018, existing residences not part of mixed-use developments in the C-N zone became nonconforming uses. These

nonconforming residential uses are located primarily near and along Broad Street between Church Street and Alphonso Street, and have specific circumstances in which they may be continued and/or expanded as detailed in [Chapter 17.94](#) (Nonconforming Uses). Since the list of allowable uses in the C-N zone includes a limited range of small-scale and low-impact commercial uses (e.g., food services, personal services, etc.) that are dependent on the surrounding residential areas, the amendment to add single-family and multi-family uses would provide additional flexibility in the development potential and use of these parcels. Additional development and use potential of this zone would be pertinent to consider because the procurement of daily goods and services have evolved with technology in recent decades to allow direct-to-door deliveries, etc. While residential uses can be achieved as part of a mixed-use development (allowed use in the C-N zone), most of the parcels in the C-N zone are fairly small in size, which could make it more difficult to satisfy development standards for a feasible mixed-use development. The amendment would also change existing nonconforming residential uses back to be conforming uses. As proposed, the amendment would result in single-family and multi-family uses that are in proximity to other compatible residential and neighbor serving commercial uses.

### **3.3 Consistency with the Major City Goals**

Housing & Homelessness was prioritized as a Major City Goal in the [2023-2025 Financial Plan](#) to support the expansion of housing options and facilitate housing production. As proposed, the text amendment would advance this Major City Goal by providing additional opportunities where housing may be located within the City.

## **4.0 ENVIRONMENTAL REVIEW**

The text amendment is exempt under Section 15061(b)(3) of the CEQA Guidelines. This “Common Sense” exemption states that CEQA only applies to projects that have the potential for causing significant effect on the environment. Since the text amendment is a minor revision to Table 2-1 (Uses Allowed by Zone) in Title 17 (Zoning Regulations) that would conditionally allow residential uses with a Minor Use Permit in the C-N zone, the scope of this action is limited to a text amendment where subsequent single-family and multi-family residential development would be subject to discretionary review. Since these uses are subject to discretionary review, environmental review would be evaluated on a project-specific basis. It is also noted that there are existing single-family residences in some of the C-N zoned parcels. Therefore, there would not be additional environmental impacts for these parcels.

## **5.0 OTHER DEPARTMENT / DIVISION REVIEW**

If the proposed amendment is adopted, any subsequent single-family and multi-family residential development would be subject to discretionary review. Relevant departments and divisions would have the opportunity to review the proposed residential development as part of the Minor Use Permit application process.

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## **6.0 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, Zoning Regulations, or other policy documents.

## **7.0 ATTACHMENTS**

- A. Draft Planning Commission Resolution (CODE-0224-2024)
- B. Draft City Council Ordinance (CODE-0224-2024)