

RESOLUTION NO. PC-1070-23

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF SAN LUIS OBISPO RECOMMENDING THE CITY COUNCIL INTRODUCE AND ADOPT AN ORDINANCE AMENDING TITLE 17 (ZONING REGULATIONS) OF THE MUNICIPAL CODE TO INCLUDE INCORPORATE A DOWNTOWN FLEXIBLE DENSITY PROGRAM FOR QUALIFYING RESIDENTIAL PROJECTS. PROJECT IS CONSISTENT WITH THE PREVIOUS MITIGATED NEGATIVE DECLARATION FOR THE 2018 COMPREHENSIVE ZONING REGULATIONS UPDATE AS REPRESENTED IN THE PLANNING COMMISSION AGENDA REPORT AND ATTACHMENTS DATED FEBRUARY 22, 2023 (DOWNTOWN CORE; CODE-0017-2023)

WHEREAS, on February 5, 2019, the City of San Luis Obispo adopted a comprehensive update of the Zoning Ordinance (2018 Zoning Ordinance); and

WHEREAS, on November 17, 2020, the City Council of the City of San Luis Obispo conducted a public hearing via teleconference on November 17, 2020, for the purpose of final adoption of the sixth cycle update to the General Plan Housing Element that included Program 2.15 and Policy 6.6 that directed staff to create a Downtown Flexible Density Program for consideration; 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 22, 2023, for the purpose of considering the various amendments to Title 17 (Zoning Regulations) of the Municipal Code to implement the Downtown Flexible Density Program; and

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

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

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

SECTION 1. Findings. The Planning Commission does hereby recommend the City Council introduce and adopt the proposed Downtown Flexible Density Program for qualifying residential projects based on the following findings:

1. The proposed amendments to Title 17 to implement the Downtown Flexible Density Program will not cause significant health, safety, or welfare concerns since the amendments are consistent with the General Plan and directly implement City goals and policies.

2. The proposed amendments to Title 17 of the Municipal Code are consistent with the 6th Cycle Housing Element Program 2.15 which states “Evaluate a flexible density pilot program and initiate an update of the Zoning Regulations and Community Design Guidelines to incorporate flexible density development options in Downtown Core and portions of Upper Monterey and Mid-Higuera Special Focus Areas to support the production of 50 smaller residential units (150 to 600 square feet) per year during the planning period.”
3. The proposed amendment to Title 17 of the Municipal Code are also consistent with the 6th Cycle Housing Element Policy 6.6 which states “Consistent with the City’s goal to stimulate higher density infill where appropriate in the Downtown, Upper Monterey, and Mid-Higuera Special Focus Areas, the City shall consider changes to the Zoning Regulations that would allow for flexible density standards that support the development of smaller apartments and efficiency units.”

SECTION 2. Environmental Review. Pursuant to CEQA Guideline 15164, an addendum to the Initial Study / Negative Declaration for the Zoning Regulations Update (GENP-0327-2017) was prepared for the proposed Downtown Flexible Density Program. The addendum concluded the following:

- i. Pursuant to Section 15162 of the State CEQA Guidelines, a subsequent environmental impact report is not required because:
 - a) The project changes do not result in new or more severe environmental impacts.
 - b) The circumstances under which the project is undertaken will not require major changes to the adopted Negative Declaration, and
 - c) The modified project does not require any new mitigation measures.
- ii. The proposed Downtown Flexible Density Program, including proposed amendments identified in this Addendum, would make revisions, additions, corrections and clarifications to various sections of the Zoning Regulations to ensure consistency and successful implementation of the Housing Element. The proposed Downtown Flexible Density Program and associated amendments to Municipal Code Title 17 are consistent with the scope of the previously approved Comprehensive Zoning Regulations Update.
- iii. The changes are consistent with State Law, the City of San Luis Obispo Climate Action Plan, and the City of San Luis Obispo General Plan.

Based on the foregoing, the City Council will consider adopting the Addendum to the Initial Study Negative Declaration that was prepared for the Comprehensive Zoning Regulations Update for the Downtown Flexible Density Program, at their Regular Meeting on March 21, 2023, as provided in Exhibit A.

SECTION 3. Recommendation. The Planning Commission does hereby recommend the City Council introduce and adopt an ordinance amending Title 17 (Zoning Regulations) of the Municipal Code to include the Downtown Flexible Density Program for qualifying residential projects as set forth in Exhibit B.

On motion by Commissioner Jorgensen, seconded by Commissioner Cooley and on the following roll call vote:

AYES: Commissioners Cooley, Houghton, Jorgensen and Vice Chair
Hopkins
NOES: None
REFRAIN: None
ABSENT: Commissioners Munoz-Morris and Chair Khan

The foregoing resolution was passed and adopted this 22nd day of February 2023.



Tyler Corey, Secretary
Planning Commission

EXHIBIT A

Addendum to the Initial Study/Mitigated Negative Declaration for the 2018 Zoning Regulations Update, San Luis Obispo, California

FEBRUARY 2023

PREPARED FOR

City of San Luis Obispo

PREPARED BY

SWCA Environmental Consultants

**ADDENDUM TO THE INITIAL STUDY/MITIGATED NEGATIVE
DECLARATION FOR THE 2018 ZONING REGULATIONS
UPDATE, SAN LUIS OBISPO, CALIFORNIA**

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INTRODUCTION

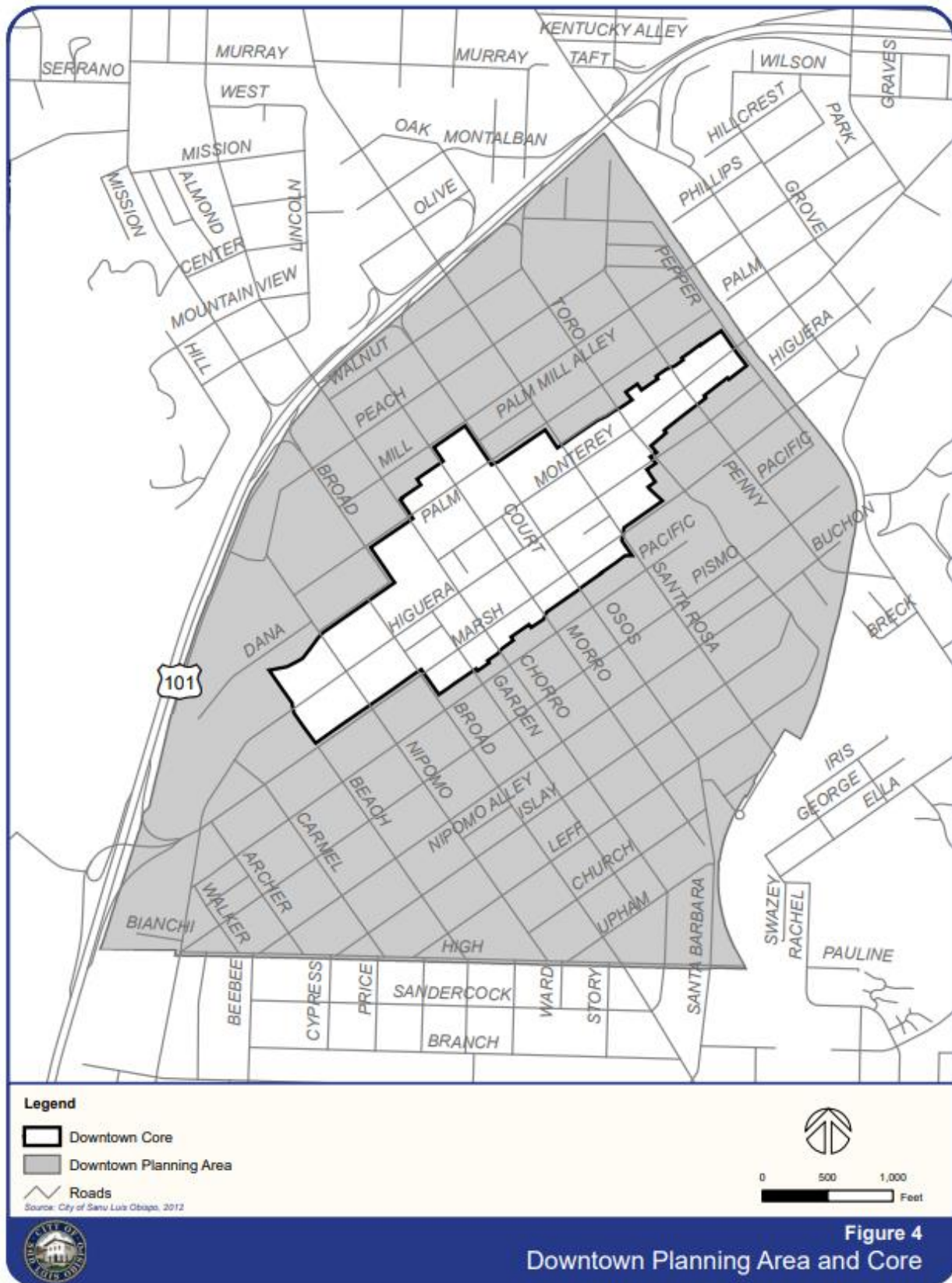
On February 5, 2019, the City of San Luis Obispo (City) adopted a Mitigated Negative Declaration (MND; State Clearing House [SCH] #2013121019) for the Zoning Regulations Update (project) and approved revisions to the Zoning Regulations that were focused on implementation of the policies and programs in the City's General Plan Land Use and Circulation Element (LUCE). Specifically, the revisions included specifying density for dwelling units less than 600 square feet in size as 0.50 density units, consistent with LUCE Policies 2.15 and 4.28. Since the Zoning Regulations update was consistent with the 2014 LUCE, the MND tiered with and incorporated, by reference, the City's previously-certified Program Final Environmental Impact Report (September 2014; FEIR; SCH #2013121019) prepared for the LUCE pursuant to State CEQA Guidelines Sections 15150, 15152, and 15168. The City is now seeking minor revisions from what was analyzed in the MND to amend the Zoning Regulations and revise the density for dwelling units less than 600 square feet in size that are in the Downtown Core from 0.50 density units to 0.00 density units (see discussion below).

The project would apply to the Downtown Core (as identified in the LUCE) on parcels zoned C-D (Downtown Commercial) and C-R (Retail Commercial), see Figure 1 below.

PURPOSE OF ADDENDUM

Pursuant to Section 21166 of CEQA and Section 15162 of the State CEQA Guidelines, when a lead agency has adopted an MND for a project, a subsequent MND does not need to be prepared for the project unless the lead agency determines that one or more of the following conditions are met:

1. Substantial project changes are proposed that will require major revisions of the previous MND due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects;
2. Substantial changes would occur with respect to the circumstances under which the project is undertaken that require major revisions to the previous MND due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; or
3. New information of substantial importance that was not known and could not have been known with the exercise of reasonable diligence at the time the previous MND was adopted shows any of the following:
 - a. The project will have one or more significant effects not discussed in the previous MND;
 - b. Significant effects previously examined will be substantially more severe than identified in the previous MND;
 - c. Mitigation measures or alternatives previously found not to be feasible would in fact be feasible, and would substantially reduce one or more significant effects of the project, but the project proponent declines to adopt the mitigation measures or alternatives; or
 - d. Mitigation measures or alternatives that are considerably different from those analyzed in the previous MND would substantially reduce one or more significant effects on the environment, but the project proponent declines to adopt the mitigation measures or alternatives.



Preparation of an Addendum to an MND is appropriate when none of the conditions specified in Section 15162 (above) are present and some minor technical changes to the previously adopted MND are necessary (see discussion below).

PROJECT REVISIONS

The MND analyzed revisions to the Zoning Regulations that included changing the City's bedroom density approach and establishing a minimum density unit count in multi-unit zones. Studio and one-bedroom dwelling units less than 600 square feet in size (in all zones except AG, C/OS, and R-1), were assigned a density unit value of 0.50 (i.e., if a parcel has a maximum density allowance of 4, up to 8 units less than 600 square feet in size could be built).

The City now proposes to revise the density unit value of dwellings less than 600 square feet in size in the Downtown Core from 0.50 density units to 0.00 density units to facilitate the implementation of LUCE Policy 4.28, which calls for variable density and efficiency units¹ in the downtown.

The City uses floor-area-ratio (FAR) to regulate the intensity of uses through a combination of height and lot coverage standards. The existing maximum FAR in the C-D zone is 3.0 for structures up to 50 feet tall, 3.75 for structures over 50 feet tall, and 4.0 for structures over 50 feet tall that either include a transfer of development credits for open space or historic preservation. The existing maximum FAR in the C-R zone is 3.0. The existing height limit in the C-D zone is 50 feet, or up to 75 feet with approval of a use permit from the Planning Commission contingent upon performance standards described in Section 17.32.030 of the Zoning Regulations. The maximum allowed lot coverage in the C-D zone is 100 percent. The existing height limit in the C-R zone is 45 feet.

The proposed revision would alter the traditional allocation of residential capacity in the Downtown Core away from density units per acre and only rely on the FAR allowances of individual parcels as the threshold for the maximum number of units less than 600 square feet (limited to a studio or one-bedroom configuration). Standard density limitations would apply for all units larger than 600 square feet. By relying on the FAR rather than density units per acre, a parcel could have greater flexibility in the number of qualifying units within the footprint of the structure. Residential uses on the ground floor would still be prohibited in the C-D zone due to the existing flood zone restrictions. The proposed revisions would not alter FAR, height, or lot coverage standards.

Based on the City's Housing Element Development Capacity Calculation (Appendix E), and assuming an average 50% floor-area-ratio (FAR) dedicated toward residential uses, the maximum additional buildout capacity of the Downtown Core would be approximately 1,000 units, which would likely be single or double occupancy units. However, the draft ordinance proposes to limit the program to 500 units.

¹ Efficiency units are defined by Health and Safety Code Section 17958.1 and are units that are a minimum of 150 square feet in size that may also have partial kitchen and bathroom facilities.

MINOR TECHNICAL CHANGES TO THE MND

Aesthetics. The MND determined potential impacts resulting from the implementation of the Zoning Regulations Update may include: blockage of views by construction equipment and staging areas; disruption of views by temporary signage; exposure of slopes and removal of vegetation; structural development within identified scenic areas; and view blockages by new structures, signs, and parking areas. The proposed density revisions would not alter the height, FAR, lot coverage, or design guideline standards and would not result in new development where such development is currently prohibited. No new or more significant aesthetic impacts beyond what was identified in the MND would occur and no new mitigation measures are required.

Agriculture. The MND determined that buildout of the City pursuant to the Zoning Regulations Update would facilitate the development and redevelopment of residential uses in areas of the city near agricultural areas. The proposed density revisions would apply only to the Downtown Core and would not apply to land designated for agriculture or to land that is near agriculture areas. No new or more significant agriculture impacts beyond what was identified in the MND would occur and no new mitigation measures are required.

Air Quality. The MND citing the 2014 LUCE FEIR identified inconsistencies with the assumptions used in the San Luis Obispo Air Pollution Control District's (SLOAPCD's) Climate Action Plan (CAP). This change was determined to be significant and unavoidable and a statement of overriding considerations was adopted by the City Council. The MND did not identify any new or more significant CAP consistency impacts beyond what was identified in the 2014 LUCE FEIR and no mitigation measures were required. The proposed density revisions would exceed the population growth projections of the SLOAPCD CAP as the density is higher than what was accounted for. However, this impact was considered in the MND and the proposed density revisions would not substantially increase this projection (500 new units). No new or more significant SLOAPCD CAP consistency impacts would occur beyond what was identified in the MND, and no new mitigation measures are required.

The MND determined that future development projects proposed under the Zoning Regulations Update would require construction activity resulting in the generation of criteria air pollutants and ozone precursor emissions. The MND cited the 2014 LUCE FEIR which determined that adherence to relevant policies and implementation of SLOAPCD-recommended project-specific mitigation measures would reduce potential impacts associated with future development under the proposed Zoning Regulations Update to a less-than-significant level. The MND did not identify any new or more significant construction-related air pollutant emissions impacts beyond what was identified in the 2014 LUCE FEIR and no mitigation measures were required. The proposed density revisions would not increase the total potential development of a parcel, which would still be governed by FAR, height, and lot coverage standards. No new or more significant construction-related air quality impacts would occur beyond what was identified in the MND, and no new mitigation measures are required.

The MND determined that future development projects proposed under the Zoning Regulations Update would involve the operation of development projects that would generate long-term emissions of criteria pollutants and ozone precursors. However, the MND also noted that consistent with the LUCE, the Zoning Regulations Update may result in beneficial environmental impacts on air quality by developing incentives in the Downtown area to reduce the use of cars, including provisions that would allow for corner stores in residential areas, further allowing upper-story residential uses in commercial areas, providing for an enhanced pedestrian experience in

the Downtown, providing additional dwelling units within medium to high residentially-zoned areas, maintaining rural character and protecting natural resource areas, incorporating further sustainability standards into land use regulations, and adjusting parking requirement to achieve multi-modal objectives identified in the General Plan. The MND did not identify any new or more significant construction-related air pollutant emissions impacts beyond what was identified in the 2014 LUCE FEIR and no mitigation measures were required. The proposed density revisions would implement an incentive to reduce the use of cars by providing additional residential uses in the Downtown Core, in proximity to shopping, dining, transportation, and recreation, which may result in a beneficial environmental impact to air quality. No new or more significant operational air quality impacts beyond what was identified in the MND would occur and no new mitigation measures are required.

The MND determined that the Zoning Regulations Update would not result in the exposure of sensitive receptors to substantial sources of local carbon monoxide concentrations, toxic air contaminants, or odors, based on the 2014 LUCE FEIR, because the Zoning Regulations Update would occur in areas of the City that were assessed in the 2014 LUCE FEIR. The proposed density revisions would not result in the placement of new sensitive receptors closer to existing sources of air pollution in comparison to existing conditions. No new or more significant impacts beyond what was identified in the MND would occur and no new mitigation measures are required.

Biological Resources. The MND determined that future development pursuant to the Zoning Regulations Update would be required to comply with local, state, and federal laws and policies, and all applicable permitting requirements of the regulatory and oversight agencies intended to address potential impacts to special-status wildlife species. The MND determined that implementation of local policies, as well as compliance with state and federal laws and policies and the requirements of regulatory and oversight agencies as appropriate, and reliance on establishment of project-specific mitigation measures where appropriate would reduce potential impacts to a less than significant level.

The proposed density revisions would apply to the Downtown Core, which is a largely built-up area with little remaining native habitat. San Luis Obispo Creek flows in a man-made channel and through a concrete tunnel beneath downtown San Luis Obispo emerging near Mission San Luis Obispo de Tolosa. Future development resulting from the proposed revisions would be subject to creek setback requirements and performance standards identified in the Zoning Regulations. Additionally, Conservation and Open Space Element (COSE) Policy 7.3 requires that projects within or adjacent to known occurrences of Natural Communities of Special Concern, or in areas that have potential to contain one or more of these habitats, to have a site-specific biology report prepared and undergo individual project environmental review to determine the location, extent, and proposed impact to those habitats. No new impacts to biological resources beyond what was identified in the MND would occur and no new mitigation measures are required.

Cultural Resources. The MND, citing the 2014 LUCE FEIR, determined that development facilitated under the LUCE and Zoning Regulations Update could have an adverse impact on historical structures by damaging or destroying historical buildings or structures, diminishing the integrity of the context and setting of individual properties, or diminishing the integrity of the historical district. The loss of historic buildings or new developments within the existing historic districts that could impact historical resources was considered potentially significant. However, the policies and programs identified in the LUCE and COSE, the City's Historic Preservation Ordinance, Historic Preservation Program Guidelines, Historic Context Statement, the City-designated Cultural Heritage Committee (CHC) policies and guidelines, and compliance with CEQA would directly address this impact. The MND did not identify any new or more significant

impacts on historical resources beyond what was analyzed in the 2014 LUCE FEIR. The proposed density revisions would not make any changes to the LUCE and COSE, the City's Historic Preservation Ordinance, Historic Preservation Program Guidelines, Historic Context Statement, or the City-designated Cultural Heritage Committee (CHC) policies and guidelines and would not allow new development in areas not contemplated by the LUCE or Zoning Regulations Update. No new impacts to historical resources beyond what was identified in the MND would occur and no new mitigation measures are required.

The MND determined that development facilitated under the Zoning Regulations Update would result in impacts to archeological and paleontological resources and human remains. This impact was determined to be less than significant with the adherence to the City's Archaeological Resource Preservation Program Guidelines and compliance with federal and state regulations. The MND did not identify any new or more significant impacts on archaeological and paleontological resources or human remains beyond what was analyzed in the 2014 LUCE FEIR. The proposed density revisions would not make any changes to the LUCE and COSE, the City's Historic Preservation Ordinance, Historic Preservation Program Guidelines, Historic Context Statement, or the City-designated Cultural Heritage Committee (CHC) policies and guidelines and would not allow new development in areas not contemplated by the LUCE or Zoning Regulations Update. No new impacts to archaeological and paleontological resources or human remains beyond what was identified in the MND would occur and no new mitigation measures are required.

Geology and Soils. The MND, citing the 2014 LUCE FEIR, determined that compliance with the California Building Code and the City's General Plan would reduce geologic and seismic impacts to less than significant. The MND did not identify any new or more significant impacts on geological resources beyond what was analyzed in the 2014 LUCE FEIR. The proposed density revisions would not allow new development in areas not contemplated by the LUCE or Zoning Regulations Update. No new impacts to geological resources beyond what was identified in the MND would occur and no new mitigation measures are required.

Greenhouse Gas Emissions. The MND determined that the Zoning Regulations Update will be one of the principal tools for implementing the LUCE and will advance greenhouse gas reduction goals as mandated by the State (AB32, SB375) and the City's CAP. The Zoning Regulations Update facilitates the development of a sustainable, multi-modal community to reduce per capita vehicle miles traveled (VMT) and greenhouse gas (GHG) emissions through increased design standards, new design guidelines, and the imposition of general site regulations. New strategies in the updated Zoning Regulations include:

- As an incentive for increased height in the C-D zone and a community benefit for a PD overlay, having a developer provide net-zero energy construction features
- Reducing the allowable pervious surface coverage in front yards of R-1 zones from 50 percent to 40 percent
- As an incentive for increased height in the C-D zone and a community benefit for a PD overlay, requiring a Transportation Demand Management (TDM) program that achieves measurable 20 percent mode shift and that is covenanted for long-term implementation
- Allowing shared car services (e.g., ZipCar) spaces to be located in developments without increased parking requirements
- Parking requirements for alternative clean fuel vehicles
- Requirements for showers, lockers and changing rooms for large developments

The MND did not identify any new or more significant impacts on GHG emissions beyond what was analyzed in the 2014 LUCE FEIR. The proposed density revisions would not allow new development in areas not contemplated by the LUCE or Zoning Regulations Update and would not change existing GHG policies of the City's CAP or LUCE. No new GHG impacts beyond what was identified in the MND would occur and no new mitigation measures are required.

Hazards and Hazardous Materials. The MND determined that allowing residential development in areas of commercial use or previous commercial use could expose occupants or construction workers to potentially hazardous materials including asbestos-containing materials and lead-based paint, but that compliance with LUCE and the Climate Adaptation and Safety Element (CASE) policies, City Demolition and Moving of Buildings Section 115 Public Safety Requirements, and state and federal regulations would reduce impacts to less than significant. The MND did not identify any new or more significant impacts related to hazards and hazardous materials beyond what was analyzed in the 2014 LUCE FEIR. The proposed density revisions would not allow new development in areas not contemplated by the LUCE or Zoning Regulations Update and would not introduce residential uses in proximity to hazards beyond what was contemplated in the MND. No new impacts related to hazards and hazardous materials beyond what was identified in the MND would occur and no new mitigation measures are required.

Hydrology and Water Quality. The MND determined that potential development associated with the Zoning Regulations Update could result in the pollution of natural watercourses and/or underground aquifers. However, impacts were determined to be less than significant with the mandatory compliance of General Plan policies and the City's Stormwater Quality Ordinance. The MND did not identify any new or more significant impacts related to hydrology and water quality beyond what was analyzed in the 2014 LUCE FEIR. The proposed density revisions would not allow new development in areas not contemplated by the LUCE or Zoning Regulations Update and would not increase the total development potential of a parcel, which currently allows 100% lot coverage. No new impacts related to pollution of natural watercourses and/or underground aquifers beyond what was identified in the MND would occur and no new mitigation measures are required.

The MND determined that the Zoning Regulations Update has the potential to increase the amount of impervious surface within the City, which could result in a decrease in percolation to the groundwater basin, the alteration of drainage patterns, and increases in the volume of surface runoff. Adherence to the City's General Plan and compliance with the City's Storm Water Management Program and Drainage Design Manual was determined to be adequate to reduce impacts from additional impervious surfaces to less than significant. The proposed density revisions would not allow new development in areas not contemplated by the LUCE or Zoning Regulations Update and would not increase the total development potential of a parcel, which currently allows 100% lot coverage. No new impacts related to additional impervious surfaces beyond what was identified in the MND would occur and no new mitigation measures are required.

The MND determined that future development resulting from the Zoning Regulations Update could result in new development within a 100-year floodplain and introduce structures in areas that could impede or redirect flood flows. Adherence to the City's Floodplain Management Zone Regulations, the Waterway Management Program, the Drainage Design Manual, and the Stream Management and Maintenance Program was determined to be sufficient to ensure that impacts from flooding remain less than significant. The proposed density revisions would not allow new development in areas not contemplated by the LUCE or Zoning Regulations Update and would not increase the total development potential of a parcel, which currently allows 100% lot coverage. No new impacts related to flooding beyond what was identified in the MND would occur and no

new mitigation measures are required.

Land Use/Planning. The MND determined that the update to the Zoning Regulations would not result in the division of the community. The proposed density revisions would not allow new development in areas not contemplated by the LUCE or Zoning Regulations Update and would introduce new uses or infrastructure that could divide a community. No new impacts related to additional impervious surfaces beyond what was identified in the MND would occur and no new mitigation measures are required.

The MND, citing the 2014 LUCE FEIR, determined that the Zoning Regulations Update would make the Zoning Regulations consistent with the LUCE by including standards and requirements that: facilitate protection of the environment, including hillsides, creeks, surface and groundwater, soils, and air quality; include development and redevelopment standards that support a well-balanced community; and maintain and where appropriate adapt the City form to preserve open space, create compact, mixed-use neighborhoods that locate housing, jobs, recreation, and other daily needs in close proximity to one another, protect the quality of life in established neighborhoods through compliance with proposed edge conditions regulations, and encouraging multi-modal transportation. Impacts related to environmental policy consistency were determined to be less than significant. The proposed density revisions would not allow new development in areas not contemplated by the LUCE or Zoning Regulations Update. Future land uses that occur pursuant to the proposed density revisions would be required to conform to all applicable regulations and standards of the updated Zoning Regulations and the LUCE. No new impacts related to additional environmental policy consistency beyond what was identified in the MND would occur and no new mitigation measures are required.

Mineral Resources. The MND determined that there are no mineral resource recovery sites within the city and that implementation of the Zoning Regulations Update would have no impact on mineral resources. The proposed density revisions would not be located in areas of the city not contemplated by the Zoning Regulations Update. No new impacts related to mineral resources would occur, there would be no impact, and no new mitigation measures are required.

Noise. The MND, citing the 2014 LUCE FEIR, determined that development constructed pursuant to the Zoning Regulations Update would result in construction activities that could generate noise levels that exceed the standards of the City's Noise Control Ordinance. This impact was determined to be significant and unavoidable and a statement of overriding considerations was adopted by the City Council. The MND did not identify any new or more significant construction noise impacts beyond what was identified in the 2014 LUCE FEIR and no mitigation measures were required. The proposed density revisions would not allow construction in areas not contemplated by the LUCE or Zoning Regulations Update and would not increase the construction potential of a property which would still be governed by FAR, height, and lot coverage standards. No new impacts related to noise beyond what was identified in the MND would occur and no new mitigation measures are required.

The MND determined that consistent with the analysis and conclusions in the 2014 LUCE FEIR, implementation of the Zoning Regulations Update would result in increased traffic volumes and associated noise levels along major transportation routes. New development associated with the Zoning Regulations Update could also result in the siting of new sensitive receptors in close proximity to transportation noise sources such as major roadways and the railroad, with the potential to exceed the land use compatibility and transportation noise exposure standards in the existing Noise Element. Future development is required to comply with the City Noise Element and Noise Control Ordinance which require site-specific mitigation for development; therefore,

impacts were determined to be less than significant. The proposed density revisions would not allow construction in areas not contemplated by the LUCE or Zoning Regulations Update and would not increase the construction potential of a property which would still be governed by FAR, height, and lot coverage standards. No new impacts related to transportation noise beyond what was identified in the MND would occur and no new mitigation measures are required.

The MND, citing the 2014 LUCE FEIR, determined that the Zoning Regulations Update could facilitate development that would increase stationary source noise levels exceeding the thresholds of the City's Noise Element and Noise Control Ordinance. Noise Element policies and standards would require all future development to comply with the City's adopted noise standards, noise mitigation procedures, and sensitive land use siting policies, including site-specific noise studies and mitigation measures, if necessary, to ensure that the development meets noise thresholds. Because the City's Noise Element contains policies and programs that address and mitigate potential site-specific impacts for individual projects, this impact was determined to be less than significant. The proposed density revisions would not allow construction in areas not contemplated by the LUCE or Zoning Regulations Update, would not increase the construction potential of a property that would still be governed by FAR, height, and lot coverage standards, and would not alter the policies and standards governing noise. No new impacts related to stationary source noise beyond what was identified in the MND would occur and no new mitigation measures are required.

Population/Housing. As documented in the 2014 LUCE FEIR, as of January 2013, the City has a population of 45,541, and is expected to have a population increase of 4,613 people by 2035. LUCE Policy 1.11.2 Residential Growth Rate, states that the City shall manage the growth of the city's housing supply so that it does not exceed one percent per year, on average, based on thresholds established by Land Use Element Table 3 [One Percent City Population Growth Projection]. Because of the annual growth rate limitation, impacts were determined to be less than significant. The MND did not identify any new or more significant impacts on the population beyond what was identified in the 2014 LUCE FEIR and no mitigation measures were required.

Based on the 2021 General Plan Annual Report, the City has maintained a 0.81 percent growth rate since 2015. Housing in the Downtown Core (C-D Zone) is exempt from the City's Residential Growth Ordinance, so the potential increase in residential units would not be in conflict with the General Plan. The proposed density revisions would positively impact the jobs-to-housing ratio within the City, which is consistent with LUCE Policy 1.5 which states that the City's housing stock should keep pace with the growth in employment so that the jobs-housing balance would not worsen. The proposed density revisions would not result in new or more significant impacts beyond what was identified in the MND and no new mitigation measures are required.

The MND determined that the Zoning Regulations Update would not result in a loss of housing or displace existing residents. Housing Element Program 3.10 states that "continue to encourage the creation of dwellings in the Downtown Core (C-D Zone) and the Downtown Planning Area by continuing the "no net housing loss" program, consistent with Chapter 17.86 (Downtown Housing Conversion Regulations) of the Zoning Regulations". The Zoning Regulations Update retained the statement that "development projects within the Downtown Planning Area shall not result in a net housing loss." The MND did not identify any new or more significant impacts beyond what was identified in the 2014 LUCE FEIR and no mitigation measures were required. The proposed density revisions would not alter the no net loss requirements of the Zoning Regulations or Housing Element. No new or more significant impacts beyond what was identified in the MND would occur and no new mitigation measures are required.

Public Services.

Fire. The MND cited the 2014 LUCE FEIR, which determined that new residential development facilitated by the LUE would place additional service demands on the San Luis Obispo Fire Department (SLOFD) and that the increased service demands would have the potential to result in a significant environmental impact if new or physically altered fire service facilities would be required to ensure that the City's four-minute response standard was achieved. Mitigation was identified in the 2014 LUCE FEIR that the Safety Element be updated to include policy so that new development can only be approved when adequate fire services and facilities are available or would be made available by the new development. The MND did not identify any new or more significant impacts to fire services beyond what was identified in the 2014 LUCE FEIR and no mitigation measures were required. The Safety Element was recently updated in 2023 as the Climate Adaptation and Safety Element (CASE) which includes Policy FI-5.3 (City-Wide Fire-Smart New Development) that ensures that adequate fire services and facilities are available for all new developments. The proposed density revision would have the potential to increase the residential population in the Downtown Core. However, CASE Policy FI-5.3, which replaced the Safety Element policy referenced in the MND, would not be altered, and future development could only be approved if adequate fire services and facilities exist. No new or more significant fire service impacts beyond what was identified in the MND would occur and no new mitigation measures are required.

Police. The MND cited the 2014 LUCE FEIR, which determined that new residential development facilitated by the LUE would place additional service demands on the San Luis Obispo Police Department (SLOPD) and that the increased service demands would have the potential to result in a significant environmental impact if new or physically altered police service facilities would be required to ensure that the City's officer to population standard was achieved. However, this impact was determined to be less than significant because new or altered police facilities to meet the officer-to-population standard would be required to meet community design guidelines, and its location would need to meet the response time needs of the community. The MND did not identify any new or more significant impacts on police services beyond what was identified in the 2014 LUCE FEIR and no mitigation measures were required. The proposed density revision would have the potential to increase the residential population in the Downtown Core. With additional officers, there could be additional need for evidence and equipment storage, locker space, area to park police vehicles, and support staff (and their associated space needs) necessary to support additional officers. However, consistent with the MND, the proposed density revisions are unlikely to result in adverse physical impacts associated with the provision of new or altered facilities needed to maintain the existing ratio of officers to the population served because any new or reconstructed facility would be required to meet community design guidelines, and its location would need to meet the response time needs of the community. No new or more significant impacts beyond what was identified in the MND would occur and no new mitigation measures are required.

Schools. The MND determined that residential development associated with the Zoning Regulations Update would increase the population of the City which would likely increase the number of children attending the City's public schools. With the payment of Government Code Section 65970 school impact fees, impacts were determined to be less than significant. The MND did not identify any new or more significant impacts to school facilities beyond what was identified in the 2014 LUCE FEIR and no mitigation measures were required. The proposed density revision would have the potential to increase the residential population in the Downtown Core, but all new development would be required to pay any applicable school impact fees. No new or more significant schools impacts beyond what was identified in the MND would occur and no new mitigation measures are required.

Parks. Citing the 2014 LUCE FEIR, upon buildout of development allowed by the LUCE and Zoning Regulations, the City's parkland per capita would increase from 3.32 acres per 1,000 residents to 3.44 acres per 1,000 residents with the addition of approximately 52 acres of parkland. The MND determined that impacts to parks would be less than significant as projects are evaluated on a case-by-case basis to determine the level of project-specific open space or park area required. The MND did not identify any new or more significant impacts to park facilities beyond what was identified in the 2014 LUCE FEIR and no mitigation measures were required. The proposed density revision would have the potential to increase the residential population in the Downtown Core by 500 units, which would require approximately 5-10 additional acres of parkland to meet the City's goal of 10 acres per 1,000 residents. However, consistent with the MND, all projects implemented as a result of the proposed density revisions would be evaluated on a case-by-case basis to determine the level of project-specific open space or park area required. No new or more significant park impacts beyond what was identified in the MND would occur and no new mitigation measures are required.

Recreation. The MND determined that existing General Plan policies applicable to the development of future recreational facilities would reduce potential environmental impacts to less than significant. Most of the future parkland to be provided in the city would be constructed as part of the buildout of previously approved (Margarita, Orcutt, San Luis Ranch, Avila Ranch, Froom Ranch) Specific Plans. There are several park and recreation facilities within the Downtown Planning Area (Figure 1), including Cheng Park, Mitchell Park, Triangle Park, Mission Plaza, Mission Plaza Extension, San Luis Creek Open Space, Jack House Gardens, Emerson Park, and Ludwick Community Center. Planned parks in the Downtown Planning Area include Monterey Street Plaza, Toro/Marsh Pocket Park, Courthouse Park, Higuera Street Plaza, Rosa Butron Adobe, and Diagonal Paseo. The proposed density revisions would be required to comply with existing General Plan policies for construction of new recreational facilities; however, due to the built-out condition of the Downtown Core, it is unlikely that new or additional recreation facilities would be constructed as a result of development facilitated by the proposed density revisions. No new or more significant recreation impacts beyond what was identified in the MND would occur and no new mitigation measures are required.

Transportation/Traffic. The MND, citing the 2014 LUCE FEIR, determined that development facilitated by the Zoning Regulations Update would result in significant and unavoidable impacts on congestion on the City's roadways (level of service), specifically to the following eight roadway segments would experience significant impacts due to increases in volumes: Broad (entire corridor south of South Street, South – Orcutt, Orcutt – Tank Farm Road and Buckley – South City Limit); Chorro (Foothill – Lincoln; Los Osos Valley Road (just west of the City Limits); and Prado (US 101 – Higuera and Higuera – Broad). The MND did not identify any new or more significant impacts to roadway congestion and no mitigation measures were required.

After the adoption of the MND, the CEQA checklist was revised to replace level of service (congestion) with vehicle miles traveled (VMT) as the preferred metric for evaluating a project's transportation impacts, in compliance with SB 743. In June 2020, the City formally adopted the transition from LOS to VMT for the purposes of CEQA evaluation and also established local VMT thresholds of significance. While VMT was not specifically analyzed in the 2014 LUCE FEIR, its current inclusion in the CEQA checklist does not warrant an analysis of the entire project unless the project changes would result in new or more severe significant environmental impacts or unless there is new information of substantial importance that was not known at the time of the 2014 LUCE FEIR.

The proposed density revisions are not anticipated to result in VMT impacts as the potential dwelling units associated with the density revisions would be located downtown, in close proximity to the City's transit station, the train station/Amtrack, shopping, dining, recreation, and offices. Per the City's Transportation Impact Study Guidelines VMT Screening Map, while lacking specific data for the Downtown Core, is adjacent to and surrounded by areas with residential VMT per capita that is less than 85% of the regional average. Therefore, the proposed density revisions would not create new or more significant impacts beyond what was identified in the MND and no new mitigation measures are required.

Tribal Cultural Resources. The MND determined that development facilitated under the Zoning Regulations Update would result in impacts to tribal cultural resources. This impact was determined to be less than significant with the adherence to the City's Archaeological Resource Preservation Program Guidelines and compliance with federal and state regulations. The MND did not identify any new or more significant impacts to tribal cultural resources beyond what was analyzed in the 2014 LUCE FEIR. The proposed density revisions would not make any changes to the LUCE and COSE or the Archaeological Resource Preservation Program Guidelines and would not allow new development in areas not contemplated by the LUCE or Zoning Regulations Update. No new impacts to tribal cultural resources beyond what was identified in the MND would occur and no new mitigation measures are required.

Utilities/Service Systems.

Wastewater. The 2014 LUCE FEIR determined that buildout of development allowed under the LUCE would exceed the capacity of the City's Water Resource Recovery Facility by 0.26 million gallons per day. However, this impact was determined to be less than significant because at the time the City was proposing to upgrade the Water Resource Recovery Facility to increase in average dry weather flow (ADWF) capacity to serve the buildout of the LUCE, and because policies in the LUCE and the Water and Wastewater Element require projects to demonstrate that adequate treatment capacity at the Water Resource Recovery Facility exists. The MND determined that the Zoning Regulations Update would result in similar impacts as those disclosed in the 2014 LUCE FEIR and no new or more significant impacts to wastewater were identified. The City's Water Resource Recovery Facility has since been completed and is operational with a capacity of 5.2 million-gallons-per-day. The proposed density revisions would allow an additional 500 units in the Downtown Core and would generate between 45 and 105 gallons of wastewater per day per unit, based on the City's wastewater generation rates (0.5-1.2 acre-feet-per-year total). The Downtown Core is not within a sewer capacity-constrained area and future development would be required to demonstrate that adequate treatment capacity at the Water Resource Recovery Facility exists prior to construction. No new impacts to wastewater beyond what was identified in the MND would occur and no new mitigation measures are required.

Water. The MND, citing the 2014 LUCE FEIR, determined that buildout of development facilitated by the Zoning Regulations Update would require a water supply of 7,815 acre-feet-per-year. The City's current water supply totals approximately 10,630 acre-feet-per-year, which exceeds the demand that would be generated by the LUCE buildout/Zoning Regulations buildout. Impacts were determined to be less than significant and no new or more significant impacts to water were identified. Based on the assumptions in the LUCE², and assuming any residential units constructed under the proposed density revisions would be single or double occupancy, the proposed density revisions would result in approximately 127 to 254 additional acre-feet-per-year of water demand. This would bring the LUCE projected water demand to 7,942 to 8,069 acre-

² Assumes water reduction requirements of SBX7-7 would reduce per capita water use to 117 gallons per day by 2020.

feet-per-year, which is within the City's water supply of approximately 10,630 acre-feet-per-year. No new impacts to water beyond what was identified in the MND would occur and no new mitigation measures are required.

Stormwater. The MND determined that future development could cause an increase in the amount of impervious surfaces within the City which could increase the volume of surface runoff into City stormwater systems. Impacts were determined to be less than significant because future development would be required to comply with Central Coast Regional Water Quality Control Board Post Construction Requirements and the City's Storm Water Management Program. The MND did not identify any new or more significant impacts related to stormwater beyond what was identified in the 2014 LUCE FEIR and no mitigation measures were required. The proposed density revisions would not allow new development in areas not contemplated by the LUCE or Zoning Regulations Update and would not increase the total development potential of a parcel, which currently allows 100% lot coverage (and 100% impervious surface). No new impacts related to stormwater beyond what was identified in the MND would occur and no new mitigation measures are required.

Solid Waste. The MND determined that the Zoning Regulations Update would not interfere with the City's ability to comply with solid waste management and diversion regulations. Additionally, LUCE Policy 1.13.10 requires the City to determine if adequate solid waste disposal capacity exists prior to approving future development. The MND did not identify any new or more significant impacts related to solid waste disposal beyond what was identified in the 2014 LUCE FEIR and no mitigation measures were required. The proposed density revisions would not increase the total development potential of a parcel and new development would only be allowed if adequate solid waste disposal capacity exists, per LUCE policy. No new impacts related to solid waste beyond what was identified in the MND would occur and no new mitigation measures are required.

BASIS FOR ADDENDUM

In accordance with Section 15164 of the State CEQA Guidelines, the City of San Luis Obispo has determined that this Addendum to the adopted MND is necessary to document changes or additions that have occurred in the project description since the MND was originally adopted. The changes proposed are relatively minor in nature and, as documented above, would not result in any new significant environmental effects or a substantial increase in the severity of previously identified significant effects. Additionally, no new information of substantial importance that was not known and could not have been known with the exercise of reasonable diligence at the time the previous MND was adopted has been identified. The City has reviewed and considered the information contained in this Addendum and finds that the preparation of subsequent CEQA analysis that would require public circulation is not necessary.

This Addendum does not require circulation because it does not provide significant new information that changes the adopted MND in a way that deprives the public of a meaningful opportunity to comment upon a substantial adverse environmental effect of the project or a feasible way to mitigate or avoid such an effect. The City shall consider this Addendum with the adopted MND as part of the approval of the proposed ordinance.

EXHIBIT B: DRAFT CITY COUNCIL ORDINANCE

ORDINANCE NO. _____ (2023 SERIES)

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SAN LUIS OBISPO, CALIFORNIA, AMENDING TITLE 17 (ZONING REGULATIONS) OF THE MUNICIPAL CODE TO INCORPORATE A DOWNTOWN FLEXIBLE DENSITY PROGRAM FOR QUALIFYING RESIDENTIAL PROJECTS. PROJECT IS CONSISTENT WITH THE PREVIOUS MITIGATED NEGATIVE DECLARATION FOR THE 2018 COMPREHENSIVE ZONING REGULATIONS UPDATE (DOWNTOWN FLEXIBLE DENSITY PROGRAM, CODE-0017-2023)

WHEREAS, on February 5, 2019, the City of San Luis Obispo adopted a comprehensive update of the Zoning Ordinance (2018 Zoning Ordinance); and

WHEREAS, on November 17, 2020, the City Council 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 November 17, 2020, for the purpose of final adoption of the sixth cycle update to the General Plan Housing Element that included Program 2.15 that states, "Evaluate a flexible density pilot program and initiate an update of the Zoning Regulations and Community Design Guidelines to incorporate flexible density development options in Downtown Core and portions of Upper Monterey and Mid-Higuera Special Focus Areas to support the production of 50 smaller residential units (150 to 600 square feet) per year during the planning period"; and

WHEREAS, the 6th Cycle Housing Element includes Policy 6.6 that states, "Consistent with the City's goal to stimulate higher density infill where appropriate in the Downtown, Upper Monterey, and Mid-Higuera Special Focus Areas, the City shall consider changes to the Zoning Regulations that would allow for flexible density standards that support the development of smaller apartments and efficiency units"; 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 22, 2023, for the purpose of considering the various amendments to Title 17 (Zoning Regulations) of the Municipal Code to implement the Downtown Flexible Density Program; and

WHEREAS, the City Council 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 _____, 2023, for the purpose of considering the various amendments amendment to Title 17 (Zoning Regulations) of the Municipal Code to implement the Downtown Flexible Density Program;

WHEREAS, the City Council finds that the proposed amendment is consistent with the General Plan, Zoning Regulations, and other applicable City goals and policies as amended; and

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

WHEREAS, the City Council has duly considered all evidence, including the testimony of the applicant, interested parties, and the evaluation and recommendations by staff, presented at said hearing.

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of San Luis Obispo as follows:

SECTION 1. Incorporation of Recitals. The City Council find that the foregoing recitals and administrative report presented with this ordinance are true and correct and are incorporated in the ordinance by this reference and adopted as the findings of the City Council.

SECTION 2. Findings. Based upon all the evidence, the City Council makes the following finding:

1. The proposed amendments to Title 17 to implement the Downtown Flexible Density Program will not cause significant health, safety, or welfare concerns since the amendments are consistent with the General Plan and directly implement City goals and policies.
2. The proposed amendments to Title 17 of the Municipal Code are consistent with the 6th Cycle Housing Element Program 2.15 which states “Evaluate a flexible density pilot program and initiate an update of the Zoning Regulations and Community Design Guidelines to incorporate flexible density development options in Downtown Core and portions of Upper Monterey and Mid-Higuera Special Focus Areas to support the production of 50 smaller residential units (150 to 600 square feet) per year during the planning period.”
3. The proposed amendment to Title 17 of the Municipal Code are also consistent with the 6th Cycle Housing Element Policy 6.6 which states “Consistent with the City’s goal to stimulate higher density infill where appropriate in the Downtown, Upper Monterey, and Mid-Higuera Special Focus Areas, the City shall consider changes to the Zoning Regulations that would allow for flexible density standards that support the development of smaller apartments and efficiency units.”

SECTION 3. Environmental Determination. Pursuant to CEQA Guideline 15164, an addendum to the Initial Study / Negative Declaration for the Zoning Regulations Update (GENP-0327-2017) was prepared for the proposed Downtown Flexible Density Program. The addendum concluded the following:

- i. Pursuant to Section 15162 of the State CEQA Guidelines, a subsequent environmental impact report is not required because:
 - a) The project changes do not result in new or more severe environmental impacts.
 - b) The circumstances under which the project is undertaken will not require major changes to the adopted Negative Declaration, and
 - c) The modified project does not require any new mitigation measures.

- ii. The proposed Downtown Flexible Density Program, including proposed amendments identified in this Addendum, would make revisions, additions, corrections and clarifications to various sections of the Zoning Regulations to ensure consistency and successful implementation of the Housing Element. The proposed Downtown Flexible Density Program and associated amendments to Municipal Code Title 17 are consistent with the scope of the previously-approved Comprehensive Zoning Regulations Update.
- iii. The changes are consistent with State Law, the City of San Luis Obispo Climate Action Plan, and the City of San Luis Obispo General Plan.

Based on the foregoing, the City Council does hereby adopt the Addendum to the Initial Study Negative Declaration that was prepared for the Comprehensive Zoning Regulations Update for the Downtown Flexible Density Program, as provided in Exhibit A.

SECTION 4. Section 17.70.040.A.3, entitled “Maximum Residential Development Potential” is hereby amended to add a new subsection “a” entitled “Downtown Flexible Density Program”, and reads as follows:

- 3. *Maximum Residential Development Potential.*** *Maximum residential development potential shall be the net lot area (in whole and fractional acres), multiplied by the maximum density allowed (in density units per acre) according to Subsections A.1 through A.2, above. The resulting number (in density units, carried out to the nearest one hundredth unit) will be the maximum residential development potential. Any combination of dwelling types and numbers may be developed, so long as their combined density unit values do not exceed the maximum potential.*
- a. Downtown Flexible Density Program.** Properties zoned C-D or C-R within the Downtown Core may be developed at a residential density that is greater than the base density for the zone in which the lot is located, subject to the provisions outlined in Chapter 17.141 (Downtown Flexible Density Program).

SECTION 5. Section 17.70.130.D.1.a, entitled “Ground Floor Limitations” is hereby amended to read as follows:

- a. *Ground Floor Limitations.*** *In the Downtown Core (as shown in Section 17.141.020, Figure 8-1) and the C-D zone, residential units shall not occupy any ground floor space. In all other zones, residential units shall not occupy more than 50 percent of the ground floor space within the first 50 feet of floor area measured from each building face adjacent to a street toward the rear of the building, with no more than 30 percent of the building frontage to be occupied by residential uses.*

SECTION 6. Section 17.138.020.A, is hereby amended to add a new subsection “8”, and reads as follows:

- A. *This Chapter shall apply to all residential development projects, except the following types of residential development projects are exempt:***

1. Residential additions, repairs, or remodels, provided that such work does not increase the number of existing dwellings;
2. The addition or inclusion of Accessory Dwelling Units (ADUs) or Junior Accessory Dwelling Units (JADUs) associated with an existing or proposed residential or mixed-use development;
3. Affordable housing projects in which 100 percent of the dwellings to be built will be sold or rented in conformance with the City's Affordable Housing Standards (excluding any on-site manager unit);
4. Housing projects that include a density bonus.
5. Emergency projects or projects which the Council determines are necessary to protect public health and safety;
6. Development projects which the Director determines are essentially noncommercial or nonresidential in nature, which provide educational, social, or related services to the community and which are proposed by public agencies, nonprofit agencies, foundations, and other similar organizations;
7. Projects which replace or restore a structure damaged or destroyed by fire, flood, earthquake, or other disaster within three years prior to the application for the new structure(s) (see Chapter 17.92 Nonconforming Structure);
8. Residential units that qualify under the Downtown Flexible Density Program (see Chapter 17.141).

SECTION 7. Chapter 17.141, entitled "Downtown Flexible Density Program" is hereby added to Municipal Code Title 17 Article 8, to read as follows:

Chapter 17.141 – Downtown Flexible Density Program

17.141.010 – Purpose and Intent

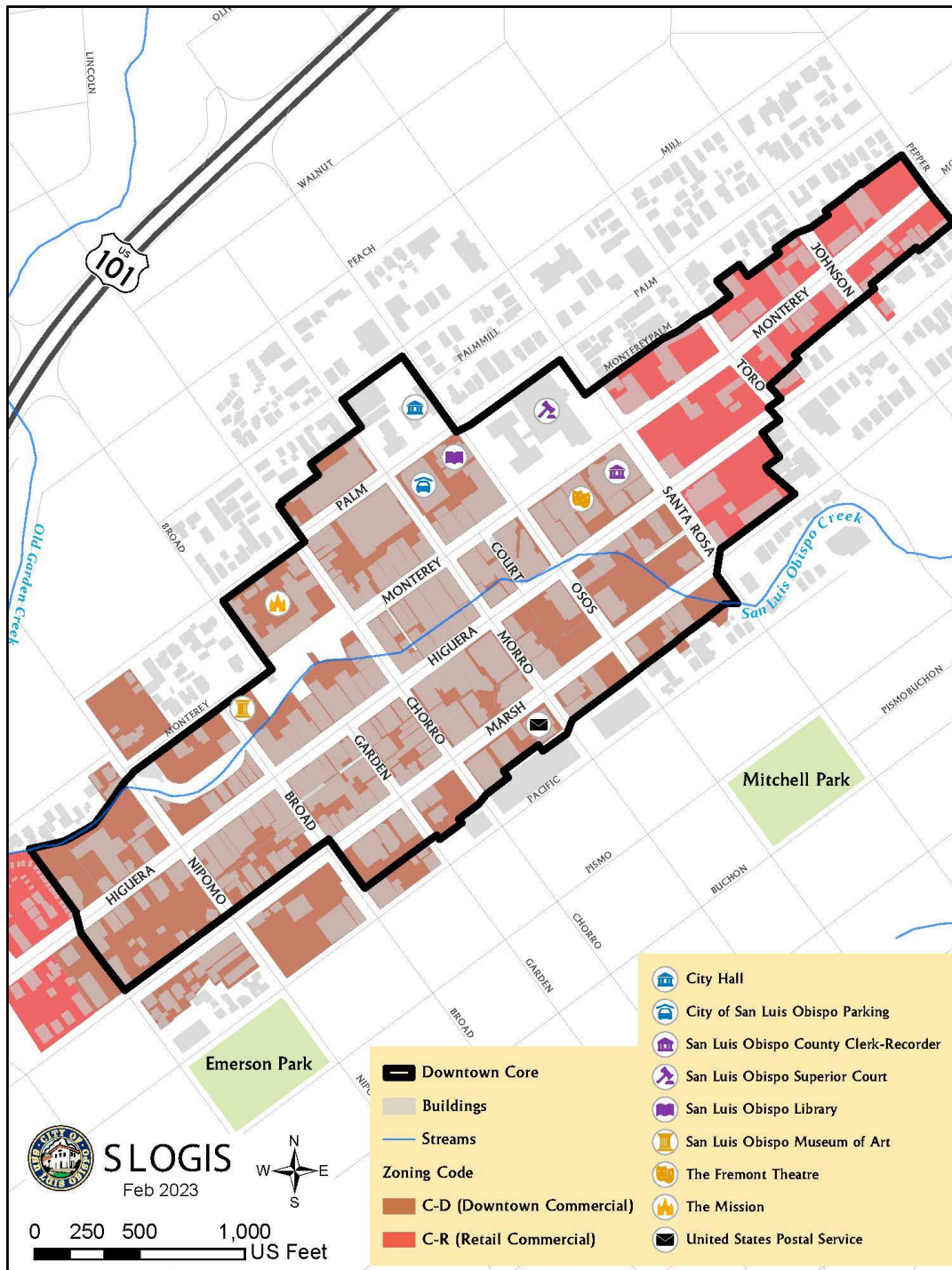
The provisions in this Chapter are intended to carry out a key program directed by the 2014 General Plan Land Use Element, and the 2020 Housing Element to implement the Downtown Flexible Density Program. The Program is intended to facilitate the construction of smaller housing units within the City's Downtown Core by relaxing density limitations for qualifying units and providing development standard incentives. The Program will be in effect until January 1, 2029, or until 500 residential units have been entitled or permitted, whichever occurs first.

17.141.020 - Applicability

The Downtown Flexible Density Program eliminates residential density requirements for units less than 600 square feet in size. Projects that qualify under this Chapter may be developed at a residential density that is greater than the base density for the zone in which the lot is located.

- A. Location.** The Downtown Flexible Density Program shall only be available to properties zoned C-D or C-R within the Downtown Core as shown in the Figure 8-1 (Downtown Core).
- B. Residential Units.** The Downtown Flexible Density Program is limited to studio or one-bedroom units that are less than 600 square feet, all other residential units 600 square feet or larger shall conform to the standard density limitations of the underlying zone.
- 1.** The provisions of this Chapter shall not apply to projects that include a request for a density bonus in accordance with Section 17.140.040 (Standard Incentives for Housing Projects). Standard density limitations shall apply to any project that includes a request for a density bonus, in accordance with Section 17.70.040.A.1 (Density Calculation – General).

Figure 8-1: Downtown Core



17.141.030 - Development Standards Incentives

Applications submitted for review in accordance with this Chapter shall conform to all applicable development standards of the underlying zone, including but not limited to height, setbacks, floor area ratios, and building lot coverage, unless otherwise stated in this Chapter or prohibited by state law.

A. Residential Density. Residential units that are less than 600 square feet in size and limited to a studio or one-bedroom configuration may exceed the base density for the zone in which the lot is located, in accordance with all provisions of this Chapter. For the purposes of this Program, qualifying units shall have a density unit value of 0.0, rather than the standard 0.5 density unit.

1. Standard density limitations shall apply to all residential units that are larger than 600 square feet or include two or more bedrooms, in accordance with Section 17.70.040.A.1 (Density Calculation – General).

B. Inclusionary Housing Exemption. Residential units less than 600 square feet that are of a studio or one-bedroom configuration shall be exempt from inclusionary housing requirements, as described in Section 17.138.040 (Inclusionary Housing Requirements), subject to the following:

1. Commercial Linkage fees shall apply (Municipal Code Chapter 4.60).
2. Residential units 600 square feet or larger shall be subject to the standard Inclusionary Housing Requirements (Chapter 17.138: Inclusionary Housing Requirements).

C. Parking Requirements. Vehicle parking requirements shall be required in accordance with Chapter 17.72 (Parking and Loading), except as otherwise provided below:

1. **Minimum Parking Requirements.** Qualifying units under the Downtown Flexible Density Program shall require minimum parking rate of one-half that required in Table 3-4: Parking Requirements by Use.

17.141.040 - Review Procedures

All new construction projects including additions or alterations to existing buildings that include new units that qualify under this Chapter shall be subject to the City's discretionary development review process, unless otherwise exempt, as outlined in Chapter 17.106 (Development Review).

17.141.050 - Program Duration

The Flexible Density Program shall have an initial duration consistent with the current Housing Element Cycle and expire on January 1, 2029, or until 500 new residential units are entitled or permitted under this program, whichever occurs first.

A. Exclusion of Affordable Housing Units. Housing units that are deed restricted as affordable to moderate-income or below households, as defined in the City's Below Market Rate Housing Standards, will not count towards the 500-unit Program limit.

B. Pending Applications. Any application for new development that is deemed complete prior to the expiration of the Program term as established in this Section, may continue to be processed in accordance with this Chapter.

SECTION 8. Chapter 17.142, entitled “Downtown Housing Conversion Regulations” Figure 8-1 (Downtown Planning Area and Downtown Core) is hereby relabeled as 8-2, respectfully, including all text references throughout Title 17.

SECTION 9. Section 17.144.020, entitled “Standard Incentives for Housing Projects” subsection “D” is hereby amended to read as follows:

D. *Dwellings affordable and enforceably restricted to residents with extremely low, very low, low, or moderate incomes, as defined in the City’s General Plan Housing Element, new dwellings in the Downtown Core (~~C-D zone as shown on the official zoning map~~), and legally established accessory dwelling units shall be exempt from these regulations. Enforceably restricted shall mean dwellings that are subject to deed restrictions, development agreements, or other legal mechanisms acceptable to the City to ensure long-term affordability, consistent with City affordable housing standards. In expansion areas, the overall number of units built must conform to the City approved phasing plan.*

SECTION 10. Severability. If any subdivision, paragraph, sentence, clause, or phrase of this Ordinance is, for any reason, held to be invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect the validity or enforcement of the remaining portions of this Ordinance, or any other provisions of the city's rules and regulations. It is the city's express intent that each remaining portion would have been adopted irrespective of the fact that any one or more subdivisions, paragraphs, sentences, clauses, or phrases be declared invalid or unenforceable.

SECTION 11. Implementation. A summary of this ordinance, together with the names of Council members voting for and against, shall be published at least five (5) days prior to its final passage in The New Times, a newspaper published and circulated in this City. This ordinance shall go into effect at the expiration of thirty (30) days after its final passage.

INTRODUCED on the ____ day of ____, 2023, **AND FINALLY ADOPTED** by the Council of the City of San Luis Obispo on the ____ day of ____, 2023, on the following vote:

AYES:
NOES:
ABSENT:

Mayor Erica A. Stewart

ATTEST:

Teresa Purrington
City Clerk

APPROVED AS TO FORM:

J. Christine Dietrick
City Attorney

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of San Luis Obispo, California, on _____.

Teresa Purrington
City Clerk