



Council Agenda Report

Item 7a

Department: Community Development
Cost Center: 4008
For Agenda of: 8/19/2025
Placement: Public Hearing
Estimated Time: 30 minutes

FROM: Timmi Tway, Community Development Director
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SUBJECT: REVIEW OF A PLANNED DEVELOPMENT AMENDMENT TO REVOKE THE PLANNED DEVELOPMENT OVERLAY, RELATED TO A MIXED-USE DEVELOPMENT PROJECT AT 1144 CHORRO STREET, FOR SEVEN (7) AFFECTED PROPERTIES. THE PROJECT IS EXEMPT FROM ENVIRONMENTAL REVIEW.

RECOMMENDATION

Recommend the City Council introduce and adopt an Ordinance revoking the Planned Development Overlay (Ordinance No. 1687 [2020 Series]), related to a development project proposed at 1144 Chorro Street, and amending the Zoning Map to rezone the seven (7) associated properties from C-D-PD and C-D-H-PD to C-D and C-D-H, respectively. The project is exempt from environmental review under Section 15301(b)(3) (General Rule Exemption) of the California Environmental Quality Act (CEQA) Guidelines.

PROJECT REQUEST

On behalf of Copeland Properties (Copeland), Jamestown Premier Retail LP (Jamestown), and NKT Commercial (NKT) (Applicants and Affected Property Owners¹), Mark Rawson (Representative) has submitted a Planned Development (PD) Amendment (PDEV-0428-2023) to revoke the PD Overlay ([Ordinance No. 1687 \[2020 Series\]](#)) for seven (7) properties located at 1144 Chorro Street; 895, 898, and 973 Higuera Street; and 876 and 890 Marsh Street (Attachment B, Figure 1). Revocation of the PD Overlay would rezone these properties from the Downtown Commercial Zone with Planned Development Overlay (C-D-PD) and Downtown Commercial Zone with Historic and Planned Development Overlays (C-D-H-PD) to Downtown Commercial Zone (C-D) and Downtown Commercial Zone with Historic Overlay (C-D-H), respectively.

¹ These three (3) Applicants cumulatively own all properties affected by the PD Overlay, as follows:

- Copeland – 973 Higuera Street
- Jamestown – 895 and 898 Higuera Street; 876 and 890 Marsh Street; and 868 and 870 Monterey Street
- NKT – 1144 Chorro Street

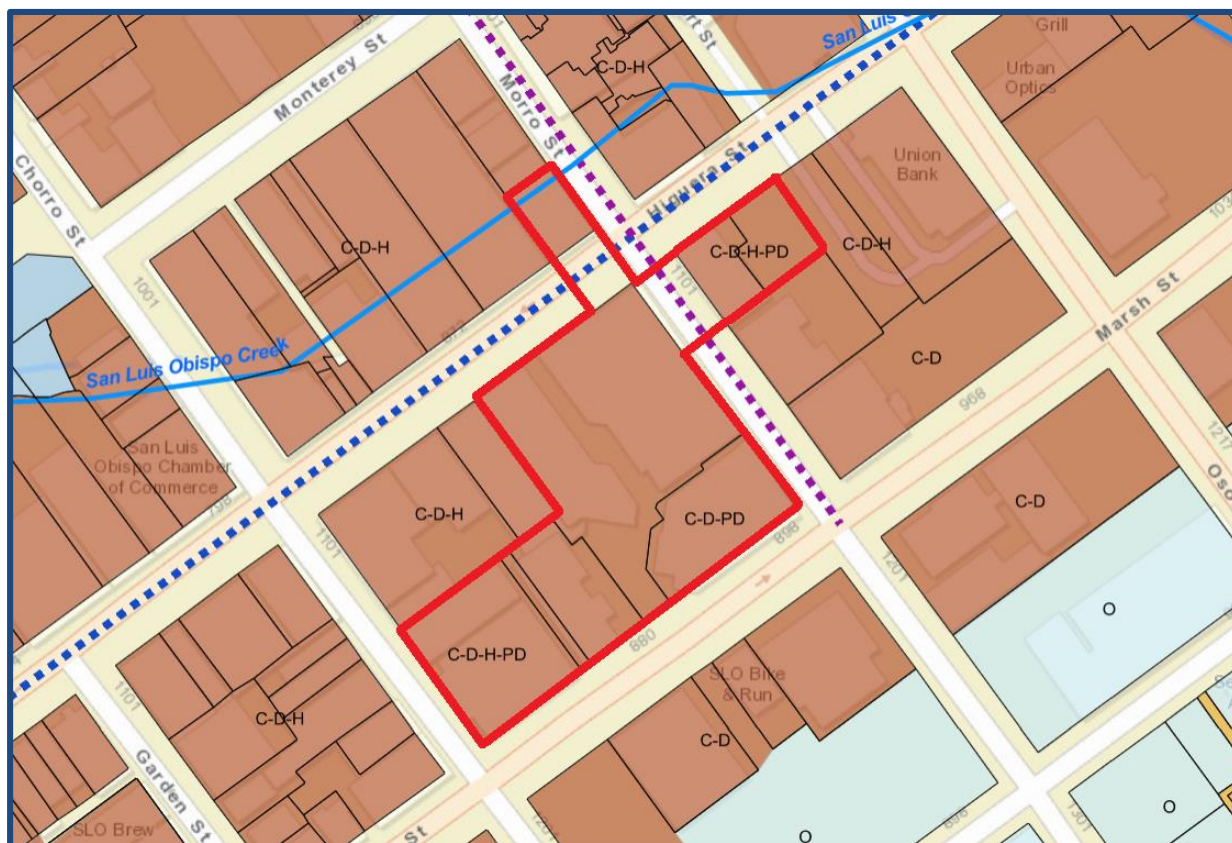


Figure 1 – Area of the PD Overlay²

It should be noted that the approval of the PD Overlay was specific to facilitating the mixed-use development proposed at 1144 Chorro Street (1144 Chorro Mixed-Use Project), which was approved in 2020. However, the Applicants are no longer interested in pursuing this project due to various changes in circumstances. Because this development project will no longer occur, the Applicants are now requesting to revoke the PD Overlay as a clean-up to the Zoning Map. The revocation of this overlay is intended to clarify the regulations that would apply to these properties for future development projects.

DISCUSSION

Background

After a series of public hearings with the Architectural Review Commission, Cultural Heritage Committee, Planning Commission, and City Council in 2019 – 2020, the City Council adopted [Ordinance No. 1687](#) approving the PD Overlay (PDEV-0509-2019 and EID-0475-2019) for seven (7) properties on September 1, 2020 ([Staff Report](#), [Minutes](#)).

² Revocation of the PD Overlay would result in the rezoning of the seven (7) properties outlined in Figure 1. Permanent preservation of an off-site building at 868 and 870 Monterey Street was identified and required as part of the original project approval. Because the property at 868 and 870 Monterey is offsite and not within the PD Overlay, there would be no changes to its zone.

This approval of Ordinance No. 1687 was accompanied by [Resolution No. 11160](#), which is the separate approval on August 18, 2020 for the six-story mixed-use development proposed at 1144 Chorro (ARCH-1687-2018, PDEV-0509-2019, and EID-0475-2019).

The PD Overlay was required to allow the transfer of unused density credits between neighboring properties and to construct the 1144 Chorro Mixed-Use Project at its desired density³. In accordance with San Luis Obispo Municipal Code (SLOMC) [Section 17.70.040\(B\)\(1\)](#), this PD Overlay identified participating properties at 895, 898, and 973 Higuera Street and 876 and 890 Marsh Street (which are primarily developed with commercial uses) that were willing to transfer their respective unused density credits to consolidate residential development at 1144 Chorro Street.

Changes in Circumstances and Current Status

Following the entitlement approvals in 2020, the following changes have occurred:

- In October 2023, Jamestown sold the property at 1144 Chorro Street to NKT.
- As the new Property Owner of 1144 Chorro, NKT is not interested in pursuing (or re-initiating) the 1144 Chorro Mixed-Use Project and has obtained entitlement and building permit approvals to allow different uses at the site⁴.
- Approval of the 1144 Chorro Mixed-Use Project ([Resolution No. 11160](#)) expired on August 28, 2024⁵. Because this PD Overlay is specific to facilitating the 1144 Chorro Mixed-Use Project and does not have any transferrable purpose or benefit, the overlay is no longer needed and unnecessarily references the requirements of an expired development project on the Zoning Map.
- There is public interest in developing other properties within the PD Overlay on an individual basis⁶.

Due to these various changes in circumstances, the owners of all seven (7) affected properties have requested to revoke the PD Overlay (Attachment B).

³ The application of development standards, including the calculation for maximum residential density, generally follows the lot lines of an *individual lot* and does not extend to the greater boundaries of a *project site*, which may comprise of multiple lots, unless otherwise allowed through a discretionary approval (e.g., PD Overlay, Specific Plan, etc.).

⁴ A Minor Use Permit (USE-0455-2024) was approved for a proposed office use on October 24, 2024, and a building permit (BLDG-0088-2025) was issued for the associated tenant improvements on April 28, 2025. This building is intended for the combined function of Cal Poly's Mustang Shop, Center for Innovation [CIE], and Small Business Development Center [SBDC]. Removal of this PD Overlay was not required to allow changes in commercial uses at the site.

⁵ The expiration date of this project approval was automatically tolled and extended by multiple State and Local emergency ordinances during the COVID-19 Pandemic. The last of these actions includes the City Council's adoption of [Resolution No. 11396](#), which terminated the Declaration of a Local Emergency for the COVID-19 Pandemic and provided an automatic 18-month time extension for all discretionary approvals until August 28, 2024. An additional time extension was not requested as allowed by SLOMC [Section 17.104.070](#), and this approval expired on August 28, 2024.

⁶ [Agenda correspondence](#) for the Planning Commission's initial review on July 9, 2025 indicates that there is interest in developing a mixed-use project at 973 Higuera Street, which is currently located within the PD Overlay.

While development approvals may expire if an Applicant does not move forward with subsequent steps in the permitting process, the adoption of a PD Overlay is an amendment to the Zoning Map that does not expire. Therefore, per SLOMC [Section 17.48.100](#), a rezoning process, which includes review by the Planning Commission and adoption by the City Council, is required to remove the PD Overlay.

Analysis of the Request

On [July 9, 2025](#), the Planning Commission reviewed and unanimously recommended the City Council revoke the PD Overlay because required findings for its initial approval would no longer be applicable and/or met ([Resolution](#)), based on the following:

1. The purpose of adopting this PD Overlay in 2020 was to facilitate a specific accompanying project at 1144 Chorro Street;
2. Approval of that accompanying project at 1144 Chorro Street (ARCH-1687-2018, PDEV-0509-2019, and EID-0475-2019) has expired;
3. Any community benefits and mandatory project features required of, or resulting from, the development project would no longer occur because the accompanying project approval has expired and the property owner of 1144 Chorro Street does not wish to re-initiate;
4. All current owners of the seven (7) affected properties do not wish to re-initiate the project as previously approved;
5. The property owner of 1144 Chorro Street has actively pursued entitlement and building permit approvals for different uses at the property;
6. The PD Overlay encumbers seven (7) properties in downtown, not under common ownership, by referring to an expired project approval on the Zoning Map; and
7. Revocation of the PD Overlay would amend and clean up the Zoning Map by removing the reference to an expired project approval and its associated requirements (e.g., mitigation measures from the environmental review; deviations allowed by the PD overlay; conditions of approval, etc.). Revocation would provide clarity in applicable regulations of the affected properties and remove unnecessary restrictions on development thereof.

While the PD Overlay does not preclude changes in use (e.g., changes in commercial uses) for these properties, it may result in confusion and/or cause conflict for future development projects that include the construction of new residential units because one of the primary purposes of this PD Overlay is to allow the transfer of density credits. To address potential confusion and/or conflict related to the number of allowable density units for individual properties affected by the overlay, revocation of the PD Overlay is recommended as a clean-up to the Zoning Map.

If the City Council revokes the PD Overlay, the seven (7) affected properties would be rezoned from C-D-PD and C-D-H-PD to C-D and C-D-H, respectively. These were the zones in place prior to the PD Overlay approval. Any future development proposed on these properties would be subject to requirements of the underlying C-D zone, and Historic Overlay (H) as appropriate.

Public Engagement

In accordance with Government Code Section 65854, public notice was provided at least 20 days before the Planning Commission hearing on July 9, 2025, and this City Council hearing on August 19, 2025. The public has the opportunity to comment on the item before and/or at each hearing. If the City Council moves forward with introducing the ordinance to revoke the overlay, public notice would be provided as required for the subsequent City Council hearing for the second reading to adopt the ordinance.

CONCURRENCE

The Council Agenda Report was reviewed by the Community Development Department, Finance Department, City Attorney, and City Administration for concurrence.

ENVIRONMENTAL REVIEW

The project is exempt from environmental review under Section 15301(b)(3) (General Rule Exemption) 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 scope of this request is limited to an amendment on the Zoning Map and does not facilitate any development project, it would not have an effect on the environment. Additionally, the mitigation measures required as part of the PD Overlay adoption in 2020 were only applicable to the development project for 1144 Chorro Street as proposed at the time. Should there be any new development proposed at 1144 Chorro Street or any of the other affected properties, those projects would be evaluated on an individual basis for consistency and compliance with all applicable regulations in effect at that time, including environmental review.

FISCAL IMPACT

Budgeted: N/A
Funding Identified: Yes

Budget Year: 2025-26

Fiscal Analysis

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund	\$ N/A	\$ 0	\$ 0	\$ 0
State				
Federal				
Fees				
Other:				
Total	\$N/A	\$ 0	\$ 0	\$ 0

The PD Amendment application for this revocation request was paid by the Applicant, and there is no upfront cost resulting from the revocation of the PD Overlay on the Zoning Map. If Council adopts the Ordinance to revoke the overlay, subsequent development projects proposed on these properties would be subject to the appropriate permitting applications, which are applicant-funded review processes.

ALTERNATIVES

1. **Continue the review of the revocation request.** An action to continue the review of the revocation request should include a detailed list of additional information and/or analysis required to make a decision.
2. **Do not introduce and adopt the Ordinance to revoke the PD Overlay.** Retention of the PD Overlay would mean that a reference to an expired development project and its associated requirements would remain on the Zoning Map. If the reference remains, it may result in (a) confusion related to the number of allowable density units for individual properties affected by the overlay and/or (b) conflict for future development projects that include the construction of new residential units because one of the primary purposes of this PD Overlay is to allow the transfer of density credits to a specific property at 1144 Chorro Street.

ATTACHMENTS

- A. Draft Ordinance revoking the Planned Development Overlay (Ordinance No. 1687 [2020 Series]) related to a development project at 1144 Chorro Street
- B. Request for Revocation of the PD Overlay