

RESOLUTION NO. PC-XXXX-25

A RESOLUTION OF THE SAN LUIS OBISPO PLANNING COMMISSION RECOMMENDING APPROVAL OF AMENDMENTS TO THE AIRPORT AREA SPECIFIC PLAN TO ALLOW MIXED-USE DEVELOPMENT WITHIN THE SERVICE COMMERCIAL (C-S) AND MANUFACTURING (M) ZONES SUBJECT TO A CONDITIONAL USE PERMIT WHERE APPROPRIATE AND CONSISTENT WITH THE AIRPORT LAND USE PLAN; AND A DETERMINATION THAT THE PROJECT IS CONSISTENT WITH THE CERTIFIED FINAL EIR FOR AIRPORT AREA AND MARGARITA AREA SPECIFIC PLANS AND RELATED FACILITIES MASTER PLANS (FEIR) WHEN CONSIDERED IN CONJUNCTION WITH AN ADDENDUM TO THE FINAL EIR; AS REPRESENTED IN THE AGENDA REPORT AND ATTACHMENTS DATED FEBRUARY 26, 2025 (SPEC-0457-2023)

WHEREAS, the 2014 General Plan Land Use and Circulation Elements (LUCE) update includes numerous policies that support the development of additional housing, particularly affordable housing, to meet ongoing demand; and

WHEREAS, consistent with Housing Element Program 5.5, the City in 2021 updated Title 17 (Zoning Regulations) to allow for mixed-use development in Service Commercial (C-S) and Manufacturing (M) zones by right throughout the City except in Specific Plan Areas such as the Airport Area Specific Plan (AASP) in order to help address ongoing housing demand; and

WHEREAS, the City has not allowed for mixed-use development in Service Commercial (C-S) and Manufacturing (M) zones in the AASP because the 2002 San Luis County Regional Airport (SBP) Airport Land Use Plan (ALUP) established safety and noise areas that limited or prohibited noise sensitive residential uses or high-density residential development in effect at the time of the adoption of the AASP in 2005; and

WHEREAS, the San Luis Obispo County Airport Land Use Commission (ALUC) in 2021 amended and restated the ALUP to address new technical information related to safety and noise, which resulted in a refinement of areas subject to land use restrictions under the ALUP, including areas within the AASP and as a result, there is now substantial area within the AASP where the land use restrictions have changed and created opportunities for mixed-use developments within the AASP; and

WHEREAS, the Airport Land Use Commission of the County of San Luis Obispo, upon receipt of a formal referral from the City of San Luis Obispo, conducted a hearing on February 19, 2025, and determined the proposed SPA is consistent with the San Luis Obispo County Regional Airport Land Use Plan subject to conditions, pursuant to a proceeding instituted under SPEC-0457-2023, City of San Luis Obispo, applicant; and

WHEREAS, the Planning Commission of the City of San Luis Obispo conducted a public hearing in the Council Chamber of City Hall, 990 Palm Street, San Luis Obispo, California on February 26, 2025, for the purpose of recommending amendments to the AASP to allow mixed-use development within the Service Commercial (C-S) and Manufacturing (M) zones subject to a conditional use permit where appropriate and consistent with the ALUP; and

WHEREAS, notices of said public hearings were made at the time and in the manner required by law; and

WHEREAS, the Planning Commission of the City of San Luis Obispo has duly considered all evidence, including the testimony of the applicant, interested parties, and evaluation and recommendations by staff, presented at said hearing; and

NOW, THEREFORE, BE IT RESOLVED by the Planning Commission of the City of San Luis Obispo as follows:

SECTION 1. Findings. Based upon all evidence, the Planning Commission makes the following findings:

1. The proposed amendment to the Airport Area Specific Plan (AASP) is consistent with the intent of the General Plan because it will not result in additional impacts beyond those anticipated in the Airport Area and Margarita Area Specific Plans and Related Facilities Master Plans Final EIR, and because the concept of mixed uses in appropriate locations within the City is supported in multiple policies within the General Plan, notably in the Housing and Land Use elements.
2. The proposed AASP amendments are intended to allow for mixed-use development consistent with the intent of the General Plan and in a manner generally consistent with how it is considered in C-S and M zones elsewhere in the City.
3. The proposed AASP amendments do not substantively change the policy framework or overall land use or circulation pattern envisioned in the originally adopted Specific Plan.
4. The proposed AASP amendments will not cause serious health problems, substantial environmental damage, or cause impacts beyond those disclosed in the certified Final EIR and Addendum for this action.

SECTION 2. Environmental Review. An addendum to the certified Final Environmental Impact Report (FEIR) (SCH #2000051062) for the Airport Area and Margarita Area Specific Plans and Related Facilities Master Plans was prepared to address changes to the previously-approved project, pursuant to Section 15164(b) of the CEQA Guidelines, since only minor technical changes or additions are necessary to the certified Final EIR and none of the conditions described in Section 15162 of the CEQA Guidelines have occurred that require preparation of a subsequent EIR.

The project is consistent with the certified Final Environmental Impact Report (FEIR) for Airport Area and Margarita Area Specific Plan and Related Master Plans under the California Environmental Quality Act (CEQA) in conjunction with an Addendum prepared pursuant to CEQA Guidelines 15164. All mitigation measures adopted as part of the Final EIR that were included in the Airport Area Specific Plan that are applicable to the proposed Specific Plan Amendment (SPA) are carried forward and applied to the proposed SPA to effectively mitigate the impacts that were previously identified.

SECTION 3. Action. The Planning Commission hereby recommends to the City Council the introduction and adoption of an ordinance to amend the AASP to allow mixed-use development within the Service Commercial (C-S) and Manufacturing (M) zones subject to a conditional use permit where appropriate and consistent with the ALUP as set forth in Exhibit A and incorporated herein.

Upon motion of Commissioner _____, seconded by Commissioner _____, and on the following roll call vote:

AYES:
NOES:
ABSENT:
RECUSED:

The foregoing resolution was adopted this 26th day of February 2025.

Tyler Corey, Secretary
Planning Commission

EXHIBIT A

PROPOSED AMENDMENTS TO THE AIRPORT AREA SPECIFIC PLAN TO ALLOW MIXED-USE DEVELOPMENT WITHIN THE SERVICE COMMERCIAL (C-S) AND MANUFACTURING (M) ZONES SUBJECT TO A CONDITIONAL USE PERMIT WHERE APPROPRIATE AND CONSISTENT WITH THE AIRPORT LAND USE PLAN

Additions to the Airport Area Specific Plan language is shown in underline text, with language to be removed shown in ~~strikethrough text~~.

Chapter 1—Introduction

Page 1-3. Environmental Review. Add the following paragraph following the first paragraph on the page, which describes the CEQA review that was conducted for this specific plan amendment.

Pursuant to Section 15164(b) of the CEQA Guidelines, an Addendum to the Final EIR was prepared to address changes to the Specific Plan Amendment approved in 2025, which allowed mixed-use development in Service Commercial (C-S) and Manufacturing (M) zones subject to a Conditional Use Permit within the AASP.

Page 1-7. The Planning Process. Add a new paragraph at the end of this section related to allowing mixed-use in the Service Commercial (C-S) and Manufacturing (M) zones within the AASP:

In 2025, the AASP was amended to allow mixed-use in the Service Commercial (C-S) and Manufacturing (M) zones subject to a Conditional Use Permit and findings described in Table 4-3, consistent with the 2021 amended and restated San Luis Obispo County Regional Airport Land Use Plan.

Chapter 2—The Planning Area

No changes proposed.

Chapter 3—Conservation and Resource Management

Page 3-12. Aircraft Operations. Add the following to the end of this section:

The Airport Land Use Commission adopted a major amendment to the Airport Land Use Plan on May 26, 2021. The amended and restated ALUP provides for noise contours that are tied to aircraft and airport activity that are consistent with adopted federal Terminal Area Forecasts, and on safety zones that are based on and consistent with those described in the Caltrans Airport Land Use Planning Handbook. These revised safety areas and noise contours have the general effect of opening certain areas in the AASP to residential development.

Chapter 4—Land Use

Page 4-2. Land Use Background. Modify the third complete paragraph on Page 4-2 as follows:

The land use plan was developed to ensure compatibility with airport operations. ~~Uses that have high concentrations of people or are sensitive to airport noise (e.g., low density residential, schools, hospitals, etc.) are not included in the planning area.~~ The designated AASP land uses (Figure 4-1) are consistent with the airport safety areas in the San Luis Obispo County Regional Airport Land Use Plan (ALUP), as amended in 2021. Generally, the critical areas in line with the runway centerlines will be maintained as open space. Lower intensity warehousing, manufacturing, service, business park and mixed-use development are designated for the less sensitive zones to the sides of the runways, and further out from the ends of the runways.

Page 4-3. Land Use Background. Remove Table 4-1 (Airport Area Specific Plan Land Use Program and Development Capacities) as shown below and all references to Table 4-1 in the text of the Specific Plan.

Residential Land Use	Acres	Units Per Acre	Estimated Dwelling Units
Undeveloped Land ¹			
Low Density	12.8	7.9	101
Medium Density	20.5	10.9	223
Medium-High Density	15.2	21.2	322
Subtotal	48.5		720
Developed Land (Existing Mobile Homes)	6.7	4.8	32
Total Residential Property	55.2		678
Non-Residential Land Use Designations	Acres	Floor Area	Estimated Building
Undeveloped Land			
Neighborhood Commercial	8.4	0.31	115,000
Community Commercial	9.66	0.44	185,147
Business Park	116.94	0.21	1,018,781
Service Commercial	155.0	0.24	1,620,432
Manufacturing	101.3	0.17	747,642
Subtotal	384.4		3,687,002
Developed Land	145.2	0.28	1,786,745
Total Non-Residential Property	529.6		5,437,474
Other Land Use Designations	Acres		
Agriculture	76.1		
Conservation / Open Space/Parks	294.9		
Government	292.5		
Total Other Property	663.5		
Total AASP Acreage²	1,255.1		

¹ The total potential square footage (and associated acreage) includes future development on properties currently under pre-annexation agreements and properties outside of the City's jurisdiction with alternative fee programs. Since these properties may not be required to pay their fair share of infrastructure costs, the difference will need to be funded by other funding sources (e.g., grants, additional City contributions, etc.).
² Excludes acreage associated with roads, setbacks, creeks, and other features.

Page 4-23. Table 4-3. Allowed Uses. Amend Table 4-3 to include a line item for Mixed-Use, indicating that it is allowed with a Conditional Use Permit. Add the following note (#9) at the end of the table that refers to the development standards and findings for

mixed-use development within the C-S and M zones. Specific proposed changes to Table 4-3 are shown below as underlined text:

Table 4-3 – Allowed Uses

Key:

A = Allowed

D = Allowed by Administrative Use Permit

PC = Allowed by Planning Commission Use Permit

Land Use	Zoning District			
	PF	C-S	M	BP
<u>MIXED-USE (also see Footnote 9 & 10)</u>		<u>PC</u>	<u>PC</u>	

Footnote:

9. In order to approve a Conditional Use Permit (noted as PC in Table 4-3) for a mixed-use development in the C-S and M zones, the Planning Commission shall find the project consistent with development standards outlined in San Luis Obispo Municipal Code Section 17.70.130 (Mixed-use development) and make the following findings:

- 1) There is demonstrable water and sewer capacity to serve the project;
- 2) Any fiscal impact of the project to the City must be offset to achieve fiscal neutrality;
- 3) There are no nearby uses that generate sufficient air emissions, noise, odors or vibration to create an incompatibility with proposed mixed-use development;
- 4) Proposed mixed-use residential development is consistent with land use, safety or noise restrictions set forth in the ALUP and any residential portion of a mixed-use development shall be wholly located within Safety Zone 6; and
- 5) There is adequate emergency response.

10. Avigation easements shall be recorded for each property prior to the issuance of a building permit. All owners, potential purchasers, occupants (whether as owners or renters), and potential occupants (whether as owners or renters) shall receive full and accurate disclosure concerning the noise, safety, or overflight impacts associated with Airport operations prior to entering any contractual obligation to purchase, lease, rent, or otherwise occupy the subject property or properties.

Page 4-28. Table 4-5. Building Intensity and Coverage Standards. Amend Table 4-5 to indicate a maximum Floor Area Ratio (FAR) of 1.5 for the C-S and M zones, including for mixed use development in those zones, in order to be consistent with the maximum FAR in C-S and M zones elsewhere in the City. Specific changes are shown below in underline text.

Table 4-5			
San Luis Obispo Airport Area Specific Plan			
BUILDING INTENSITY AND COVERAGE STANDARDS			
Also See Table 4-6. Limitations on employee and customer concentrations due to airport safety are more restrictive than the standards provided below in most cases and may reduce maximum potential FAR.			
Design Standard	Land Use Designation		
	Business Park	Service Commercial	Manufacturing
<u>Maximum floor area ratio: mixed-use development</u>	<u>n/a</u>	<u>1.5</u>	<u>1.5</u>

Page 4-30. Table 4-8. Parking Standards. Add the following note to Table 4-8:

(b) Parking standards for the residential component of mixed-use projects in the C-S and M zones must be consistent with the parking standards for residential uses as set forth in Section 17.72 of the Zoning Regulations.

Chapter 5—Community Design

Page 5-15. Goal 5.4, Guideline I. Modify as follows:

In R-3 and R-4 zones, as well as in the residential portions of mixed-use projects, parking bays and garages shall be placed adjacent to non-residential uses or adjacent to noise exposure areas to the extent possible to buffer sound impacts.

Page 5-18. Standard 5.6.2. Modify this standard as follows:

Each commercial, industrial loading, outdoor recycling or waste collection area shall be located on the side of a building opposite from parcel lines or street frontages of any land designated for residential use, or for mixed-use projects, separated or screened from the residential portion of the project to the extent possible.

Page 5-38. Table 5-5. Add a footnote to Table 5-5 as follows:

Residential landscape design standards also apply to mixed-use projects within the Service Commercial and Manufacturing land use categories.

Chapter 6—Circulation & Transportation

No changes proposed.

Chapter 7—Utilities & Services

No changes proposed.

Chapter 8—Public Facilities Financing

Page 8-15. Add a new Section 8.6.4 as follows:

8.6.4 Fiscal Neutrality

In order to support long-term fiscal solvency for the City General Fund while not over-prescribing non-residential uses beyond market and financial feasibility, and while not relying solely on future non-residential uses which are difficult to predict, mixed-use projects will be required to achieve fiscal neutrality. It is recommended that the City implement a Community Facilities District (CFD), similar to the mechanism used for the Avila Ranch development project, that could be applied to the AASP. However, without a CFD or another mechanism that can apply to the entire AASP, fiscal neutrality can also be achieved on a project-by-project basis, through the implementation of Home Owners Associations or similar mechanisms that use fees collected from homeowners to provide public services.

Chapter 9—Implementation

Page 9-2. Section 9.4, Architectural Review. Modify this section as follows:

Consistent with required citywide procedures, commercial, industrial, institutional, mixed-use and multi-family residential construction developments will be subject to architectural review. For projects subject to architectural review, the “minor or incidental” procedure should be used for those projects meeting this Specific Plan’s design standards.

Page 9-3. Section 9.8, Environmental Review. Add the following to the end of this section:

All individual development projects within the AASP that require discretionary approval are subject to project-specific environmental review as applicable under the California Environmental Quality Act (CEQA).